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Witness: Antonio D. Penna Jr.
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Sponsoring Party: Liberty Utilities
(Missouri Water) LLC d/b/a Liberty
Case Nos.: WR-2024-0104 and
SR-2024-0105
Date Testimony Prepared: March 2024

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

Direct Testimony

of

Antonio D. Penna Jr.

on behalf of

Liberty Utilities (Missouri Water) LLC d/b/a Liberty

March 13, 2024



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LIBERTY UTILITIES (MISSOURI WATER) LLC D/B/A LIBERTY
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
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1 **I. INTRODUCTION**

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

3 A. My name is Antonio D. Penna Jr. My business address is 1100 State Street, Pine Bluff,
4 Arkansas, 71601-6070.

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

6 A. I am employed by Liberty Utilities Service Corp. (“LUSC”), as Vice President and the
7 General Manager of Water for the Liberty Central Region, which includes the water
8 and wastewater operations of Liberty Utilities (Missouri Water) LLC (“Liberty” or the
9 “Company”).

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

11 A. I am testifying on behalf of Liberty.

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

13 A. I have an Associate of Science Degree from Oxnard College, a Bachelor of Science
14 Degree in Business from the University of Maryland, and a Master of Science Degree
15 in Management from the Florida Institute of Technology. I am a Grade 2 Water
16 Distribution Operator in the state of California. I have attended the NARUC Utility
17 Rate Seminar co-sponsored by the University of Utah. My previous employment
18 experience includes working as a Start-up Engineer for Newport News Shipbuilding,
19 testing the electrical and mechanical systems associated with nuclear reactor plants on
20 navy ships. I also worked for Constellation Energy Group as a Project Manager at the
21 Calvert Cliffs Nuclear Power Plant in Lusby, Maryland, and as the Plant

1 Engineer/Environmental Manager at the High Desert Power Project in Victorville,
2 California. I worked with Inland Energy as the Vice President of Development to
3 permit renewable energy power plants for the cities of Palmdale and Victorville,
4 California. These efforts included significant interactions with the California Energy
5 Commission. I began working for Liberty Utilities (Apple Valley Ranchos Water)
6 Corp. (“Liberty Apple Valley”) in 2012 as the Assistant General Manager and was
7 promoted to Vice President/General Manager in 2014. In that capacity, I was
8 responsible for the overall safe operations of Liberty Apple Valley. In the summer of
9 2021, I assumed the duties of Vice President and General Manager of Water for the
10 Liberty Central Region. My responsibilities include the overall safe operation of the
11 Missouri facilities, as well as the operations of Liberty Utilities (Pine Bluff Water) Inc.
12 and Liberty Utilities (Arkansas Water) Corp.

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

15 A. I have not testified before this Commission. However, I have testified before the
16 California Public Utilities Commission and the Arkansas Public Service Commission.

17 **II. PURPOSE**

18 **Q. What is the purpose of your direct testimony in this proceeding?**

19 A. The purpose of my direct testimony is to provide an overview of Liberty’s filing.
20 Specifically, I introduce other witnesses who are sponsoring testimony in this
21 proceeding, describe Liberty’s water and wastewater operations in Missouri, address
22 issues identified in the Missouri water and wastewater investigation conducted by the
23 Staff of the Commission (“Staff”), and provide a summary of the Company’s filing and
24 the basis for its proposed rate relief. I also provide a brief description of the

1 enhancements the Company has made and continues to make in infrastructure and
2 customer service, some of which are a result of Staff's Missouri water and wastewater
3 investigation.

4 **III. INTRODUCTION OF WITNESSES**

5 **Q. Who will testify on behalf of the Company and what subjects will they address?**

6 A. The following witnesses provide testimony in support of the Company's direct filing:

- 7 • John Cochrane – Cost of Capital
- 8 • James Fallert – Pension/OPEB
- 9 • Timothy Lyons – Lead-Lag Study
- 10 • Michael McCuen – Excess Accumulated Deferred Income Tax
- 11 • Thomas O'Neill – Rate Design/Class Cost of Service/Billing Normalization
- 12 • Lauren Preston – Customer First, Electronic Payment Fees
- 13 • Brooke Prier – Minimum Filing Requirements
- 14 • Bruce Robinson – Capital Projects, AMI, Completed Projects, Future Projects
- 15 • Hayley Sirmon – Missouri Investigation Responses, Tariff Book Consolidation
- 16 • Dane Watson - Depreciation
- 17 • Cindy Wilson – Revenue Requirement

18 **IV. LIBERTY**

19 **Q. Please describe Liberty's water and wastewater operations in Missouri?**

20 A. Liberty is a water corporation and a sewer corporation serving approximately 12,100
21 water and 4,900 wastewater customers in the state of Missouri. Liberty provides this
22 service through 25 water systems and 9 wastewater systems.

23 **Q. Are you familiar with the individual parts of the Liberty water and wastewater**
24 **systems?**

1 A. Yes. In addition to being familiar with the Company's books and records, I personally
2 visited most of the systems.

3 **Q. Why was this important to you?**

4 A. Liberty is a customer focused utility, and I wanted a first-hand understanding of our
5 infrastructure – its condition, its needs, and its ability to support our customers.
6 Additionally, I wanted to meet with customers.

7 **V. RATE HISTORY AND REASON FOR REQUEST**

8 **Q. Please give a brief description of the history for Missouri Water.**

9 A. Missouri Water is comprised of 25 water systems and 9 wastewater systems. In total,
10 there are currently fifteen sets of tariffed water rates and five sets of tariffed wastewater
11 rates. Approximately nineteen water and wastewater systems were added from 2018 to
12 2022, with Bolivar water and wastewater being the most recent. All systems vary in
13 their design, equipment and age. Most systems were poor in condition when acquired
14 and some required immediate attention to be brought into permit compliance, or we
15 sought regulatory relief while the system was improved. Except for the Bolivar
16 acquisition, the purchased systems did not include any operations staff. Their
17 geographical locations and lack of operators led to a reliance on contract services for
18 operations and maintenance. Finally, the Commission investigation into operations,
19 customer service and billing resulted in various compliance requirements and a
20 commitment to file a rate case in the first quarter of 2024. **Direct Schedule ADP-1**
21 provides a comprehensive overview of the rate history for each Missouri water and
22 wastewater service area.

23 **Q. When were Liberty's current water and wastewater rates approved, excluding**
24 **rates for the 2018 - 2022 acquisitions of non-affiliated assets?**

1 A. The Commission issued a Report and Order on October 24, 2018, in Case No. WR-
2 2018-0170, approving a rate increase for Liberty. The Company’s resulting water and
3 wastewater tariff sheets became effective on December 8, 2018. Rates for the former
4 customers of The Empire District Electric Company, which were acquired by Liberty
5 in 2020 pursuant to Commission File No. WM-2020-0156, last changed on November
6 23, 2012 (File No. WR-2012-0300).

7 **Q. Has Liberty made any recent acquisitions?**

8 A. Yes. Most significantly, on February 1, 2022, Liberty closed on the transfer of assets
9 from the city of Bolivar to the Company, as authorized in Commission File No. WA-
10 2020-0397. This transaction added approximately 4,600 water connections and 4,650
11 wastewater connections. In addition to that transaction, Liberty has added customers
12 though the following transactions:

FILE NO.	AREA/SELLER	DATE CLOSED	APPROXIMATE NUMBER OF CUSTOMERS ADDED
WA-2019-0036	Franklin County Water Company, Inc.	September 30, 2019	190 water
SA-2020-0067	Savers Farm	April 30, 2020	110 wastewater
WM-2020-0156	The Empire District Electric Company	June 30, 2020	4,500 water
WM-2020-0174	Lakeland Heights Water Company, Oakbrier Water Company, R.D. Sewer Company LLC, and Whispering Hills Water System	July 17, 2020	180 water 175 wastewater

13 **Q. What are the primary reasons for these general rate case filings?**

14 A. The rate requests are primarily driven by a need to set rates at levels that recognize the
15 investments and improvements that have been made to the Company’s systems and

1 processes. Additionally, Liberty proposes to consolidate rates into two sets of water
2 rates and two sets of wastewater rates and also move to a single water tariff book and
3 a single wastewater tariff book for rules and regulations and miscellaneous fees.

4 **Q. What amount of rate relief is Liberty requesting?**

5 A. Liberty is seeking to increase its rates by approximately \$8,065,267 annually or
6 approximately 84.81% over revenues currently authorized by the Commission. Liberty
7 is seeking to increase its combined water rates by approximately \$7,990,089 annually
8 or approximately 130.37% over revenues currently authorized by the Commission and
9 is seeking to increase its combined wastewater rates by approximately \$75,178
10 annually or approximately 2.2% over revenues currently authorized by the
11 Commission. Specific information concerning the calculations that underlie this
12 request may be found in the direct testimony of Liberty witness Cindy Wilson.

13 **Q. Has Liberty been able to utilize the Water and Wastewater Infrastructure Rate
14 Adjustment (“WSIRA”) since it was implemented by statute in 2021?**

15 A. No. Liberty did not previously qualify under the statutory requirements.

16 **Q. Is the Company proposing changes to the form of the Company’s tariffs in this
17 rate case filing?**

18 A. Yes. As noted, Liberty proposes a single tariff book for water services (with one set of
19 Company rules and regulations and miscellaneous fees for all water service) and a
20 single tariff book for wastewater services (with one set of Company rules and
21 regulations and miscellaneous fees for all wastewater service). Liberty currently has
22 six sets of water service rules and regulations and three sets of wastewater service rules
23 and regulations. As discussed by Liberty witness Hayley Sirmon, consolidating these

1 Company rules and regulations into a single book for each commodity will be helpful
2 in avoiding confusion among both customers and Company personnel.

3 Additionally, as discussed by Liberty witness Thomas O'Neill, the Company is
4 proposing to consolidate its existing rate districts. The Company currently has fifteen
5 water tariff rate areas and five wastewater tariff rate areas. Liberty proposes to have
6 two sets of water rates (Bolivar and all service areas other than Bolivar) and two sets
7 of wastewater rates (Bolivar and all service areas other than Bolivar).

8 **Q. Will the rate increase proposed by the Company be uniform between water
9 customers and wastewater customers?**

10 A. No. Because of the variety of rates that exist today, and the fact that acquired systems
11 and their pre-existing rates may not have been appropriately set to recover costs,
12 individual rate changes, proposed by the Company will differ from water to wastewater
13 and by service area.

14 **Q. How long has it been since those existing rates have been changed?**

15 A. It varies. As I stated above, Liberty has not changed its rates since December 8, 2018,
16 and the systems acquired from The Empire District Electric Company have not had a
17 rate change since November 23, 2012. It is unclear when the other acquired systems
18 would have last had a rate change.

19 **Q. What is the impact of that passage of time?**

20 A. Unfortunately, as a result of the investments Liberty has made in the systems and
21 particularly for those existing rates that have not been designed to recover costs for
22 many years, the proposed rate increases will be significant. We hope that after
23 completion of this case and the consolidation of rates as proposed, individual rate
24 impacts in the future will have much less of a variance.

1 **VI. MISSOURI WATER AND WASTEWATER INVESTIGATION**

2 **Q. Have the Liberty water and wastewater system operations and conditions been**
3 **reviewed by a third party since its last rate case?**

4 A. Yes. On March 23, 2022, Staff filed a motion to open an investigatory docket
5 requesting that the Commission initiate an investigation into the operation and
6 condition of Liberty's water and wastewater operations. That matter was assigned File
7 No. WO-2022-0253.

8 **Q. Did you participate in that investigation?**

9 A. Yes.

10 **Q. What was your role?**

11 A. I led the Company's substantive response to the matters raised by that investigation.

12 **Q. How was the investigation concluded?**

13 A. On November 23, 2022, the Staff filed a Report containing its findings and
14 recommendations. Liberty responded to the Staff Report on December 29, 2022,
15 wherein it responded to each of Staff's recommendations. On January 19, 2023, the
16 Commission issued an order accepting the Staff Report and directing, in part, that "If
17 Liberty files a new general rate case by December 31, 2023, it shall address its progress
18 and future plans to implement Staff's recommendations as part of its direct testimony
19 in that case."

20 **Q. Is it your intent to address Liberty's progress and future plans to implement**
21 **Staff's recommendations?**

22 A. Yes. I, along with Liberty witnesses Hayley Sirmon and Cindy Wilson, will address
23 Liberty's responses to the recommendations.

1 **Q. Please address those portions of the Staff Recommendations for which you are**
2 **responsible.**

3 A. In the following paragraphs, I will recite each of the Staff Recommendations and
4 provide a status update or indicate that the recommendation will be addressed by Ms.
5 Sirmon or Ms. Wilson.

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

8 **Liberty's Response:** Liberty agreed to file a general rate case by December 31,
9 2023. However, the Commission directed that “[i]f Liberty does not file a new general
10 rate case by December 31, 2023, it shall file an update in this case addressing its
11 progress and future plans to implement Staff’s recommendations.” Liberty previously
12 notified the Commission that it would file its general rate case in the first quarter of
13 2024.

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

18 **Liberty's Response:** Liberty has addressed the potential for billing errors
19 through multiple avenues. See responses to staff recommendations: 3, 4, 8, 9, 11, and
20 19. Liberty has worked to improve billing data through contracts with water providers
21 where the Company provides wastewater but not water, conducted physical audits of
22 customers, developed new processes and installed AMI meters.

23 **Staff Recommendation 3:** *Liberty should continue to seek to establish*
24 *contracts with water providers where the Company provides wastewater but not water*

1 *service, so as to establish the ability to shut off for nonpayment. This will also provide*
2 *an additional opportunity for Liberty to be notified of new customers by the water*
3 *providers.*

4 **Liberty's Response:** There are three operating systems where Liberty is the
5 wastewater provider and not also the water provider: the Savers Farm, RD Sewer, and
6 Cape Rock systems.

7 In May 2022, Liberty entered into an agreement with the water provider for
8 Liberty's Savers Farm customers. The monthly validation efforts show that all
9 customers are accounted for and are in the billing system.

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

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

1 service for Liberty wastewater nonpayment or otherwise coordinate with Liberty.
2 Accordingly, Liberty is in the process of determining if a legislative change to require
3 the city to enter into a disconnect agreement with Liberty would be a possibility. If that
4 is not successful, Liberty will begin the process of physically severing and capping the
5 connections for nonpayment of wastewater service.

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

8 **Liberty's Response:** Liberty filed revised annual reports for 2020 and 2021 on
9 March 7, 2024. This recommendation is further addressed in the direct testimony of
10 Liberty witness Cindy Wilson.

11 **Staff Recommendation 5:** *Liberty should make changes to its prioritization of*
12 *capital planning to a proactive posture designed to ensure that reliable, safe, and*
13 *adequate service is the top priority. Liberty should manage its systems such that*
14 *unanticipated failures, such as cracked water storage tanks, should be repaired*
15 *immediately. Liberty should ensure that no water or sewer systems fall out of*
16 *compliance due to anticipated failures. Liberty should also manage its systems in such*
17 *a way that infrastructure is repaired or replaced before Commission inspections or*
18 *Missouri Department of Natural Resources ("DNR") enforcement actions dictate*
19 *investment.*

20 **Liberty's Response:** Liberty reorganized its Missouri water and wastewater
21 operations by adding a new Operations Manager of Water & Wastewater, a Capital
22 Project Manager, a Vice President of Water/Wastewater, and a supporting engineer.
23 The management team has since prioritized and scheduled critical equipment and
24 capital improvements. Priority has been given to projects focused on safety, permit

1 compliance, and plant reliability. Additional projects aimed at providing operating
2 efficiencies or system hardening have been included in the Capital Improvement Plan.

3 Liberty is also adding a new Compliance Manager position that will focus on
4 permit compliance and system reliability, with the intent of improving water quality
5 compliance and with the goal of reducing boil advisories, while the Operations
6 Manager will ensure that equipment is maintained in sound operating condition. When
7 equipment failures occur, Liberty will make the necessary repairs or replacement in a
8 timely manner.

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

12 **Liberty's Response:** The Liberty Operations Manager notified all Liberty
13 water and wastewater employees and contractors that all communications concerning
14 DNR reporting, be sent directly to the Operations Manager. Liberty has also automated
15 the internal notification process, so that all regulatory agencies will be notified in a
16 timely manner. Liberty enters all Unsatisfactory Findings and Notices of Violation into
17 its internal (Gensuite) tracking system. Once entered by operations, the system
18 automatically notifies Liberty regulatory and legal departments. In turn, the Staff of
19 the Commission is notified via e-mail.

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

23 **Liberty's Response:** This recommendation is addressed in the direct testimony
24 of Liberty witness Hayley Sirmon.

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

5 **Liberty's Response:** This recommendation is addressed in the direct testimony
6 of Liberty witness Hayley Sirmon.

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

12 **Liberty's Response:** As noted above, Liberty conducted a physical audit of
13 customers at the Cape Rock wastewater system, which was completed in the fourth
14 quarter of 2022. This audit identified 16 non-customer users on the Cape Rock system.
15 Liberty's efforts to enter into an agreement with the water provider for the Cape Rock
16 wastewater customers (the city of Cape Girardeau) has been unsuccessful. As a result,
17 Liberty is in the process of determining if a legislative change to require the city to
18 enter into a disconnect agreement with Liberty would be a possibility. If that is not
19 successful, Liberty will begin the process of physically severing and capping the
20 connections for nonpayment of wastewater service.

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

1 **Liberty’s Response:** Liberty now confirms the account status of customers
2 prior to acquisition completion. For any wastewater service acquisitions where Liberty
3 will not also be the water service provider, Liberty now will seek a disconnect
4 agreement.

5 **Staff Recommendation 11:** *Staff recommends in the future evaluation of*
6 *potential acquisitions, that a thorough analysis be conducted of the transition of*
7 *customer data into the Liberty systems to ensure the accuracy of customer data. In*
8 *addition, if such acquisitions are completed, Liberty should take additional actions to*
9 *verify its customers status to ensure billings are accurate.*

10 **Liberty’s Response:** During the acquisition process, Liberty now includes
11 thorough validation of customer data during integration into Liberty’s billing systems.

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

16 **Liberty’s Response:** This recommendation is addressed in the direct testimony
17 of Liberty witness Hayley Sirmon.

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

21 **Liberty’s Response:** This recommendation is addressed in the direct testimony
22 of Liberty witness Hayley Sirmon.

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

1 **Liberty’s Response:** This recommendation is addressed in the direct testimony
2 of Liberty witness Hayley Sirmon.

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

6 **Liberty’s Response:** This recommendation is addressed in the direct testimony
7 of Liberty witness Hayley Sirmon.

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

11 **Liberty’s Response:** This recommendation is addressed in the direct testimony
12 of Liberty witness Hayley Sirmon.

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

15 **Liberty’s Response:** This recommendation is addressed in the direct testimony
16 of Liberty witness Hayley Sirmon.

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

19 **Liberty’s Response:** Liberty has worked with Anderson Engineering (“AE”).
20 AE inspected the Ozark Mountain tank and developed a full evaluation on the best path
21 moving forward. The Ozark Mountain tank project was sent out for bids in December
22 2023. Engineering services have been awarded while Construction services are still
23 pending bids. Construction is expected to begin in 2024.

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

4 **Liberty’s Response:** Approximately 122 AMI units have been installed on the
5 “Upper Portion” of Venice on the Lake. The “Lower Portion” of Venice on the Lake
6 is set to receive AMR due to data connectivity issues associated with AMI. It is
7 anticipated that these installations will be completed in 2024.

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

10 **Liberty’s Response:** Liberty agreed with this recommended action and is
11 working with Olsson Engineering to develop the plans and specifications to improve
12 the Venice on the Lake water distribution system. The primary issues are: 1) inadequate
13 production capacity; 2) inadequate water storage; and, 3) pipeline leaks.

14 To that end, Liberty has acquired the five lots that are suitable for a new well
15 and additional storage. Liberty is working through the re-zoning/covenants and
16 restrictions process and retained Thomas Motley (outside counsel) to assist. Olsson
17 Engineering prepared two documents depicting the general acquisition area (five lots
18 in total) and a conceptual design. On March 10, 2024, the Planning and Zoning Board
19 for Taney County approved the Conditional Use Permit (“CUP”).

20 The area associated with the five lots has been assessed by the DNR for the
21 purpose of drilling a new public groundwater well and the lots met DNR’s criteria.
22 There are some recommendations on separation distances and grouting the well casing
23 prior to drilling to full depth but drilling a public well on the acquired lots is deemed
24 feasible. Once the re-zoning is complete, a topographical and boundary survey will be

1 performed, so the layout can be done for a well, wellhouse, storage tank, and yard
2 piping. Liberty entered into an agreement with Olsson Engineering for the engineering
3 required to construct a well, temporary control/storage systems, and a permanent
4 wellhouse.

5 The next steps are as follows:

- 6 • Complete the engineering required to support project construction; clear the
7 land for construction and perform a land survey; design and permit well
8 construction and temporary disinfection system, advertise, and obtain well bids
9 (approximately five months);
- 10 • Drill a well -- Contract with a driller, mobilize, and start drilling upon
11 construction permit approval (approximately two to three months);
- 12 • Have the completed well approved by DNR (approximately three months);
- 13 • Temporary disinfection equipment and waterline to existing distribution system
14 is put in place (approximately three months);
- 15 • Complete the design and construction permit for wellhouse;
- 16 • Permanent site power and wellhouse construction (six to eight months);
- 17 • Complete permanent yard piping, site work with fencing, generator, etc.; (two
18 to three months).

19 The well is expected to cost \$400,000 including the permanent pump, wire, and
20 soft-start. The new wellhouse is estimated to cost \$600,000, including a backup
21 generator with auto transfer. The yard piping and tie to existing should cost \$50,000,
22 assuming there are no issues with crossing the KAMO Electric Cooperative line
23 easement to the west.

1 The order of construction is scheduled to be (1) well, (2) wellhouse and yard piping,
2 then (3) storage tank. While (1) and (2) are being designed and constructed the size and
3 style of storage tank will be determined. Once determined, the tank will be designed,
4 permitted, and ready to bid while (2) is under construction. Tank fabrication,
5 construction, and painting will take a year. A 100,000-gal tank is estimated to cost
6 \$500,000 - \$1,000,000 depending on style/height.

7 The Venice water system report has been completed including a system map,
8 hydraulic model and recommendations for improvements. The improvements will be
9 incorporated into a supervised program permit application along with standard details
10 and specifications.

11 On February 8, 2024, Liberty submitted to the DNR documentation supporting the
12 use of a Supervised Program for Venice on the Lake, as provided for under DNR
13 Regulations (10 CFR 60-10.010(1)(B), (2)(B), and (5)(C)). Olsson developed standard
14 details and specifications for the Venice Water System Supervised Program.

15 **Q. What is the significance of a Supervised Program?**

16 A. “A supplier of water having an approved supervised program for construction does not
17 need additional approval of construction for work completed under that program.” (10
18 CSR 60-10.010(5)(C).

19 **Q. Has Venice on the Lake experienced difficulties more recently?**

20 A. Yes. In mid-January, Storm Gerri brought snow and several consecutive days of
21 freezing temperatures. The freezing temperatures resulted in customers’ water lines
22 freezing/breaking, and the resulting leaks were beyond the ability of the water
23 production system. Therefore, the system essentially went to zero pressure.
24 Additionally, the Liberty system experienced several main and service line leaks. The

1 result was approximately 150 customers being without water for portions of nearly a
2 week. Liberty and contractor support searched the area to identify the main and service
3 line leaks and provided bottled water to the affected customers.

4 **Q. Why was Venice on the Lake susceptible to these problems?**

5 A. There are several reasons for the susceptibility. The main and service line leaks are
6 primarily a function of the pipelines being old and, therefore, the pipe walls are thinner.
7 Moreover, in many cases they are not buried below the frost line. Finally, once the
8 storage tank was emptied and there was no longer any flow within the system, any
9 water remaining in the pipes would be susceptible to freezing.

10 **Q. Is there a plan to increase the supply?**

11 A. Yes. As described above, this will be addressed by the new well and additional storage.

12 **Q. Will the Supervised Program Liberty has developed also address the recent
13 difficulties?**

14 A. Yes, The Supervised Program specifically addresses the pipelines. Liberty will be able
15 to target system problem areas, such as areas where the pipeline is above the frost line
16 or areas where the pipe wall is thought to have thinned. Additionally, it will allow for
17 enhancements, such as looping dead ends, which will serve to improve water quality.

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

21 **Liberty's Response:** Liberty is current on its three to five year tank inspection
22 schedule as required by the Missouri Department of Natural Resources Publication
23 2112.

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

7 **Liberty's Response:** Liberty committed to filing a yearly Asset Management
8 and Capital Improvement Plan by February 28th of each year. The first plan was filed
9 on February 28, 2024.

10 **Q. What was your conclusion after completing the investigation process?**

11 A. It was clear that Liberty had work to do to in order to provide the type of customer
12 service it desired, and customers expect.

13 **Q. Has Liberty completed that work as of today?**

14 A. We continue to work toward improving the customer service provided by the Company.

15 **VII. CHANGES TO CUSTOMER BASE**

16 **Q. Are you aware of any expected changes to the Liberty water customer base that**
17 **may take place during this case?**

18 A. Yes. Unfortunately, Tyson Foods announced in August of this year that it would close
19 its poultry processing plant in Noel, Missouri in October 2023.

20 **Q. Has that Tyson plant since closed?**

21 A. Yes, it closed on October 13, 2023.

22 **Q. What is the impact of the loss of this specific customer for Liberty?**

23 A. Liberty witnesses Thomas O'Neill and Cindy Wilson discuss the impact this loss will
24 have on the Company's cost of service and rates of the Company.

1 **Q. Is there likely to be an impact beyond just the loss of that specific customer?**

2 A. Yes. As of 2021, Tyson's Noel plant employed approximately 1,500 people and was
3 thought to be one of the two largest employers in McDonald County. Moreover, the
4 former Noel plant employees were said to have been encouraged by Tyson to apply for
5 open, posted roles within that company at other locations. Tyson further stated that it
6 would assist in offering relocation benefits where applicable. Thus, beyond the loss of
7 this customer, we are concerned that the loss of this plant may also significantly change
8 the size of the residential customer base in Noel.

9 **Q. Does this conclude your direct testimony at this time?**

10 A. Yes.

VERIFICATION

I, Antonio D. Penna Jr., under penalty of perjury, on this 13th day of March 2024,
declare that the foregoing is true and correct to the best of my knowledge and belief.

/s/ Antonio D. Penna Jr.