

Exhibit No.: \_\_\_\_\_  
Issues: Customer Service, Billing  
Witness: Lauren Preston  
Type of Exhibit: Direct Testimony  
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**

**Lauren Preston**

**on behalf of**

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

**March 13, 2024**



TABLE OF CONTENTS  
FOR THE DIRECT TESTIMONY OF LAUREN PRESTON  
LIBERTY UTILITIES (MISSOURI WATER) LLC D/B/A LIBERTY  
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION  
CASE NOs. WR-2024-0104 AND SR-2024-0105

<b>SUBJECT</b>	<b>PAGE</b>
I. INTRODUCTION.....	1
II. CUSTOMER FIRST .....	2
III. TRANSACTION FEE-FREE PROGRAM.....	9
IV. OTHER PROGRAMS.....	12

DIRECT TESTIMONY OF LAUREN PRESTON  
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BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION  
CASE NOS. WR-2024-0104 AND SR-2024-0105

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, NH,  
4 03052.

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 (Missouri Water) LLC, d/b/a Liberty  
12 (“Missouri Water” 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, and marketing and communications  
17 and includes serving customers in electric, water, and natural gas utilities. I also have  
18 experience as an internal auditor and a project leader for large-scale programs. I hold a  
19 bachelor’s degree in management from the University of Massachusetts and a Master  
20 of Business Administration from Boston College. I have also served in leadership  
21 capacities for the American Gas Association and Southern Gas Association.

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

3 A. I filed testimony before this Commission in GR-2024-0106, in support of Liberty  
4 Utilities (Midstates Natural Gas) Corp. Additionally, I have testified before the public  
5 utility commissions in Massachusetts, Maryland and the District of Columbia in  
6 positions I held prior to joining Liberty and before the public utility commissions in  
7 New Hampshire, Illinois and New York while working for Liberty.

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

9 A. In the first section of my testimony, I describe Liberty’s recent implementation of a  
10 modern technology platform, Customer First. In the second section, I will propose a  
11 change to allow the payment transaction fees associated with debit or credit card  
12 payments to be included in Missouri Water’s rates, rather than charged to individual  
13 customers as a separate transaction fee. In the third section, I discuss expansion of the  
14 text messaging alert service.

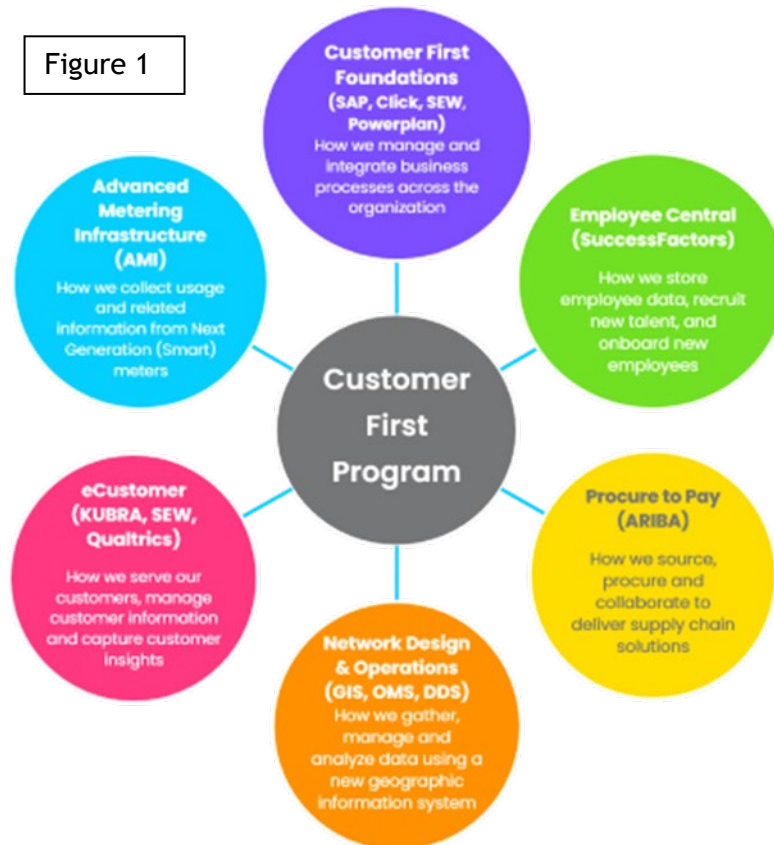
15 **II. CUSTOMER FIRST**

16 **Q. Please explain what is meant by “Customer First.”**

17 A. Customer First is a corporate-wide initiative to transform how APUC and its  
18 subsidiaries do business and manage data. It consists of a series of improvements to  
19 business processes and computer systems to better enable APUC and its subsidiaries to  
20 put our customers first in how we deliver services. The project includes a set of  
21 technology investments, system upgrades, infrastructure improvements, and changes  
22 to business processes across the APUC enterprise and its operating utilities that address  
23 critical needs by leveraging the capabilities and experience of the organization and  
24 upgrading or replacing key systems that have become obsolete, costly to maintain,

1 poorly integrated with APUC and its subsidiaries systems, and/or potentially present  
2 security risks.

3 Figure 1 below illustrates the six major components of Customer First. I will  
4 focus my testimony on the segments that benefit Missouri Water's customers and  
5 communities.



18 **Q. Please explain the evolution of APUC's and LUCo's regulated utility business and**  
19 **its journey to Customer First.**

20 A. APUC acquired its first regulated utility in Arizona in 2001 with the acquisition of a  
21 wastewater utility that services approximately 2,000 customers. Since then, APUC and  
22 LUCo have grown the regulated services business significantly. Today, LUCo provides  
23 electric, natural gas, water, and wastewater utility services to approximately 930,000  
24 customers through 30 companies in 13 states in the United States and one Canadian

1 province. Many of the information systems utilized by the utilities were developed at a  
2 time when business requirements were different than they are today. Recognizing that  
3 the world, including the utility industry, has changed significantly, in 2017, LUCo  
4 began evaluating its systems and business processes, many of which were obsolete and  
5 required significant manual work which further promoted the need for a multi-  
6 functional platform. LUCo engaged Utelligent, a utility operations and technology  
7 management consulting firm, to conduct a maturity assessment of the enterprise's  
8 business processes, technology solutions, and operating model. The results of that  
9 assessment led LUCo to reevaluate how it was meeting customer, business, and  
10 regulatory requirements with the technology and processes in place at the time. To meet  
11 industry standards and accommodate future requirements, LUCo considered options to  
12 remedy the gaps associated with its existing individual systems, including sustaining  
13 the legacy system, developing localized solutions, and developing an enterprise  
14 solution.

15 LUCo decided an enterprise solution was the most reasonable and prudent  
16 means to close identified gaps and position Liberty for the future.

17 **Q. Please describe the benefits customers will receive with the implementation of**  
18 **Customer First.**

19 A. A more modern customer information system ("CIS") and related support systems can  
20 provide the kinds of services customers want now and in the future. With Customer  
21 First and related interfaces, LUCo offers enhanced customer-facing services and will  
22 share in the development and maintenance efforts of these services across the Liberty  
23 enterprise. For example, Customer First allows for the redesign of customer bills.

1 Missouri Water believes the new design increases readability and creates a better  
2 understanding of water usage and the cost of the services provided.

3 The Liberty enterprise continues to provide various payment options to  
4 customers, including online payment, auto-payment, and local stores' terminals.  
5 Additionally, the Liberty enterprise refreshed how payments are made by phone via the  
6 Interactive Voice Response ("IVR") system and mobile payments using a cell phone  
7 or tablet. The system allows for digital channels for customer contact, self-service  
8 enablement, and has the flexibility necessary for innovative rate design. The user  
9 interface enables customers to set up an account profile, monitor their usage, view bills,  
10 make payments, and receive alerts about payments and services. Further, an  
11 omnichannel survey platform to collect Voice of Customer ("VoC") feedback enables  
12 the Company to understand how it is serving customers and what customers want from  
13 their utility provider. These advances, coupled with an advanced survey and feedback  
14 system which will be started shortly after the system deployment, will allow Missouri  
15 Water to gather information on how customers feel about service and to use those  
16 insights to make improvements.

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

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

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

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



1 practices were followed, we leveraged industry partners like IBM in designing our data  
2 security protocols, data storage/cloud security options and enhanced investments in  
3 cyber security. By sharing these investments across the enterprise, the cost of this  
4 improvement and effort to deploy these are shared proportionally and consistently,  
5 rather than each subsidiary taking their own approach.

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

7 A. Liberty's deployment of the Customer Care features of Customer First began in 2021  
8 with some precursor infrastructure and software setup activities and deployment of the  
9 first phases. The customer billing components of the project are scheduled to be  
10 implemented in April 2024 for Missouri Water. The precursor infrastructure and  
11 systems installation dates for other parts of the Customer First project were installed at  
12 the following dates. These were necessary investments to prepare all of Liberty's  
13 companies for the implementation of SAP:

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

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

19 A. Liberty forecasts \$448 million in enterprise-wide capital expenditures for Customer  
20 First, of which, approximately \$5.2 million will be allocated to Missouri Water, as  
21 reflected in Table 1 below. However, after the project is fully deployed across the  
22 enterprise in 2024, the allocated share of the total capital investment to the Company  
23 will be trued-up based on the actual costs of the project.

1

**Table 1**

2

<b>Customer First Projects - Capital</b>	<b>2023-2024 Cost</b>
Foundations, e-Customer, Employee Central and Procure to Pay modules	\$5,049,721
Network Design and Operations	\$157,199
<b>Total Capital Investment Costs</b>	<b>\$5,206,921</b>

3

4

5

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

6

7

A. Yes. It should not be a surprise to know that all systems require ongoing support, maintenance, and upgrades to keep them performing at optimal levels. The Customer First investment is no exception. On an annual basis, Missouri Water will receive its allocated share of O&M expenses related to Customer First which will include, but is not limited to, annual support fees, software maintenance, hosting, and managed services. The estimated O&M costs for Missouri Water are approximately \$157,199 per year between 2024 and 2028. These annual O&M costs will increase with inflation and there will be continued ongoing costs through 2042 during the project’s 20 year planned life.

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**Table 2**

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<b>Customer First Projects – O&amp;M</b>	<b>2024 Cost</b>
Foundations, e-Customer, Employee Central and Procure to Pay modules	\$148,448
Network Design and Operations	\$8,751
<b>Total Operating Costs</b>	<b>\$157,199</b>

18

19

1 **Q. Will the Commission review Liberty's Customer First program in any other**  
2 **context?**

3 A. Yes. We anticipate the Commission will review Liberty Utilities (Midstates Natural  
4 Gas) Corp's nearly identical proposal to recover its allocated share of the Customer  
5 First project in Case No. GR-2024-0106.

6 **III. TRANSACTION FEE-FREE PROGRAM**

7 **Q. Please explain the Company's proposal for a transaction fee-free program.**

8 A. The Company's payment service provider charges a fee to process credit card and debit  
9 card payments to recoup transaction fees charged by the credit and debit card issuing  
10 banks. These fees are currently charged by the payment service provider to Missouri  
11 Water customers who choose to pay their bill with a credit or debit card on a per  
12 transaction basis. More specifically, residential customers can make a credit or debit  
13 card payment of up to \$600 per transaction and the associated fee for that charge is  
14 \$1.75. Non-residential customers can make a credit or debit payment of up to \$1,200  
15 per transaction and the associated fee for that charge is \$7.75.

16 **Q. Why is the Company proposing these modifications?**

17 A. In general, society is adopting an increasingly cashless system of commerce and  
18 consumers expect that transaction fees associated with credit cards and other forms of  
19 electronic payment should be absorbed by merchants and embedded in product pricing.  
20 Missouri Water believes that it is an increasingly smaller segment of merchants who  
21 charge a separate fee, and the proposal to eliminate this charge will eliminate a point  
22 of frustration for customers and allow all costs associated with payment options to be  
23 treated equally. Missouri Water believes adding an option without a convenience fee  
24 will improve customer satisfaction and encourage customers to use our self-serve

1 options and website. The website is an increasingly popular option and customers  
2 routinely express dissatisfaction with having to pay a fee to pay their bill.

3 **Q. How will the fee-free billing payment benefit customers?**

4 A. Paying online or over the phone with a credit or debit card allows customers the  
5 convenience of not sending payments through the mail or travelling to an in-person  
6 location. It will also save customers the cost of postage for mailing payments to a  
7 lockbox. It encourages customers to use online self-service tools by providing a secure  
8 way to store their payment information.

9 **Q. If you move to this biller-funded model, what rate will Missouri Water pay per  
10 residential transaction?**

11 A. Missouri Water will benefit and therefore our customers will benefit from a lower price  
12 per transaction from the payment processing vendor for residential accounts because  
13 of that switch. Missouri Water's fee will decrease from \$1.75 to \$1.45 per transaction.  
14 The transaction price for non-residential customers will decrease from \$7.75 to \$5.50.

15 **Q. How is the Company proposing to recover the costs associated with the proposed  
16 fee-free payment program?**

17 A. The Company seeks to recover an estimate of the fee-free payment program costs  
18 through base rates.

19 **Q. Do you believe it is equitable to change the model from a per transaction direct  
20 charge to individual customers to a cost spread across the entire customer base?**

21 A. Yes. Missouri Water believes this is a convenience customers want and expect. An  
22 identical program is in place for Liberty's Missouri electric customers, and the  
23 Company would like to expand this offer to the water and wastewater customers.  
24 Liberty believes cost collection through rates should be shared similar to how costs are

1 recovered for a customer service representative who processes a check; the cost should  
2 be shared across all customers the same as other common-use customer care offerings  
3 (such as lockbox processing fees). The Company also believes this will encourage  
4 customers to use the online tools where they will receive additional information about  
5 their account and helpful information about water usage. Finally, the Company believes  
6 the faster processing time compared to mailed-in payments may help customers avoid  
7 late payment fees.

8 **Q. Is the Company proposing a fee-free program for rate classes other than the**  
9 **residential class?**

10 A. Yes. Missouri Water would like to offer the fee-free program to both residential and  
11 non-residential customers. The current arrangement with payment service providers  
12 limits the payment transaction size up to \$600 per transaction for residential customers  
13 and \$1,200 per transaction for commercial customers and quantity to eight transactions  
14 per 26-day period. Thus, as a practical matter, the commercial offering would primarily  
15 benefit small and medium-sized customers with monthly invoices less than \$10,000.

16 **Q. How much do you estimate the fee-free program will cost?**

17 A. The fee-free program cost will vary depending on how many customers (residential  
18 and non-residential) elect to use credit or debit cards to pay their bills. The adjustment  
19 is addressed in Company witness Cindy Wilson's direct testimony. The cost for  
20 transaction fees conservatively calculates the cost for transaction fees based on the  
21 actual number of credit card payments by Missouri Water customers in 2023.

1 **IV. OTHER PROGRAMS**

2 **Q. Are there other programs you would like to add to improve services to the**  
3 **Missouri Water customers?**

4 A. Yes. The Company would also like to expand the use of our text messaging alert  
5 service. Text messaging is a function found on most mobile phone devices and is easy,  
6 customizable, automated, and trackable. One feature of the service is the ability for  
7 stakeholders in the community who are not account holders to sign up for emergency  
8 and service alerts. For example, renters in apartments where the water account is  
9 maintained by the property owner can get alerts directly from Missouri Water.

10 As described in Company witness Hayley Sirmon's direct testimony, this  
11 functionality will allow us to notify customers of boil advisories. Staff recommended  
12 that "Liberty Water develop and utilize more effective practices for the communication  
13 of boil advisories at all systems."<sup>1</sup>. This functionality will allow us to better adhere to  
14 that recommendation. Text messaging is an active and relatively inexpensive  
15 communication channel between the Company and our customers.

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

17 A. Yes.

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<sup>1</sup> Page 25 of Staff Report, Case No. WO-2022-0253.

**VERIFICATION**

I, Lauren Preston, under penalty of perjury, on this 13<sup>th</sup> day of March 2024, declare that the foregoing is true and correct to the best of my knowledge and belief.

/s/ Lauren Preston