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Issues: Rate Design/Class Cost of Service
Witness: Thomas Relford
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Sponsoring Party: The City of Bolivar
File Nos.: WR-2024-0104 and SR-2024-0105

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
FILE NOS. WR-2024-0104 and SR-2024-0105

DIRECT TESTIMONY

OF

THOMAS RELFORD, CITY ADMINISTRATOR

ON BEHALF OF

THE CITY OF BOLIVAR

SEPTEMBER 10, 2024

1 **I. INTRODUCTION OF WITNESS AND TESTIMONY**

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

3 A. My name is Thomas Relford. I am the City Administrator for the City of Bolivar. My
4 business address is 345 S. Main Ave., Bolivar, MO 65613.

5 **Q. On whose behalf are you testifying?**

6 A. I am testifying on behalf of the City of Bolivar, an intervenor in this proceeding.

7 **Q. Have you previously testified before the Missouri Public Service Commission?**

8 A. No.

9 **Q. What is the purpose of your testimony?**

10 A. In these two cases, Liberty proposes to more than double its rates to Bolivar water
11 customers, and to either reduce its rates to Bolivar sewer customers or pass along excess
12 Bolivar sewer revenue to Liberty’s sewer customers in other service areas. The City of
13 Bolivar is now a Liberty water and sewer customer. Because Liberty’s statements in
14 these two cases are significantly different from its representations and commitments to the City
15 of Bolivar during the 2019 – 2022 time period that Liberty negotiated to acquire Bolivar’s water and
16 sewer systems, I offer my testimony so that this Commission will have a full and fair record of factual
17 evidence upon which to ground the final order it enters in these cases.

18 **Q. Please summarize your testimony.**

19 A. By 2019, Bolivar knew it had problems with its sewer system, but its water system
20 operated soundly. Liberty proposed to buy both systems and said it had the expertise to
21 solve the sewer system problems and would be able to spread those costs among more
22 customers. Bolivar citizens were told by Liberty – through its website and in public
23 meetings – that sewer rates would increase by 38% if the City continued to operate the

1 systems, but that Liberty wouldn't seek to raise its sewer rates until 2024, and then by no
2 more than 19%. As a condition of the sale, Liberty required Bolivar to raise both its
3 water and sewer rates by 6.3% before January 2020 – and Bolivar did so. Bolivar's
4 citizens then voted in June 2020 to authorize the sale of Bolivar's water and sewer
5 systems to Liberty. Now, Liberty proposes to more than double Bolivar's water rates.
6 This would be an unfair, unexpected and extraordinary expense which would force
7 Bolivar to curtail or eliminate some facilities and/or services to its citizens. And, because
8 Liberty has not focused these two cases on the repairs needed for the sewer system,
9 Bolivar is concerned that Liberty intends to follow these two cases with another rate case
10 seeking extraordinary increases in sewer rates for Bolivar customers.

11 **II. The Facts of Liberty's Negotiations**
12 **to Acquire Bolivar's Water and Sewer Systems.**

13 **Q. Would you describe the first official step taken by the City of Bolivar and Liberty**
14 **for the sale of Bolivar's water and sewer systems to Liberty?**

15 A. Yes. In November 2019, the City of Bolivar issued three Ordinances (Numbered 3572,
16 3573 and 3574) to call an election in 2020 for the purpose of authorizing the sale of
17 Bolivar's water and sewer systems to Liberty. Those three Ordinances are attached to my
18 testimony as Schedules TR-1, TR-2 and TR-3.

19 **Q. Were the citizens of Bolivar given any information about the proposed sale of the**
20 **water and sewer systems to Liberty?**

21 A. Yes.

22 **Q. Would you describe the information that was made available to the citizens of**
23 **Bolivar regarding the sale of the water and sewer systems to Liberty?**

24 A. I understand that Liberty set up a website, and I understand that it is still operable, and the

1 address is: <https://betterwaterbolivar.com> I have attached the print-out of that website's
2 content as Schedule TR-4, and I understand that Liberty produced this print-out in
3 response to Data Request 0005 of the Office of Public Counsel.

4 **Q. Did Liberty in its website make any statements about the water and sewer rates that**
5 **Bolivar customers might expect if their systems were kept by the City or instead sold**
6 **to Liberty?**

7 A. I understand that citizens were told that the sewer system needed repairs, and that the City
8 would have to increase sewer rates by 38%. The print-out of the website matches my
9 understanding of that statement, and also the statement that Liberty's sewer rates would
10 be less than what the City would have to charge because Liberty would spread the costs
11 of repairing the sewer system across more customers.

12 **Q. Were the citizens of Bolivar given any other information about the sale of their**
13 **water and sewer systems to Liberty?**

14 A. Yes. There were public meetings held in early 2020 before the election. At those public
15 meetings, Liberty gave a slideshow presentation. I have attached a print-out of that
16 Liberty slideshow presentation as Schedule TR-5, and I understand this was produced by
17 Liberty in response to Bolivar's Data Requests BOL-11 and BOL-12.

18 **Q. Did Liberty in its slideshow presentation make any statements about the water and**
19 **sewer rates that Bolivar customers might expect if their systems were kept by the**
20 **City or instead sold to Liberty?**

21 A. Yes, Liberty presented a table of Bolivar's engineers' estimated costs for repairs to the
22 City's sewer systems which were predicted to raise Bolivar's volumetric sewer rates so
23 that monthly bills would increase anywhere from \$48 to \$376. In the alternative, Liberty

1 promised to hold off on any rate increase until 2024 and said that it would then request a
2 monthly increase in the range of \$8.22 to \$9.52, or 19%.

3 **Q. Did either the City or Liberty find any issues with Bolivar's water system?**

4 A. No, the focus was on Bolivar's sewer system which everyone knew needed repairs. The
5 City believed that there was nothing wrong with our water system.

6 **Q. Then, why did Bolivar sell its water system along with its sewer system?**

7 A. Liberty wanted both systems. As it said in its website (Schedule TR-4), it made sense for
8 the systems to be under one operator because an increased demand for water also
9 increases the demand on the sewer system, and the sewer system can affect groundwater
10 and waterways if it overflows.

11 **Q. Did the citizens of Bolivar vote in favor of selling their water and sewer systems to
12 Liberty?**

13 A. Yes, they did.

14 **Q. Do the contract documents exchanged between Bolivar and Liberty regarding the
15 sale of the City's water and sewer systems say anything about future rate increases?**

16 A. Yes. Liberty wanted Bolivar to raise its water and sewer rates before Liberty took over
17 the systems. Section 6.12 of the Asset Purchase Agreement (which I've attached to my
18 testimony as Schedule TR-6) required Bolivar to raise its water and sewer rates by 6.3%
19 effective no later than January 2020.

20 **Q. Did Bolivar comply with that contractual term and raise its water and sewer rates
21 by 6.3% to be in effect no later than January 2020?**

22 A. Yes.

23 **Q. So, the rate increases that Liberty seeks in these two cases would be in addition to**

1 **the 6.3% water and sewer rate increases that the Asset Purchase Agreement**
2 **required Bolivar to impose by January of 2020?**

3 A. Yes.

4 **Q. After Bolivar citizens experienced the 6.3% increase in their water and sewer rates,**
5 **and after they voted in June 2020 to approve the sale of Bolivar’s water and sewer**
6 **systems to Liberty, was Bolivar represented in Liberty’s WA-2020-0397 and SA-**
7 **2020-0398 cases before the Missouri Public Service Commission in which Liberty**
8 **not only obtained the Certificates of Convenience and Necessity for those systems,**
9 **but also secured an order setting the rate base, establishing the regulatory asset,**
10 **prohibiting consolidation of Bolivar’s rates with Liberty’s other customers, and**
11 **directing Staff’s future support of Liberty’s rate recovery in these two pending**
12 **cases?**

13 A. No, my understanding is that Bolivar’s interests were not represented in those cases.

14 **Q. Why not?**

15 A. My understanding is that Bolivar wasn’t familiar with the Missouri Public Service
16 Commission, and Liberty assured Bolivar that those cases were mere formalities to
17 finalize the sale and that Bolivar didn’t need to go to the expense of sending its lawyer to
18 participate in those cases.

19 **III. Liberty’s Requests Regarding Water and Sewer Rates Will Harm Bolivar**

20 **Q. Was Bolivar surprised to learn that Liberty is in these two cases proposing to more**
21 **than double its water rates for Bolivar customers?**

22 A. Yes, very surprised. No one at the City at the time of sale thought that there was anything
23 wrong with our water system – it was our sewer system that the City knew needed

1 repairs, and that was the focus of Liberty's presentations to our citizens through its
2 website and slideshow at the public meetings. No one expected Liberty would ask to
3 double water rates this year or ever, and so no one has prepared for that extraordinary
4 expense. But, just a little over a month ago, Liberty sent its Bolivar customers a "Notice
5 of Public Hearings in Liberty's Water and Wastewater Rate Cases" along with that
6 month's bill. That Notice included a chart (which I've attached to my testimony as
7 Schedule TR-7) that shows Bolivar's water rates will more than double if Liberty gets
8 what it is asking for in these two cases.

9 **Q. If Liberty succeeds in more than doubling its Bolivar water rates, what will be the**
10 **effect on the City's facilities and services to its citizens?**

11 A. The increase in rates as requested by Liberty would result in substantially higher utility
12 bills for the City, which would ultimately require the City to cut expenses in other areas/
13 services. Higher water bills directly impact the recreational center, aquatics center, and
14 splashpad. Significant increases in these areas would force the City to limit hours,
15 especially at the splashpad, where there is no water capture and reusage system. In fact,
16 there would be serious discussion about not opening the splashpad or capping the
17 monthly usage.

18 **Q. You've testified clearly that Bolivar and Liberty both knew the sewer system needed**
19 **repairs – so, are you surprised by Liberty's request in these two cases to either**
20 **reduce Bolivar's sewer rates, or instead spread Bolivar's excess sewer revenue**
21 **among Liberty's other customers?**

22 A. Yes, I am both surprised and worried. Everyone knew that the sewer system needed
23 repairs, but Liberty isn't addressing that problem in these two cases. So, I am concerned

1 that Liberty intends to file another case to raise sewer rates once it gets what it is asking
2 for in these two cases.

3 **Q. Does this conclude your pre-filed direct testimony in this case?**

4 A. Yes. However, I wish to preserve the right to provide additional pre-filed testimony or at
5 the hearing to rebut the testimony of any other party.

