

*Exhibit No.:*  
*Issue(s):* Revenue  
*Witness:* Angela Niemeier  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Rebuttal Testimony  
*Case No.:* WR-2024-0104  
*Date Testimony Prepared:* September 27, 2024

**MISSOURI PUBLIC SERVICE COMMISSION**  
**FINANCIAL & BUSINESS ANALYSIS DIVISION**

**AUDITING DEPARTMENT**

**REBUTTAL TESTIMONY**

**OF**

**ANGELA NIEMEIER**

**LIBERTY UTILITIES (Missouri Water), LLC,**  
**d/b/a Liberty**

**CASE NO. WR-2024-0104**

*Jefferson City, Missouri*  
*September 2024*

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ANGELA NIEMEIER  
LIBERTY UTILITIES (Missouri Water), LLC,  
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Rebuttal Testimony of  
Angela Niemeier

1           A.     In my direct testimony beginning on page 7, line 10, I explained that Staff  
2 developed the minimum charge by multiplying the number of meters (i.e., customer number)  
3 as of April 30, 2024, for each meter by the applicable minimum charge. The commodity use  
4 was also calculated based on actual water use for 2023. This represents what should have been  
5 billed for revenues, based on the tariff rates.

6           Q.     Please describe the difference in methods between Liberty Water, Staff, and  
7 HICV witness Mr. Stannard is proposing.

8           A.     Liberty Water used the test year as a starting point to calculate revenues. Liberty  
9 Water made adjustments for Bolivar and Noel for changes that affect the test year (for example,  
10 removing a portion of Noel due to a plant closure). Liberty Water also made an adjustment to  
11 remove unbilled revenues, which is discussed in Liberty Water witness Cindy Wilson's direct  
12 testimony on page 19, line 8. Staff calculated revenues as described above. The method that  
13 Staff used includes an annualized level of revenues for Bolivar and Noel. Liberty Water made  
14 adjustments for these systems by including Bolivar, as it was not included in the system until  
15 February 2022, and removing Noel revenue related to a large factory closure. Therefore, Staff  
16 did not have any additional adjustments for those items. The revenue requirement model for  
17 water revenues is set up to calculate revenues with data inputted by Staff. The revenue  
18 requirement model then calculates the difference and creates an adjustment, which would have  
19 removed any unbilled revenue included. In his direct testimony, beginning page 7, line 22,  
20 HICV witness Mr. Stannard proposes to include unbilled revenues in the revenue requirement.

21           Q.     Please describe why unbilled revenues are typically removed in a rate case.

22           A.     Test year retail sales are examined during a rate case audit to determine the need  
23 for normalization and annualization adjustments. These types of adjustments normally include

1 annualizing a change in the number of customers to reflect the most current level for a full  
2 twelve months and annualizing and normalizing changes in usage levels. The purpose is to  
3 reflect the ongoing level of sales to reflect 365 days of consumption versus the days billed.  
4 Therefore, an adjustment is made to eliminate test year unbilled revenues so that all rates are  
5 based on billed revenues only.

6 Q. Should the unbilled revenue be removed?

7 A. Yes. The unbilled revenue must be removed to prevent misstating total revenue.  
8 In Staff's water revenue requirement model, this adjustment is made automatically when Staff  
9 inputs the current number of customers, with average commodity use per customer, at current  
10 tariffed rates.

11 **REVENUE IRREGULARITIES**

12 Q. Were there irregularities in the billing data provided by Liberty Water for the  
13 usage data during the test year?

14 A. Yes. There were sprinkler systems usage included in water systems that did not  
15 include fire protection in their specific tariff. These areas include Franklin County and KMB  
16 water systems. Only the tariff for Empire Water includes fire protection service charges. On  
17 August 22, 2024, in Staff Data Request ("DR") No. 0269, Liberty Water's response stated that  
18 there were misclassifications in the most recent supplement for Staff DR No. 0026 and that they  
19 would provide a supplement to correct those misclassifications. In an email response dated  
20 September 12, 2024, Liberty Water again stated they would provide the update to Staff DR.  
21 No. 0026 after a final review. On September 18, 2024, Staff received a supplemental response  
22 to DR. No. 0026. Staff was unable to determine whether this new information will cause a  
23 material change prior to the filing deadline.

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1 Q. Has Staff included an amount for the 18 Empire tariffed area sprinkler system  
2 customers identified in response to Staff DR No. 0269?

3 A. Yes. Staff averaged the 18 customers' monthly charge and included the base  
4 rate in Staff's recommended revenue requirement for rebuttal. Staff used an average because  
5 all 18 customers have different rates, based on cost of installation, as stated in the tariff. This  
6 inclusion adds \$4,446 to revenues.

7 Q. Were there any other issues with revenues?

8 A. Yes. In the September 12, 2024, email, Staff inquired about Staff DR No. 0026.1  
9 concerning 158 unmetered customers. Staff had further questions concerning 140 tank water  
10 customers. For example, the tariff reads \$18.35 per 1,000 gallons for tank water customers.  
11 In an email response on September 18, 2024, Liberty Water described that these tank water  
12 customers are for bulk water purchases, mainly by construction companies. Due to the nature  
13 of this type of water sale, Staff is including a three-year average for tank water (bulk water)  
14 sales in the revenue requirement in the rebuttal filing. This inclusion adds \$1,770 to revenues.

15 Q. Are each of the meter sizes included in Liberty Water's individual tariffs?

16 A. No. According to Liberty Water's response to Staff DR. No. 0026, there were  
17 several instances where there was 5/8 inch meter in tariffs, but 3/4 inch meter was placed in  
18 service, or vice versa. In those instances, Staff used the closest meter size to calculate revenues.

19 Q. Were there other irregularities?

20 A. Yes. These are several other irregularities discussed in Staff witness,  
21 Michael D. Irwin's rebuttal testimony.

22 Q. Was Staff able to calculate an amount for revenues?

23 A. Yes. Staff used the data provided by Liberty Water.

Rebuttal Testimony of  
Angela Niemeier

1 Q. Is the data provided by Liberty Water reliable?

2 A. No. Revenues offset expenses in a rate case. Staff had to include an amount in  
3 the revenue requirement. Staff received two supplements to Staff DR. No. 0025 and three  
4 supplements for DR No. 0026 to correct Liberty Water data. Based on Liberty Water's response  
5 to Staff DR. No. 0269, Staff had been waiting on another supplement to Staff DR. No. 0026 to  
6 rectify the number of tank water customers, Staff received that update on September 18, 2024,  
7 along with an email explanation concerning tank water purchases. This is further discussed in  
8 paragraph below. Industry Analysis Staff witness, Jarrod J. Robertson, could not perform  
9 normalization of residential customer usage due to questions concerning data irregularities, and  
10 therefore, was unable to complete any analysis involving variables related to weatherization.  
11 Liberty Water stated that the data provided in response to Staff DR No. 0025 was accurate on  
12 the multiple occasions when Staff raised questions. However, Auditing Staff was burdened  
13 with using data it questioned but still needed to calculate revenues to offset expenses.  
14 Therefore, Staff calculated revenues using the least questionable data provided by Liberty  
15 Water. This is further explained below.

16 Q. Does Auditing Staff still have questions concerning the data?

17 A. Yes. Several of Staff's questions were answered by Liberty Water and some  
18 data has been corrected by Liberty Water. However, there are still questions remaining.  
19 For example, there are meter sizes in response to Staff DR No, 0026 that are not in the tariff.  
20 What customer charge are those customers receiving? Another example, there are sprinkler  
21 systems misclassified in systems that have no sprinklers in the tariff. This is a small number of  
22 customers, so the effect will likely be immaterial. On September 18, 2024, Staff received the  
23 supplemental data for DR No. 026, but found that customer meter counts differ from the last

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Angela Niemeier

1 submission. Staff will need more time to review the latest supplement of DR No. 0026 to  
2 determine if there is a material impact. There are other Staff members who have questions  
3 concerning the data as well. Staff witnesses, Mr. Irwin and Mr. Robertson, have both included  
4 several questions and concerns in their rebuttal testimony.

5 Q. Why does Staff believe that its calculation is more accurate than  
6 Liberty Water's?

7 A. First, Staff's calculations for the monthly customer charge rely on the tariff rates  
8 multiplied by customer number. Staff used the most current, April 2024, customer numbers  
9 while Liberty Water uses test year revenues, thus 2022 customer numbers. Second, Staff used  
10 the 2023 usage, while Liberty Water used 2022 data and makes adjustments for changes that  
11 have occurred since. Multiple Staff witnesses have discussed the inaccuracies concerning the  
12 2022 test year data. Typically, Staff uses multiple years of data to calculate the commodity  
13 rate. However, Staff was unable to do that in this case due to the questionable data. The 2023  
14 usage data is the most current and appeared to provide the most reliable data set.

15 Q. Does this conclude your rebuttal testimony?

16 A. Yes it does.



**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

In the Matter of the Request of Liberty Utilities )  
(Missouri Water) LLC d/b/a Liberty for ) Case No. WR-2024-0104  
Authority to Implement a General Rate )  
Increase for Water and Wastewater Service )  
Provided in its Missouri Service Areas )

**AFFIDAVIT OF ANGELA NIEMEIER**

STATE OF MISSOURI )  
) ) ss.  
COUNTY OF COLE )

**COMES NOW ANGELA NIEMEIER** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Rebuttal Testimony of Angela Niemeier*; and that the same is true and correct according to her best knowledge and belief.

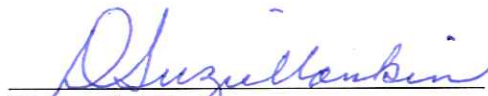
Further the Affiant sayeth not.

  
ANGELA NIEMEIER

**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 26<sup>th</sup> day of September 2024.

D. SUZIE MANKIN  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: April 04, 2025  
Commission Number: 12412070

  
Notary Public