

Exhibit No.:
Issue(s): Venice on the Lake
Distribution System
Upgrades, The Need to
Update Future Capital
Improvement Plans,
and Water and Sewer
Plant Maintenance
Witness: Daronn A. Williams
Sponsoring Party: MoPSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: WR-2024-0104
Date Testimony Prepared: September 27, 2024

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

WATER, SEWER, GAS, & STEAM DEPARTMENT

REBUTTAL TESTIMONY

OF

DARONN A. WILLIAMS

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

CASE NO. WR-2024-0104

*Jefferson City, Missouri
September 2024*

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**TABLE OF CONTENTS OF
REBUTTAL TESTIMONY OF
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VENICE ON THE LAKE DISTRIBUTION SYSTEM UPGRADES.....2
THE NEED TO UPDATE FUTURE CIP.....3
WATER AND SEWER PLANT MAINTENANCE.....4

VENICE ON THE LAKE DISTRIBUTION SYSTEM UPGRADES

1 Q. Where does Mr. Penna address upgrades to Venice on the Lake’s distribution
2 system?
3

4 A. Mr. Penna addresses upgrades to Venice on the Lake’s distribution system
5 starting on line 11 on page 18 in his direct testimony, which states in part, “On February 8,
6 2024, Liberty submitted to the DNR¹ documentation supporting the use of a [Owner]
7 Supervised Program for Venice on the Lake, as provided for under DNR Regulations...”

8 Q. What is an Owner Supervised Program (“OSP”)?

9 A. An OSP is a program run by DNR that allows water utility companies
10 to construct several waterline extensions and replacements with the submittal of one
11 construction permit application. The approval is granted for a period of five years, but only for
12 specific projects.

13 Q. What concerns does Staff have with Liberty Water’s OSP?

14 A. Liberty Water has owned the Venice on the Lake water system since April 2018²
15 and waited almost six years (February 2024) to request the OSP. Even though Liberty Water
16 has replaced some of the mains (only 3,000 feet³ out of the approximately 117,162 feet⁴), they
17 have waited until portions of the mains failed before replacing them, even though it was known
18 at the time of acquisition that most of the distribution system needs replacing. As stated in my
19 direct testimony, when Liberty Water purchased Venice on the Lake, its infrastructure was in
20 great need of repair. During Staff’s recent investigation into Liberty Water’s operations and

¹ Missouri Department of Natural Resources (“DNR”).

² The Commission granted Liberty Water the Certificate of Convenience and Necessity for Venice on the Lake as part of Case No. WM-2018-0023 on April 4, 2018, with an effective date of April 14, 2018.

³ Liberty Water’s response to Staff Data Request No. 0259.

⁴ Received in an e-mail from Liberty Water on August 13, 2024. This value represents the total feet of waterlines for the service area referred to as Taney County Water Company.

1 conditions (Case No. WO-2022-0253), Staff determined that severe leaks in the distribution
2 system were causing the storage tank to empty during routine evening system demand.
3 Replacement of the majority of the distribution system is necessary.

4 With the five years given by DNR, Liberty Water would be expected to complete the
5 approved distribution upgrades by February 27, 2029. Spending five years to complete
6 replacement of the distribution system will create additional costs from pumping additional
7 water lost to leaks and breaks, repeated mobilization costs for the construction crews, increased
8 costs of materials and labor due to inflation, and repeated repairs of pipes which are scheduled
9 for eventual replacement. More importantly, beyond the prudence of these costs, customers will
10 continue to experience outages associated with breaks during this period, and could experience
11 an excessive number of outages due to water being shut off repeatedly as lines are slowly
12 replaced. Staff believes a more aggressive and comprehensive construction schedule is
13 appropriate. As mentioned in my direct testimony, Staff suggests that Liberty Water use as
14 many resources as possible, including hiring more contractors, to complete these projects on a
15 more expedited schedule, by December 31, 2027, with a status report filed in the docket for this
16 rate case at least every six months (on June 30 and December 31 of each year). This date was
17 chosen as a reasonable compromise to give Liberty Water sufficient time to extend and replace
18 DNR approved water main projects while being considerate of customers' needs and to keep
19 water outages to a minimum.

20 **THE NEED TO UPDATE FUTURE CIP**

21 Q. Where does Mr. Penna address the submittal of a CIP?

22 A. Mr. Penna addresses the CIP starting on line 1 on page 20 in his direct
23 testimony. Beginning on line 7 on page 20, he states, "Liberty committed to filing a yearly

1 Asset Management and Capital Improvement Plan by February 28th of each year. The first plan
2 was filed on February 28, 2024.”

3 Q. What concerns does Staff have with this CIP?

4 A. As stated in my direct testimony, Staff does not have any objections to Liberty
5 Water’s planned budget for the 2024 to 2028 period, generally. However, Staff recommends
6 Liberty Water adjust its actual spending, and future CIPs, to aggressively address water and
7 sewer systems in dire need of upgrades, such as the Venice on the Lake water system and the
8 Bolivar water and sewer systems.

9 **WATER AND SEWER PLANT MAINTENANCE**

10 Q. Where does Mr. Penna address water and sewer plant maintenance?

11 A. Mr. Penna addresses water and sewer plant maintenance throughout his direct
12 testimony, but specifically, starting on line 6 on page 12, he states, “When equipment failures
13 occur, Liberty will make the necessary repairs or replacement in a timely manner.”

14 Q. What concerns does Staff have with Liberty Water’s water and sewer plant
15 maintenance?

16 A. While it is good that Liberty Water will repair or replace equipment when it fails,
17 it’s better to prioritize regular maintenance on assets and replace some critical equipment at the
18 end of their useful life, but before they fail; particularly if continued repairs to a piece of
19 equipment are becoming costly relative to replacement.

20 Q. What does Staff suggest Liberty Water do to prioritize regular maintenance on
21 assets and replace them before they fail?

1 A. Staff suggests that Liberty Water establish a Preventive Maintenance Plan
2 (“PM Plan”) for all water and sewer plants by December 31, 2025. According to Liberty
3 Water’s response to Staff Data Request No. 0113, they do not have a current formal PM Plan.

4 Q. What is a PM Plan?

5 A. A PM Plan is a written and organized approach to maintaining the condition of
6 a building, machine, or another piece of equipment. The PM Plan requires regular inspection
7 and preventive maintenance in order to address potential issues before they become a serious
8 repair or replacement. A PM Plan would allow Liberty Water to prioritize repair and
9 replacement projects at each water and sewer plant.

10 Q. What is preventive maintenance?

11 A. Preventive maintenance is routine and proactive upkeep measures performed on
12 assets to reduce the chances of equipment failure and unplanned downtime. It is planned in
13 advance and is based on current condition of the asset that comes from routine inspections and
14 testing. Preventive maintenance activities are performed while the equipment is still working
15 to prevent unexpected breakdowns.

16 Preventive maintenance is the opposite of reactive maintenance, which has been Liberty
17 Water’s approach. It is a detailed maintenance strategy to prevent failures and identify critical
18 equipment for which spare parts and other materials need to be kept on hand to address
19 problems as they arise.

20 Ultimately, preventive maintenance prevents equipment from operating until failure and
21 replaces declining equipment before it breaks down.

22 Q. What does Staff suggest Liberty Water include in their PM Plan?

Rebuttal Testimony of
Daronn A. Williams

1 A. While not exhaustive, Staff suggests for sewer plants, Liberty Water conduct
2 routine sewer line cleaning, where appropriate, and conduct inflow and infiltration (“I&I”)
3 studies for all sewer collection systems to enable planning for sewer lining or replacement.

4 Q. What is I&I?

5 A. I&I is groundwater and stormwater that enter a sewer system. Inflow is typically
6 from stormwater runoff that gets into the sewer system via cracks inside the manholes or
7 damage to the manhole chimneys, frame, or cover. Inflow can also come from unauthorized
8 connections to the sewer system, such as from sump pumps or gutter downspouts. Inflow
9 typically occurs during or immediately following a storm event.

10 Infiltration is typically from groundwater that leaks into the collection system
11 underground via separated pipe joints or cracks in the sewer system. Infiltration can happen at
12 any time, including sunny days.

13 Q. How can I&I be identified?

14 A. Before I&I can be eliminated, it needs to be identified. Methods to identify
15 I&I can range from sewage flow monitoring capabilities, sewer televising services, manhole
16 condition assessments, or cleanout inspections. As part of a PM Plan, Liberty Water would
17 identify which methods would be the best investigative option for each system based on its
18 particular characteristics.

19 Q. Does this conclude your rebuttal testimony?

20 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 DARONN A. WILLIAMS

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

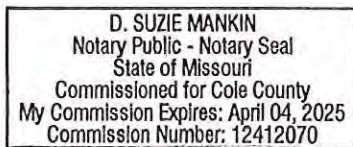
COMES NOW DARONN A. WILLIAMS and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Rebuttal Testimony of Daronn A. Williams*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.


DARONN A. WILLIAMS

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 23rd day of September 2024.




Notary Public