

**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 Authority)
to Implement a General Rate Increase for)
Water and Wastewater Service Provided in its)
Missouri Service Areas)

File No. WR-2024-0104

**LIST OF ISSUES, ORDER OF OPENING STATEMENTS,
ORDER OF CROSS-EXAMINATION AND ORDER OF WITNESSES**

The Staff of the Missouri Public Service Commission (“Staff”) submits this list of issues, list and order of witnesses, order of opening statements and order of cross-examination. In preparing this list of issues, the parties attempted to list all contested issues, and attempted to obtain consensus on the descriptions of the issues. Not all parties agree that the issues below are issues to be decided in this case. However, to avoid the need for each party to file a list of issues, the parties have agreed to include all issues in this list, whether agreed to or not. The parties believe some issues may be settled before the start of the hearing on November 18; reducing the number of issues will also reduce the number of witnesses. The parties intend to file an updated list of issues and witness schedule as soon as possible.

I. List of Issues

1. Resource Planning

- a. Should the Commission require Liberty to develop a drought resiliency plan and file such plan within one (1) year of the Commission’s Order in this case?
- b. Should the Commission require Liberty to update the plan as Liberty deems necessary and file plan updates in subsequent rate cases?

2. Depreciation Rates

- a. What depreciation rates should be ordered by the Commission?

3. Customer First Program O&M

- a. What amount, if any, of O&M expense associated with the Customer First Program be included in the revenue requirement?
- b. Should the Customer First Program investment be excluded from the Bolivar revenue requirement?

4. Bolivar Sewer System

- a. Should the Commission order Liberty to begin improving the Bolivar sanitary sewer collection system integrity by repairing system defects to reduce inflow and infiltration in calendar year 2025 on the Company side of the system in the areas identified as critical?
- b. Should the excess revenues collected in the test year by Liberty in the amount of \$374,447 be applied to decrease the sewer regulatory asset which was established in WA-2020-0397 to permit Liberty's recovery of an acquisition premium?
- c. Should the excess sewer revenues collected historically by Liberty in the approximate amount of \$990,000 be applied to decrease the sewer regulatory asset which was established in WA-2020-0397 to permit Liberty's recovery of an acquisition premium?

5. Cash Working Capital

- a. What is the correct billing lag for Cash Working Capital?
- b. What is the appropriate Cash Working Capital Requirement to be included in the cost of service?
- c. Should a 37-day or 365-day or the midpoint of 182.5 day expense lag be used in calculating the cash working capital requirement for both federal and state income tax?

6. Payroll Expense, Payroll Taxes, & Employee Benefits

- a. What is the amount of payroll expense that should be included in Liberty cost of service?
- b. Should certain Liberty Utilities employees' salaries be excluded from the cost of service?
- c. Should Liberty's anticipated cost to fill currently open positions of employment within the Company be excluded from the cost of service?
- d. What is the amount of payroll tax expense that should be included in the cost of service?

- e. What is the amount of employee benefits that should be included in the cost of the service?
- f. What is the amount of overtime that should be included in the cost of service?

7. Incentive Compensation

- a. Should Liberty be permitted to recover incentive compensation amounts tied to the Company's financial objectives, growth objectives or employee compensation cash outlay?
- b. Should Liberty demonstrate customer benefit such as lower rates to be permitted to recover any incentive compensation amounts that are tied to the Company's financial objectives, growth objectives, or employee compensation?

8. Travel & Training Expense

- a. What amount of training and travel costs should be included in Liberty's cost of service in this case?

9. Contract & Outside Services

- a. What amount should Liberty be permitted to include in revenue requirement for Contract and Outside Services expense?

10. Rate Case Expense

- a. Should rate case expense be subject to a 50/50 sharing mechanism?
 - i. What amount should be included in revenue requirement for rate case expense?
 - ii. What amount should be excluded from revenue requirement for rate case expense?
 - iii. What amount of the Depreciation Study costs should be included in revenue requirement?
- b. Over what time period should rate case expense be normalized/amortized for non-depreciation related rate case expenses?
- c. What is the appropriate amortization normalization period for costs associated with the Depreciation Study?

11. Property Tax Expense, Property Tax Tracker, & Property Tax Tracker Amortization

- a. What amount, if any, is the appropriate property tax tracker balance to be included in the Company's cost of service?

- b. What amount, if any, is the appropriate amount of annual amortization to be included in the cost of service as it relates to the property tax tracker?
- c. What amount should Liberty be permitted to include as the property tax tracker base to measure against actual property tax expense that will be recovered as a regulatory asset or liability in Liberty's next general rate case?

12. Pension & OPEB Expense / Tracker

- a. What amount should be included for the pension asset?
- b. Should the tracked amount be stated on a before or after transfers to construction basis?

13. Revenues

- a. What amount should be included for revenues?

14. Other Miscellaneous Revenues

- a. What amount should be included for miscellaneous revenues?

15. Allocation Factors

- a. What allocation factors should be used?

16. Income Tax Expense

- a. What amount should be included in income tax expense?

17. Accumulated Deferred Income Taxes

- a. What amount should be included in accumulated deferred income taxes?

18. Excess Accumulated Deferred Income Taxes

- a. What is the appropriate amount of net operating loss to apply to the federal and state excess accumulated deferred income tax for return to customers?

19. Plant in Service

- a. What is the appropriate balance of plant in service?

20. Depreciation Reserve

- a. What is the appropriate balance of depreciation reserve?

21. Bolivar Regulatory Asset

- a. What amount, if any, should be included in Liberty rate base for the Bolivar Regulatory Water Asset and Sewer Asset?

- b. What amount of the regulatory asset should be recovered as an expense?
- c. Over what period of time should the regulatory water asset and the regulatory sewer asset be amortized?

22. Contributions in Aid of Construction (“CIAC”), CIAC Reserve, Amortization of CIAC

- a. What is the appropriate balance of CIAC, CIAC Reserve, and CIAC Amortization to be included in Liberty’s Cost of Service?

23. Deferred Tank Painting

- a. Should the deferred tank painting regulatory asset and the associated amortization be included in the Liberty’s cost of service?

24. Customer First

- a. Should the Commission order that the Company earn no return on the Customer First asset until such time that the Company fixes the billing and customer service issues?

25. WO-2022-0253 Investigatory Docket

- a. Should Liberty accompany its Customer First transition with improvements to how it approaches customer service?
- b. Should the Commission order Liberty to provide Staff with updates on Onsolve and measures of success in its utilization, including the number or customers capable of receiving boil advisory text messages and any process or procedural changes implemented to increase the number or customers’ mobile phone numbers on file?
- c. Should the Commission order Liberty to ensure CSRs utilize account notes to document all conversations with customers and actions taken on accounts?

26. Cost of Capital

- a. What capital structure should the Commission use in this case to determine a revenue requirement for Liberty?
- b. What is the appropriate cost of debt that the Commission should apply in this case to determine a revenue requirement for Liberty?
- c. What is the appropriate return on common equity that the Commission should apply in this case to determine a revenue requirement for Liberty?

27. Venice on the Lake Distribution System

- a. Should the Commission order Liberty to complete the DNR Owner Supervised Program more quickly than the DNR timeline of 5 years?

- b. If so, what should the timeline be?
- c. Should the Commission order Liberty to have all AMR meters in use and useful by March 31, 2025?
- d. Should the Commission order Liberty to have the installation of the new well, well house, and storage tank at Venice on the Lake complete no later December 31, 2027 and should the Commission require Liberty to file status reports in this case docket?

28. Ozark Mountain Water Tank

- a. Should the Commission order Liberty to replace the tank at the Ozark Mountain Water system by December 31, 2025?

29. Tank Inspections

- a. Should the Commission order Liberty to inspect the interior and exterior of storage tanks routinely per the American Water Works Association guidelines every three (3) years and address any unsatisfactory findings within 12 months?

30. Water Loss

- a. Should the Commission order Liberty to replace all master meters by December 31, 2025?
- b. Should the Commission order Liberty to replace all customer meters with AMI or AMR technology to reduce misreads and inconsistent reads?
- c. Should the Commission order Liberty to collect and retain gallons of water pumped and sold for each individual system separately?
- d. Should the Commission order Liberty to submit an annual water loss report/study until Liberty's next rate case.
- e. Is so, what information should the report contain?
- f. Should the Commission order Liberty to deploy leak detection equipment to locate and correct leaks and broken mains, and generate summary reports of such efforts to be filed with an annual water loss study, for any system experiencing NRW equal to or greater than 20%?

31. Rate Design/Rate Consolidation

- a. Should Liberty's Class Cost of Service (CCOS) Study be used to allocate the cost of service and develop rates, should Staff's rate design be utilized, or should rate increase, if any, be spread across the customer classes on an across-the-board basis?

- b. Should the Commission authorize the combining of Liberty's current tariffed areas to four (4) rate districts: Bolivar water, all other water, Bolivar Sewer, all other sewer?
- c. If rate increases are approved by the Commission for Bolivar in any amount greater than 20% should such increases be phased in over multiple years with no associated carrying costs?
- d. Should any rate increase ordered for Bolivar water customers be capped? If yes, what cap should the Commission order?
- e. Should non-Bolivar customers pay higher rates as a result of a Bolivar rate cap?
- f. Should the excess revenue requirement on Bolivar's sewer system be used to (1) offset the Bolivar water rates, (2) decrease the Bolivar sewer customers' current rates, or (3) decrease the Bolivar sewer regulatory asset?

32. Rate Case Expense Disallowance

- a. Should Liberty be allowed to recoup the billed amount from FTI Consulting for Thomas O'Neill's CCOS study?

33. Preventative Maintenance Plan

- a. Should the Commission order Liberty to establish a Preventative Maintenance Plan for all water and sewer plants by December 31, 2025?

34. Normalized Residential Customer Usage

- a. Should customer Usage be normalized, and if so, what methodology should be used?

35. Administrative and General ("A&G") Expense

- a. Should the Commission make an adjustment to Liberty's A&G expenses beyond the issues addressed above?

36. Affordability/Policy

- a. Is affordability of water and sewer service a concern given the magnitude of the proposed rate increase? If yes, how should the Commission consider affordability when it decides each issue before it?

37. Should the Company be directed to study whether to base sewer rates on winter water usage and present the results of that study in the next rate case?

38. Should Liberty be authorized to use general plant amortization accounting?

II. Order of Opening Statements

Liberty
Staff
OPC
Holiday Inn Club Vacation (HICV)
Bolivar

III. Order of Cross-Examination

Liberty Witnesses	Staff Witnesses	OPC Witness
Staff OPC HICV Bolivar	OPC HICV Bolivar Liberty	Bolivar HICV Staff Liberty
HICV Witnesses	Bolivar Witnesses	
Bolivar OPC Staff Liberty	HICV OPC Staff Liberty	

IV. Order of Witnesses

Liberty

Antonio D. Penna Jr.
John Cochran*
James A. Fallert
Candice Kelly
Timothy S. Lyons*
Michael McCuen
Thomas O'Neill*¹
Colin Penny*
Lauren Preston
Brooke Prier
Bruce Robinson
Hayley Simon
Dane A. Watson*
Cindy S. Wilson

¹ Witnesses marked with * will be appearing virtually. Additional witnesses may also be later identified as appearing virtually.

Staff

Michael J. Abbott
Alexis L. Branson
Amanda Coffey
Keith D. Foster
Andrew Harris
Michael D. Irwin
Sherrye Lesmes
Melanie Marek
Amanda C. McMellen
Angela Niemeier
Jarrod J. Robertson
Ashley Sarver
Lisa Stockman
Charles Tyrone Thomason
Christopher C. Walters
Daronn A. Williams

OPC

David Murray
Manzell Payne
John S. Riley
John A. Robinett
Angela Schaben
Jordan Seaver

HICV

William G. Stannard

Bolivar

James A. Leyko
Michael Methvin
Renee Meyer
Scott Moats
Thomas Relford
Jessica York

WHEREFORE, Staff respectfully requests that the Commission accept this List of Issues, List and Order of Witnesses, Order of Opening Statements and Order of Cross-Examination.

Respectfully Submitted,

/s/ Casi Aslin

Casi Aslin

Deputy Counsel

Missouri Bar No. 67934

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Missouri Public Service Commission

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand delivered, transmitted by facsimile or electronically mailed to all counsel of record this 5th day of November, 2024.

/s/ Casi Aslin