

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Request of Liberty Utilities)	
(Missouri Water) LLC d/b/a Liberty)	File No. WR-2024-0104
for Authority to Implement a General Rate)	File No. SR-2024-0105
Increase for Water and Wastewater Service)	
Provided in its Missouri Service Areas)	

**CITY OF BOLIVAR’S POSITION STATEMENT ON THE PARTIES’
LIST OF ISSUES FILED NOVEMBER 5, 2024**

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?

Bolivar’s Position: As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on Issue No. 1(a) and (b). However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.

2. Depreciation Rates

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

Bolivar’s Position: As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on Issue No. 2(a). However, Bolivar reserves the right to take a position on this Issue in the event that evidence

disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.

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?

Bolivar's Position: Liberty began contemplating a platform such as Customer First in 2017. Thus, this expense/investment was being contemplated by Liberty for its other service areas well in advance of Liberty's late 2020 application to the Commission to acquire Bolivar's systems. However, despite this expense/investment being driven by Liberty's other service areas, and not being disclosed to Bolivar customers prior to Liberty's acquisition of Bolivar's systems, Liberty here seeks to allocate over 20% of this expense/investment (\$1.05 million) to Bolivar water customers and over 15% of this expense/investment (\$807,653) to Bolivar wastewater customers. Further, due to Liberty's poor customer service in Bolivar, no return should be permitted on this expense/investment. ¹

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?

¹ Surrebuttal Testimony of Bolivar's Jessica A. York, Pages 3-4; Surrebuttal Testimony of OPC's Angela Schaben, Pages 14 and 21.

- 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?

Bolivar's Position: *Given that it is widely known that the Bolivar sewer system requires costly upgrades, and that Liberty has been earning revenues in excess of the cost of providing service to those sewer customers, it is unclear why improvements to the water system were prioritized over improvements to the sewer system. In WA-2020-0397, the Commission ordered that Liberty could recover a portion of the acquisition premium associated with Liberty's purchase of Bolivar's systems by establishing a regulatory asset. The excess revenues collected by Liberty from Bolivar's wastewater customers should be used in a manner that benefits the Bolivar wastewater customers. Thus, the excess revenues collected by Liberty from the date of acquisition of the system to the date that new rates take effect from this proceeding should be used to offset the amount of the regulatory asset. For this entire period, the excess revenues total approximately \$990,000 (\$374,447 in the test year alone). This is a conservative approach in light of the fact that Liberty has agreed in at least one other jurisdiction not to recover an acquisition premium, and because there is a major discrepancy between the rate representations made by Liberty to Bolivar citizens*

prior to their vote and Liberty's request in this proceeding. Finally, Bolivar sewer customers have been paying excessive rates for inferior service that does not comply with EPA requirements and will continue to do so until the necessary improvements are made.²

As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on any remaining sub-issues of Issue No. 4. However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.

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?

Bolivar's Position: *As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on Issue No. 5(a), (b) and (c). However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.*

² Direct Testimony of Bolivar's Jessica A. York, Pages 11-1; Surrebuttal Testimony of Bolivar's Jessica A. York, Pages 4-5 and 8-9.

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?

Bolivar's Position: *The cost of unfilled positions is not known and measurable because Liberty will not incur such costs unless and until those positions are actually filled. A test year that includes additional positions that have not yet been hired and with an unknown hire date would allow Liberty to over-recover its actual labor expense. Further, Liberty must account for employee attrition to avoid over-recovery of its actual labor expense. Thus, the costs of unfilled positions that were not filled by the end of the update period should not be included in Liberty's test year labor expense. The adjustment to remove all costs associated with such unfilled positions requires the use of Confidential*

*information, which is not set forth within this filing, but which is set forth in pre-filed testimony.*³

*Liberty has also overstated its test year level of overtime expenses for 2024 without justifying that increase in costs. The adjustment to overtime expenses requires the use of Confidential information, which is not set forth within this filing, but which is set forth in pre-filed testimony.*⁴

As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on any remaining sub-issues of Issue No. 6. However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.

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?

Bolivar's Position: *The costs for a company's employee incentive compensation plan should be charged to the party who benefits – shareholders or customers.*

Including a company's incentive compensation costs in rates is reasonable only

³ Direct Testimony (Confidential) of Bolivar's James A. Leyko, Pages 10-13; Surrebuttal Testimony of Bolivar's James A. Leyko, Pages 4-6.

⁴ Direct Testimony (Confidential) of Bolivar's James A. Leyko, Pages 14-15; Surrebuttal Testimony of Bolivar's James A. Leyko, Pages 4-6.

if the incentive awards are based on goals or metrics that directly benefit customers, such as lower rates, improved customer satisfaction or even improved employee safety. Only a portion of Liberty's claimed recovery of incentive compensation meets this requirement, because part of Liberty's incentive compensation is tied to the financial performance of Algonquin, which aligns the interest of employees with shareholders, rather than with customers. Additionally, because it is not known whether a utility such as Liberty will achieve the incentivized financial goals while rates are in effect, customers should not bear these incentive expenses that may not be actually achieved or result in any measurable customer benefits. Further, given that Liberty has requested a 130% rate increase in these cases, Liberty witness Wilson's claim at page 25 of her Rebuttal testimony that Liberty's "customers ultimately reap the benefits [of the company's incentive compensation] through lower rates" must be disregarded. Thus, 19% of the incentive compensation costs included in Liberty's test year should be disallowed.⁵

As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on any remaining sub-issues of Issue No. 7. However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.

⁵ Direct Testimony of Bolivar's James A. Leyko, Pages 17-20; Surrebuttal Testimony of Bolivar's James A. Leyko, Pages 6-7.

8. Travel & Training Expense

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

Bolivar's Position: *As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on Issue No. 8(a). However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.*

9. Contract & Outside Services

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

Bolivar's Position: *As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on Issue No. 9(a). However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.*

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?

Bolivar's Position: *Rate case expense should be recovered over the time period that rates approved in this proceeding will likely be in effect. Liberty's rate case history suggests rates will be in effect longer than Liberty's proposed amortization period of 3 years. The effective date of this Commission's order in Liberty's last rate cases (WR-2018-0170 and SR-2018-0171) was nearly six years ago, and in those cases this Commission approved a 5-year recovery period for rate case expense. Thus, extending the recovery period from 3 to 5 years lowers Liberty's claimed revenue deficiency by \$137,687, or \$108,266 for water and \$29,421 for wastewater (using the same allocation of rate case expense as Liberty, or 78.63% to water and 21.37% to wastewater).⁶*

As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on any remaining sub-issues of Issue No. 10. However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.

⁶ Direct Testimony of Bolivar's James A. Leyko, Pages 7-8; Surrebuttal Testimony of Bolivar's James A. Leyko, Pages 8-9,

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?

Bolivar's Position: The regulatory asset tracks the difference between the property taxes included in Liberty's rates and its actual property taxes. In each rate case, the property taxes in rates will be reset and any amounts in the regulatory asset (or liability) will be collected from customers or refunded to customers depending on whether the property taxes in rates were above or below the utility's actual property taxes. Thus, Liberty's existing property tax regulatory asset should be recovered over the time period that rates approved in this proceeding are likely to be in effect. Based on the nearly 6 year passage of time since Liberty's past rate case filing and the Commission's order in WR-2018-0170 and SR-2018-0171, a 5 year recovery period is appropriate for these costs. This adjustment lowers Liberty's amortization expenses and claimed revenue deficiency by \$90,742.⁷

As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on any remaining sub-issues of Issue No. 11. However,

⁷ Direct Testimony of Bolivar's James A. Leyko, Pages 8-10; Surrebuttal Testimony of Bolivar's James A. Leyko, Pages 8-9.

Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.

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?

Bolivar's Position: *As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on Issue No. 12(a) and (b). However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.*

13. Revenues

- a. What amount should be included for revenues?

Bolivar's Position: *As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on Issue No. 13(a). However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.*

14. Other Miscellaneous Revenues

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

Bolivar's Position: *As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on Issue No. 14(a). However,*

Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.

15. Allocation Factors

- a. What allocation factors should be used?

Bolivar's Position: *Bolivar hereby incorporates by reference its position set forth at Issue No. 31.*

16. Income Tax Expense

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

Bolivar's Position: *As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on Issue No. 16(a). However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.*

17. Accumulated Deferred Income Taxes

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

Bolivar's Position: *As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on Issue No. 17(a). However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.*

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?

Bolivar's Position: *As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on Issue No. 18(a). However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.*

19. Plant in Service

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

Bolivar's Position: *The rate base and revenue requirement that Liberty has assigned to Bolivar in this proceeding raises multiple concerns. First, it remains unclear that Liberty has complied with the Commission's order in WA-2020-0397 to maintain books and records for Bolivar's water and wastewater systems separate from Liberty's other service areas. Second, Liberty has not definitely confirmed that its Water CCOSS and wastewater CCOSS are predicated on Bolivar's water and sewer plant that existed at the time the systems were acquired by Liberty. Third, the amount of Bolivar's water rate base reflected in the test year in this proceeding has increased drastically relative to the water rate base identified in WA-2020-0397 (an increase of approximately \$2.1 million) despite the fact that the Commission found that only minimal upgrades to the water system would be necessary. Neither Liberty nor Bolivar had identified any problems with the water system, although the problems with the sewer system*

were widely known. Therefore, this Commission’s order in WA-2020-0397 identified the “relatively minor upgrades” of “the SCADA system and replacement of the gaseous chlorine cylinder supplied disinfection with a chlorine solution supplied alternative” that appears, based on Liberty’s evidence in this proceeding, to have cost less than \$50,000. This excessive rate base assigned to Bolivar water customers by Liberty contributes to Liberty’s claimed revenue deficiency for Bolivar customers in excess of 100%. Fourth, the water rate increase Liberty requests in this proceeding significantly exceeds the 19% increase Liberty told Bolivar residents to expect when Liberty asked Bolivar residents to vote approval of Liberty’s acquisition of the city’s water and sewer systems. Thus, Bolivar’s water rate base should be set at the level identified in WA-2020-0397, plus the acquisition premium that was approved in that case (\$5,566,992 + \$1,612,758 = \$7,179,750). Further, any approved change in the revenue requirement for Bolivar’s water customers should be applied equally to the Residential and Commercial classes because Liberty’s CCOSS results have not been shown to be reasonable or accurate.⁸

As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on any remaining sub-issues of Issue No. 19. However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.

⁸ Direct Testimony of Bolivar’s Jessica A. York, Pages 2-11 and 13-20; Surrebuttal Testimony of Bolivar’s Jessica A. York, Pages 2-3; Direct Testimony of Bolivar’s Thomas Relford, Page ; Surrebuttal Testimony of OPC’s Angela Schaben, Pages 2-22. *See also*, Bolivar’s position on Issue No. 31.

20. Depreciation Reserve

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

Bolivar's Position: *As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on Issue No. 20(a). However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.*

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?

Bolivar's Position: *Liberty has proposed a 10-year recovery period for the Bolivar regulatory asset, but did not support that position. The better approach is to tie this recovery period to the average remaining life of the Bolivar assets. This information is found in Liberty witness Watson's depreciation study which shows that the water assets have an unrecovered balance of \$5,888,604 and an annual accrual of \$439,790 (or a remaining life of 13.39 years) and the sewer assets have an unrecovered balance of \$8,643,118 and an annual accrual of \$446,492 (or a remaining life of 19.36 years). Thus, increasing the recovery period for water assets from 10 years to 13 years and wastewater assets from 10 years to 19 years*

lowers Liberty's claimed revenue deficiency by \$149,416, or \$37,217 for water and \$112,198 for wastewater.⁹

As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on any remaining sub-issues of Issue No. 21. However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.

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?

Bolivar's Position: *As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on Issue No. 22(a). However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.*

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?

Bolivar's Position: *As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on Issue No. 23(a). However, Bolivar reserves the right to take a position on this Issue in the event that evidence*

⁹ Direct Testimony of Bolivar's James A. Leyko, Pages 15-17; Surrebuttal Testimony of Bolivar's James A. Leyko, Pages 2-3; Surrebuttal Testimony of OPC's Angela Schaben, Page 3.

disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.

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?

Bolivar's Position: *Bolivar hereby incorporates by reference its position set forth at Issue No. 3.*

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?

Bolivar's Position: *As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on Issue No. 25(a) through (c). However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.*

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?

Bolivar's Position: *As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on Issue No. 26(a) through (c). However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.*

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?

Bolivar's Position: *As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on Issue No. 27(a) through (d).*

However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.

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?

Bolivar's Position: *As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on Issue No. 28(a). However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.*

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?

Bolivar's Position: *As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on Issue No. 29(a). However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.*

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. If 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%?

Bolivar's Position: *As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on Issue No. 30(a) through (f). However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.*

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?

Bolivar's Position: *Liberty's Bolivar water CCROSS has not been shown to accurately allocate costs to customer classes, and therefore should not be relied upon as a basis for determining how to spread the claimed revenue deficiency across customer classes. Liberty did not or could not provide data supporting its allocation factors, particularly those related to water mains, the customer class peaking factors, and the system wide maximum days to average day ratio for Bolivar. Liberty witness O'Neill admitted at Page 7 of his rebuttal testimony that it would have been ideal to have more historic information to support his class allocation factors. Liberty's proposed water revenue apportionment for Bolivar should be rejected because it relies on its unsupported CCROSS. Liberty relies on the same unsupported assumptions for the allocation of Bolivar wastewater costs. Thus, any approved change in revenue requirement for Bolivar water and wastewater customers should be applied on an equal percentage basis across the customer classes. And, Bolivar's water and wastewater costs of service should*

*not be consolidated with the non-Bolivar water and wastewater costs of service until such time as the non-Bolivar systems have moved much closer to rate parity. Also, it is clear that prior to Bolivar citizens' vote on Liberty's acquisition of its water and sewer systems, Liberty left Bolivar's citizens with the distinct impression that the rate increases they would face due to Liberty's 2024 rate cases would be 19%, compared to a 38% increase if the City continued to own and operate the systems. Moreover, Liberty's testimony to the Commission in WA-2020-0397 clearly stated that the 20% rate increase included an assumption that the ratemaking rate base be established on the \$20 million fair market value of the two systems, as well as \$6.5 million in capital improvements, specifically over \$5 million of which would be for the wastewater system. If any increase greater than 20% is approved for Bolivar water customers, it should be phased in over multiple years with no carrying costs.*¹⁰

Regarding Issue No. 31(f), Bolivar hereby incorporates by reference its position set forth at Issue No. 4.

As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on any remaining sub-issues of Issue No. 31. However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.

¹⁰ Direct Testimony of Bolivar's Jessica A. York, Pages 2-4 and 13-20; Surrebuttal Testimony of Bolivar's Jessica A. York, Pages 5-10; Direct Testimony of Bolivar's Thomas Relford, Pages 1-6; Surrebuttal Testimony of OPC's Angela Schaben, Pages 5-22.

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?

Bolivar's Position: *Bolivar hereby incorporates by reference its position set forth at Issue No. 10.*

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?

Bolivar's Position: *As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on Issue No. 33(a). However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.*

34. Normalized Residential Customer Usage

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

Bolivar's Position: *As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on Issue No. 34(a). However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.*

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?

Bolivar’s Position: *Per Liberty Witness Wilson’s chart on page 4 of her direct testimony, the number one driver of Liberty’s claimed revenue deficiency is the increase in A&G costs in the test year without a corresponding increase in customers, which is a 24% increase over Liberty’s 2023 results and its four-year average. Further, Liberty’s A&G costs were declining prior to the test year. Liberty has failed to justify this significant increase. Liberty A&G expenses per customer generally exceed the A&G expenses of Liberty’s peers. Thus, Liberty’s water A&G costs should be estimated using the 2023 water A&G costs per customer (\$207.52) escalated by one year of inflation at the 2.85% forecasted for 2024. This adjustment would lower Liberty’s water A&G test year costs to \$2,554,810 (a decrease of \$517,276).¹¹*

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?

Bolivar’s Position: *When Bolivar’s citizens voted in 2020 in favor of selling their water and sewer systems to Liberty, they did so in reliance on Liberty’s written promises that their rates would increase by 19% in 2024, as opposed to a predicted 38% increase if the City continued to own and operate the systems. In Case No.*

¹¹ Direct Testimony of Bolivar’s James A. Leyko, Pages 3-6; Surrebuttal Testimony of Bolivar’s James A. Leyko, Pages 3-4; Surrebuttal Testimony of OPC’s Angela Schaben, Pages 10-12.

WA-2020-0397, Liberty witness Jill Schwartz testified that Liberty would seek a 20% rate increase in this 2024 proceeding and that Bolivar water and wastewater customers outside of the city limits would see a decrease in their monthly bills. . Both Liberty witness Schwartz and Liberty witness Michael D. Beatty testified to this Commission in WA-202-0397 that Liberty would seek a 20% increase in rates to that Bolivar customers would not experience “rate shock.” Bolivar citizens knew that expensive upgrades were needed in their sewer system, and Liberty offered to buy that system so long as Bolivar also sold Liberty its well-functioning water system. By the time of this 2020 vote, Bolivar citizens had already experienced the 6.3% increase in their water and sewer rates that Liberty unilaterally required as a condition of the Asset Purchase Agreement between Liberty and Bolivar. Thus, Bolivar citizens did not anticipate that Liberty would in this proceeding seek to more than double their water rates, which increase was made clear when each Bolivar customer received notice of the Local Public Hearings held in these cases. Testimony provided at the Bolivar Local Public Hearings indicated concern over the economic impact of Liberty’s requested rate increase on Bolivar’s vulnerable population and the city’s ability to grow economic development. If Liberty is permitted to raise its water (and sewer) rates for its Bolivar customers, the City of Bolivar will have to cut expenses and services in other areas such as the recreational center, aquatics center and splashpad, the ability of Bolivar R-1 Schools to provide resources and staffing necessary for the operational capacity of the district will be negatively impacted, Citizens Memorial Hospital will not be able to increase its bills to patients in an

amount sufficient to cover the extra expense and so will have to reduce services to patients and Southwest Baptist University will need to reforecast its FY25 budget approved by the Board of Trustees to include projected increases. Finally, given that all parties and the Commission are aware of the need for significant upgrades to the sewer system, there is much concern in Bolivar that, following the conclusion of these cases, Liberty will file a new case seeking extraordinary sewer rate increases.¹²

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?

Bolivar's Position: *As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on Issue No. 37. However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.*

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

Bolivar's Position: *As of the date of this filing, the evidence made available to Bolivar does not cause Bolivar to take a position on Issue No. 38. However, Bolivar reserves the right to take a position on this Issue in the event that evidence disclosed between this date and the conclusion of the hearing provides grounds for Bolivar to take a position on this Issue.*

¹² Direct Testimony of Bolivar's Thomas Relford, Pages 6-8; Surrebuttal Testimony of Bolivar's Thomas Relford, Pages 2-4; Direct Testimony of Bolivar's Michael Methvin, Pages 1-4; Direct Testimony of Bolivar's Renee Meyer, Pages 2-5; Direct Testimony of Bolivar's Scott Moats, Pages 2-5; Surrebuttal Testimony of OPC's Angela Schaben, Pages 5-22.

Respectfully submitted,

Donald M. Brown, #57652
Douglas, Haun & Heidemann, P.C.
901 E. St. Louis
Suite 1200
Springfield, Missouri 65806
Telephone: (417) 887-4949 (Springfield)
(417) 326-5261 (Bolivar)
Facsimile: (417) 326-2845
Email: donald@dhhlawfirm.com

Terry M. Jarrett, #45663
Healy Law Offices, LLC
306 Monroe Street
Jefferson City, MO 65101
Telephone: (573) 415-8379
Facsimile: (417) 864-7018
E-mail: terry@healylawoffices.com

/s/ Peggy A. Whipple
Peggy A. Whipple, #54758
Healy Law Offices, LLC
3010 E. Battlefield, Suite A
Springfield, MO 65804
Telephone: (417) 864-7018
Facsimile: (417) 864-7018
Email: peggy@healylawoffices.com

ATTORNEYS FOR CITY OF BOLIVAR

CERTIFICATE OF SERVICE

I hereby certify that on the 8th day of November, 2024, a copy of the foregoing **City of Bolivar's Position Statement on the Parties' List of Issues Filed November 5, 2024** has been mailed, filed within the EFIS system, emailed or hand-delivered to all parties on the official service list for this case.

/s/ Peggy A. Whipple
Peggy A. Whipple