

**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) Case No. WR-2024-0104
General Rate Increase for Water and)
Wastewater Service Provided in its)
Missouri Service Areas)

STIPULATION AND AGREEMENT

COME NOW the Staff of the Missouri Public Service Commission (“Staff”), Liberty Utilities (Missouri Water) LLC (“Liberty” or “Company”), the Missouri Office of the Public Counsel (“OPC”), the city of Bolivar, Missouri (“Bolivar”), and Holiday Inn Club Vacation (“HICV”), being all parties to these proceedings, and present to the Missouri Public Service Commission (“Commission”), for approval, this Unanimous, Global Stipulation and Agreement (“Stipulation”) commemorating an agreement between all parties (the “Signatories”).

1. Following the filing of rounds of testimony and the holding of local public hearings, the Signatories began negotiations to determine whether a resolution of issues could be mutually reached in advance of the evidentiary hearings.
2. As a result of these discussions, the Signatories agreed to a series of compromises to determine mutually acceptable resolutions to all issues.
3. This Stipulation reflects the full resolution of all contested issues among all parties for a global settlement of Case Nos. WR-2024-0104 and SR-2024-0105.

Specific Issues

4. **Revenue Requirement Increase.** The Signatories agree that Liberty should be authorized to file tariffs designed to increase the Company's revenues by \$6,211,853, exclusive of any applicable license, occupation, franchise, gross receipts taxes, or similar fees or taxes. The

Signatories agreed to the settled “black box” revenue requirement increase amounts using their own assumptions.

Commodity	Percentage of Increase	Dollar Increase
Water – Non-Bolivar	107%	\$4,370,665
Water – Bolivar	84%	\$1,580,719
Sewer – Non-Bolivar	65%	\$260,469
Sewer – Bolivar	0%	\$0
Total:		\$6,211,853

5. **Billing Determinants.** The Signatories agree to the use of Staff’s billing determinants, as shown on the attached **Schedule A**.

6. **Future WSIRA Filings.** For purposes of the WSIRA, the overall weighted average cost of capital shall be 6.65%; all WSIRA-eligible investments placed in service beginning May 1, 2024, shall be eligible for the WSIRA mechanism in accordance with RSMo. §§393.1500, et seq.

7. **Depreciation Rates.** The Signatories agree to the use of Staff’s proposed depreciation rates, as contained within the attached **Schedule B**. The parties are not agreeing to any specific methodology in this case.

8. **Rate Design.** The existing rate districts will be consolidated into two districts for water and two districts for sewer, with the districts being divided between Bolivar and all other service areas.

9. **Rates.** Customer charges and usage rates shall be as shown on the attached **Schedule C**. There will be a four-year phase-in of rates for Bolivar water, in an equal amount of \$395,180 per year (incremental 25%). This will result in a regulatory asset of an estimated \$2,371,079, for which there will be future recovery from Bolivar water customers. In the Company’s next rate case (and each subsequent rate case), the then-current balance in the deferred revenue regulatory asset will be placed in rate base. The regulatory asset created by the deferral of Bolivar’s rate increase will

be subject to paragraph 7 of the Stipulation and Agreement in Case No. WA-2020-0397.

10. **Regulatory Tracking Mechanisms/Regulatory Assets and Liabilities.** The following regulatory asset and liability balances, amortization periods, and annual amortization expense will be used. Amortization will begin with the effective date of rates in this case.

Regulatory Account	Balance	Amortization Period (yrs)
Property Tax Tracker Regulatory Asset	\$680,564	3
Bolivar Water Regulatory Asset	\$1,612,758	19
Bolivar Sewer Regulatory Asset	\$2,368,627	19
Excess ADIT Regulatory Liability Federal	\$(41,892)	Various
Excess ADIT Regulatory Liability State	\$2,787	5

- a. See attached **Schedule D** for additional Pensions and OPEBs provisions.
 - o Pension: \$29,983
 - o OPEB: \$13,568

The tracked amount will be stated on an after transfers to construction basis.

- b. Property Tax Tracker Base Amount. The amount of Property Tax included in the Company’s revenue requirement as a result of this case is \$804,235, which will be used as the base amount to track differences in property tax until rates are reset as a result of a subsequent rate case.

11. **Bolivar Sewer.** (a) Liberty will invite OPC and a designated representative from Bolivar to operational meetings between Liberty and Staff regarding Liberty’s Bolivar sewer system until Liberty’s next rate case. (b) Liberty agrees to begin Inflow & Infiltration (“I&I”) improvements in the Bolivar collection system and agrees to address the issues identified on a prioritized basis focused on the highest impact by dollar invested. Liberty will file an annual status report on I&I improvements and meet with Staff every six months or more frequently, as requested by Staff.

12. **Resource Planning.** Within one year following the effective date of new rates, Liberty will provide an update on the Company’s progress in developing a drought resiliency plan, with the

goal of developing and filing such a plan in this docket (or the Company's most recently filed rate case) two years thereafter. Liberty will prepare and file plan updates as Liberty deems necessary.

13. Case No. WO-2022-0253 Investigatory Docket. (a) The Company agrees to provide Staff with updates on Onsolve and measures of success. (b) Liberty agrees to continue to evaluate options on the ability to report calls by state, but Liberty notes that the 800 number provided to Missouri Water customers is not provided to water customers in any other state. (c) Liberty agrees to continue to communicate estimated meter reads to customers. (d) Liberty agrees to implement a written policy that account notes must be utilized for all calls with the exception of customers asking to be transferred to the payment system or reporting an emergency that results in an order in the outage management system. Liberty further agrees to implement annual training on this policy.

14. Venice on the Lake Distribution System. Liberty agrees to follow the recommendations provided by the engineering firm in conjunction with the DNR OSP to replace the current distribution system within the guidelines of the OSP and will accelerate/prioritize as needed. Liberty will file an annual combined status report on the distribution system and the well and storage system and meet with Staff every six months or more frequently if requested by Staff; Liberty agrees to have AMR meter is use and useful by March of 2025; Liberty to complete the installation of the new well, well house, and storage tank by December 31, 2027.

15. Ozark Mountain Water Tank. Liberty to replace the tank at the water system by December 31, 2025.

16. Tank Inspections. Liberty to inspect the interior and exterior of storage tanks routinely per the American Water Works Association guidelines, every three years, and address any unsatisfactory findings within 24 months.

17. **Water Loss.** (a) Liberty to replace all master meters by December 31, 2025. (b) Liberty to replace all customer meters capable of being AMI or AMR with AMI or AMR technology in a manner consistent with Liberty's meter replacement practice. (c) Liberty to collect and retain gallons of water pumped and sold for each individual water system separately and not grouped together, such as the systems formerly owned by KMB, Taney County Water and Empire. (d) Beginning in 2025, and continuing until its next rate case, Liberty shall submit an annual water loss report/study. (e) Liberty to provide annual reporting showing systems that experience NRW equal to or greater than 20% and any leak detection efforts implemented by Liberty.

18. **Service Area Maps & Legal Descriptions.** Liberty to revise the maps and legal descriptions identified in Schedule DAW-d2 of Daronn Williams' direct testimony, by tariff book, no later than December 31, 2025. A draft of each revised map and legal description should be e-mailed to and approved by Staff's Water, Sewer, and Steam Department before it is submitted in the Electronic Filing and Information System (commonly referred to as EFIS) web site.

19. **Miscellaneous Service Charges.** Liberty agrees to report the collections of each revenue type by post rate tariff consolidation.

20. **Preventive Maintenance Plan.** Liberty to establish a general PMP for water and for sewer by December 31, 2025. The specific tasks will be tracked and managed through Liberty's Preventive Maintenance system at an asset-by-asset level.

21. **Customer Service/Billing Issues.** (a) Liberty to provide monthly reporting to Staff regarding bill exceptions (implausibles, outsorts, and errors), delayed bills, and no bills. This report should provide a summary of the number and types of billing exceptions and the number of exceptions that were resolved over the course of the prior month. It should also provide a tally of the number of customers who received a delayed bill and, separately, the number of customers

who did not receive a bill for the prior month. (b) Liberty to meet with Staff on a monthly basis for the period of twelve months following the conclusion of this case to discuss the Customer First related customer service issues for Missouri Water, or less if Staff and Missouri Water agree that no further meetings are necessary and file notice of such agreement in EFIS. In addition to discussions germane to progress, at these monthly meetings Liberty shall present the following metrics: (i) the number of delayed bills for the prior month; (ii) the number of no bills for the prior month, (iii) the number of estimated bills for the prior month, (iv) the number of re-bills for the prior month, (v) the number and nature of complaints received by its Call Center for the prior month, and (vi) call center metrics, such as staffing and call volume, for the prior month. (c) Liberty to remove the pre-checked box for paperless enrollment; however, this change requires system modifications that have yet to be completed. Liberty will make a filing in this docket when the modification is complete. (d) Liberty to provide a sample of 50 bills, each month, for one random service area. (e) Liberty will accompany its Customer First transition with a modification to its approach to customer service to be more proactive. This may include stricter evaluation of new processes (and current processes that haven't failed yet) to prevent issues from occurring before they arise, and continuous evaluation of the customer experience to understand how things may look from the customer perspective and acting with that perspective firmly in mind. (f) Liberty will follow Rule 10 V6 of its tariff when estimating water bills. (g) Liberty will eliminate estimated bills, except in compliance with regulation, within 60 days. (h) Liberty will work with Staff on changes to its tariff related to 20 CSR 4240-13.

22. Transaction Fee-Free Program. In conjunction with implementation of its Transaction Fee-Free Program, Liberty will monitor the number of customers using the credit card option,

whether the number of payments by credit cards increases, and whether eliminating a fee to pay by credit card results in savings to the customer, Liberty, or both.

23. **Additional Representations.** Liberty confirms that it does not use General Plant Amortization Accounting for water/sewer; and Liberty agrees to studying whether sewer rates in Bolivar should be based on winter water usage prior to the next rate case.

General Provisions

24. This Stipulation is being entered into solely for the purpose of settling the issues specifically set forth above, and unless otherwise specifically set forth herein represents a settlement on a mutually-agreeable outcome without resolution of specific issues of law or fact. This Stipulation is intended to relate only to the specific matters referred to herein; no Signatory waives any claim or right which it may otherwise have with respect to any matter not expressly provided for herein. No Signatory will be deemed to have approved, accepted, agreed, consented, or acquiesced to any substantive or procedural principle, treatment, calculation, or other determinative issue underlying the provisions of this Stipulation except as otherwise specifically set forth herein. Except as specifically provided herein, no Signatory shall be prejudiced or bound in any manner by the terms of this Stipulation in any other proceeding, regardless of whether this Stipulation is approved.

25. This Stipulation has resulted from extensive negotiations among the Signatories and the terms hereof are interdependent. In the event the Commission does not approve this Stipulation or approves it with modifications or conditions to which a Signatory objects, then this Stipulation shall be null and void, and no Signatory shall be bound by any of its provisions.

26. If the Commission does not approve this Stipulation unconditionally and without modification, and notwithstanding its provision that it shall become void, neither this Stipulation,

nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any Signatory has for a decision in accordance with Section 536.090, RSMo 2016 or Article V, Section 18 of the Missouri Constitution, and the Signatories shall retain all procedural and due process rights as fully as though this Stipulation had not been presented for approval, and any suggestions or memoranda, testimony or exhibits that have been offered or received in support of this Stipulation shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever.

27. If the Commission unconditionally accepts the specific terms of this Stipulation without modification, the Signatories waive, with respect only to the issues resolved herein, their respective rights to: (1) call, examine and cross-examine witnesses pursuant to Section 536.070(2), RSMo 2016; (2) present oral argument and/or written briefs pursuant to Section 536.080.1, RSMo 2016; (3) the reading of the transcript by the Commission pursuant to Section 536.080.2, RSMo 2016; (4) seek rehearing pursuant to Section 386.500, RSMo 2016; and (5) judicial review pursuant to Section 386.510, RSMo Supp. 2020. These waivers apply only to a Commission order respecting this Stipulation issued in this above-captioned proceeding, and do not apply to any matters raised in any prior or subsequent Commission proceeding, or any matters not explicitly addressed by this Stipulation.

28. The Signatories shall also have the right to provide, at any agenda meeting at which this Stipulation is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that each Signatory shall, to the extent reasonably practicable, provide the other parties with advance notice of the agenda meeting for which the response is

requested. Signatory's oral explanations shall be subject to public disclosure, except to the extent they refer to matters that are privileged or protected from disclosure pursuant to the Commission's rules on confidential information.

29. This Stipulation contains the entire agreement of the Signatories concerning the issues addressed herein.

30. This Stipulation does not constitute a contract with the Commission and is not intended to impinge upon any Commission claim, right, or argument by virtue of the Stipulation's approval. Acceptance of this Stipulation by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigative or other power which the Commission presently has or as an acquiescence of any underlying issue. Thus, nothing in this Stipulation is intended to impinge or restrict in any manner the exercise by the Commission of any statutory right, including the right to access information, or any statutory obligation.

31. The Signatories agree that this Stipulation, except as specifically noted herein, resolves all issues related to these topics, and that the agreement and its exhibits should be received into the record without the necessity of any witness taking the stand for examination. Further, contingent upon Commission approval of this Stipulation without modification, the Signatories hereby stipulate to the admission into the evidentiary record of the pre-filed written testimony of their witnesses on the topics addressed herein.

Respectfully submitted,

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Certificate of Service

I hereby certify that the above document was filed in EFIS on this 6th day of December, 2024, with notification of the same being sent to all counsel of record. This filing was also sent by electronic transmission to all counsel of record.

/s/ Diana C. Carter