

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

AMENDED ORDER DIRECTING RESPONSE TO COMMISSION QUESTIONS

Issue Date: December 23, 2024

Effective Date: December 23, 2024

On December 6, 2024, the parties submitted a stipulation and agreement (Agreement) as a complete resolution of this water rate case. The Commission had examined the Agreement and had questions for the parties to answer prior to considering the Agreement as a resolution of this rate case.

On December 20, 2024, the Regulatory Law Judge directed the parties to answer those questions no later than 5:00 p.m. on December 23, 2024. Upon further consideration, the deadline the Regulatory Law Judge set for the parties to answer the Commission's questions is unreasonable. Accordingly, the Commission is amending its order to expand the time period for the parties to answer Commission questions to January 3, 2025.

Questions for the parties

1. The Agreement proposes phase-in rates for Bolivar over four years. Section 393.155 RSMo, sets out express adjustments to be included in any order approving phase-in rates and recovery for electric corporations. The Commission is unaware of any similar statute for water corporations. Is any additional legal support for water phase-in

rates beyond a Commission determination that such rates would be just and reasonable required? If so, what is that legal support?

2. The Bolivar Regulatory Asset (\$2,371,079)

a. Is the Bolivar regulatory asset the total amount that the parties agree that Liberty will be short of its revenue requirement for Bolivar?

b. Does the regulatory asset include accrued carrying costs on the asset balance?

i. If not, is there any agreement among the parties as to whether carrying costs should accrue on the unrecovered asset balance until that asset is included in rate base in Liberty's next rate case?

ii. Are the parties in disagreement and intend this issue to be addressed in Liberty's next rate case?

3. On page two of the Agreement there is a chart that represents the percentage increase for each commodity. Does the total percentage increase for water and sewer equal 256%? Please explain how each percentage was calculated.

a. Is the percentage increase for each commodity a percent of the total dollar increase of \$6,211,853 as agreed to by the parties?

4. The table below represents for each Commodity the Overall Revenue Increase Needed (Cell D13 of the Income Statement) in the A1 and A2 billing determinants spreadsheet and the table on page two of the Stipulation and Agreement:

| Column 1 | Column 2 | Column 3 | Column 4 |
|------------------------------|--|---|------------------|
| Commodity | Overall revenue increase needed as shown in cell D13 of each income statement for each year in Schedule A of the Agreement | Stipulation dollar increase as shown on page two of the Agreement | Difference |
| Water - Non Bolivar | \$4,706,118 | \$4,370,665 | \$(355,453) |
| Water – Bolivar year 1 | \$309,386 | \$395,180 | \$85,794 |
| Water – Bolivar year 2 | \$255,639 | \$395,180 | \$139,541 |
| Water – Bolivar year 3 | \$309,386 | \$395,180 | \$85,794 |
| Water – Bolivar year 4 | \$309,389 | \$395,180 | \$85,794 |
| Water – Bolivar Total | \$1,183,797 | \$1,580,720 | \$396,923 |
| Sewer - Non Bolivar | \$268,193 | \$260,469 | \$(7,724) |

| | | | |
|--------------------------------------|--------------------|--------------------|-----------------|
| Sewer – Bolivar | \$ - | \$ - | \$ - |
| Total Liberty Water and Sewer | \$6,158,108 | \$6,211,854 | \$53,746 |

- a. Should the revenue increase shown in Column 2 equal the revenue increase shown in Column 3?
 - i. If not, why not?
- b. If Column 2 is correct, would Water-Bolivar have a revenue short-fall at the end of year four?
 - i. If yes, would this result in a ‘loss’ or would Liberty request recovery of the revenue short-fall in a future rate case?
 - ii. If Liberty requests recovery of the revenue short-fall in a future rate case, what carrying cost would apply, if any?
- c. Provide any further explanation to reconcile the A1 and A2 spreadsheets with the amounts that appear in the Agreement.

5. The following questions are based on the Bolivar Billing Determinates spreadsheet A1.

- a. The year one income statement reflects a total cost of service of \$2,169,143. Should this instead reflect a Total Cost of Service of \$2,222,890 as reflected in tab Revenues-Proposed Rates, cell I36 for year one?
- b. The year one income statement reflects a cost to recover in rates of \$2,122,413. Should this instead reflect a cost to recover in rates of \$2,176,160 as reflected in tab Revenues-Proposed Rates, cell I34 for year one?
- c. The year one income statement reflects an allocation between Customer Charge and Commodity Charge totaling 103%. Should this instead reflect an allocation between Customer Charge and Commodity Charge totaling 100%?
 - i. If yes, what should the percentage be for each component of the rate?
 - ii. Should the percentage for each component be the same of each year?
- d. Please explain why the total Customer Equivalents change from Year 1 (5,347) to Year 2 (5,326) to Year 3 (5,316) as shown on tab Rate Design cell G46.

e. The formula for the percent increase in the Billing Comparison tab appears to be incorrect, please verify that the current rate should be the denominator in the formula.

THE COMMISSION ORDERS THAT:

1. The parties must provide a response to the Commission's questions contained in the body of this order no later than January 3, 2025.
2. This order is effective when issued.



BY THE COMMISSION

A handwritten signature in black ink that reads "Nancy Dippell". The signature is written in a cursive, flowing style.

Nancy Dippell
Secretary

John T. Clark, Senior Regulatory Law Judge,
by delegation of authority pursuant to
Section 386.240, RSMo 2016.

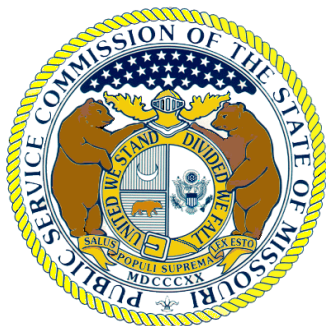
Dated at Jefferson City, Missouri,
on this 23rd day of December, 2024.

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 23rd day of December 2024.



Nancy Dippell

Nancy Dippell
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

December 23, 2024

File/Case No. WR-2024-0104

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Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



**Nancy Dippell
Secretary**

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.