

From: [Missouri Public Service Commission](#)
To: [Edwards, Justin](#)
Subject: FW: Attention: Justin - Case #ER 2024 0261 Liberty Utilities
Date: Wednesday, March 12, 2025 9:19:53 AM

From: RICK Hendricks <rickhendricks@hotmail.com>
Sent: Tuesday, March 11, 2025 5:44 PM
To: Missouri Public Service Commission <pscinfo@psc.mo.gov>
Subject: Attention: Justin - Case #ER 2024 0261 Liberty Utilities

Let me introduce myself. I retired from The Empire District Electric Co in 2016 after 40 years of service.. 4 months before Liberty completed the purchase of Empire. I held numerous positions including Customer Service Consultant, Joplin District Manager and retired as Manager of Community Relations for some 75 communities on the Western half of the electric system and all 45 communities in the natural gas system we purchased in 2006. I was the go between for all customers, City Councils, Mayors, County Commissioners, School Superintendents, Legislators, etc. I am absolutely sick to see what Liberty Utilities has done to the reputation and history of Empire. I challenge anyone on the Commission staff to come down to SW MO and find a customer who actually likes Liberty.

That being said. Retirees like myself are the ones that truly understand rate making. There are two very separate areas that need your attention.

First, the Software System. My understanding is that they have spent 100s of thousands of dollars on a system that does not work not only on the billing side, but the accounting side, the construction side on and on. They had just upgraded their Maximo software when the decision to switch was made. The system was not needed in the eyes of the employees.

1. Look at the relationship between the then CEO of Liberty and the Company in New Hampshire that they purchased the system from.
2. I can provide the names of employees (don't want to get existing employees in hot water) who went to the training and was told this system is not built for utility systems. They had been using the software for 2 years and told the Liberty employees, "we are doing everything on paper". Yet management pushed forward with the project.
3. Employees say the cost of inefficiency and lost information has not been included in the overall cost of the software because they do not want that reported.
4. The effort required by Construction Design and Line Operations is a totally separate issue from billing that needs examined and audited.
5. I was told prior to filing the initial rate case, Management was concerned that they had

no record of some expenses and were not sure the information they had was accurate. Second, in my opinion the **more important** issue to be examined is the Capital Budget. **What is Liberty's capital cost per customer compared to other utilities their size?** Everyone knows that Liberty is trying to capitalize every penny, every project, every item they can. Why? Because rates are based on the capital expenditures. Return on Equity is calculated based on the capital cost the Company incurs. Here are some specific things that need to be examined.

1. Why does Liberty use contract labor for practically every capital project? Using Liberty crews to do maintenance work. Examine in 2017 when they purchased the system the relationship between the Capital Budget and the Operations and Maintenance Budget (O&M) when Empire owned the system and how much larger the Capital Budget is now in comparison to the O&M Budget. If something can be maintained, just get rid of it and buy a new one. Employees tell me the question is always asked of a project, "can we recover this from the rate payer". Why is the policy that overtime is allowed if it involves working on a Capital project, but not if it is maintenance?
2. The relationship with certain contractors need to be audited. Were there competitive bids submitted? Were least cost options considered? Many employees feel they are "gold plating" projects. Are the same contractors getting most of the capital projects?
3. Specifically, the relationship between the current President of Liberty Central and Burns and McDonald in Kansas City needs to be examined. Have there been gratuitous perks? When construction employees are asked to explain budget overruns, they consistently see charges, many 5- and 6-digit charges added to the job after it left their hands. Burns and McDonald would have absolutely nothing to do with the job or many times were never on site. Those charges don't appear to be legitimate to many employees. That needs to be looked at. Not making accusations just saying it needs to be closely examined.

Finally, I just want to make you aware that my bill in July of 2023 for just under 2000 kwhs was \$232. One year later my July 2024 bill for actually a few less kwhs, was \$331. I'm not good at math but that is a 43% increase in one year. With taxes and fees, 17 cents per kwh. They are now asking for another 30%. The only thing between the customer and the Company is you the staff and OPC. Their business practices have to be deeply examined. After 40 years in the business I know this just manipulation of the rate making process. Capitalize everything. Get Return on Equity on those cost.

Let me close with this story. When Empire purchased the natural gas system from MoPub, myself, Ron Gatz the VP to be over the gas system, and our CEO Bill Gipson went to every service center and talked to every employee. Bill came out of Economic Development and his message to the employees was this. The way Empire grows is to grow the communities that we serve. We grow as a Company as a result. Fast forward. Right before I retired (3 months prior to the purchase) I attended a Managers meeting at our Riverton Power Plant. Blake Mertens was VP of production. His message to Empire employees was this. I will never ever

forget his words. **"The way we grow this Company is putting steel and concrete in the ground"**. Tim Wilson the current President of Liberty Central was at the meeting and was Blake Mertens right hand man. I know Tim, Tim is a good man. I have played golf with Tim. My point is this. What do you think Tim's mindset is about how to grow the Company? The overcapitalization HAS to STOP. I am doing this for all the customers that have no idea about rate making. The only ones that can stop this is you!!!!

Thank you for taking time to consider these things. I am more than willing to visit with anyone on your staff either here or in Jeff City.

Sincerely,

Rick Hendricks

417-850-7911

rickhendricks@hotmail.com