

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of Liberty Utilities (Missouri )  
Water) LLC and Ozark International, Inc., )  
Concerning an Agreement to Acquire the )  
Assets of Bilyeu Ridge Water Company, LLC, )  
Midland Water Company, Inc., Moore Bend ) File No. WM-2018-0023  
Water Utility, LLC, Riverfork Water Company, )  
Taney County Water, LLC, and Valley Woods )  
Utility. )

**JOINT APPLICATION FOR AUTHORITY TO  
TRANSFER UTILITY ASSETS**

Under authority of, and in accordance with, Section 393.190, RSMo, and Commission rules 4 CSR 240-2.060(1), 4 CSR 240-3.605, and 4 CSR 240-3.310, Liberty Utilities (Missouri Water) LLC d/b/a Liberty Utilities (“Liberty Utilities” or the “Company”) and Ozark International, Inc. (“Ozark”) (collectively “the Joint Applicants”), seek a Commission order authorizing Liberty Utilities to acquire the franchise and operating assets of each of the following wholly-owned Ozark subsidiaries: Bilyeu Ridge Water Company, LLC; Midland Water Company, Inc.; Moore Bend Water Utility, LLC; Riverfork Water Company; Taney County Water, LLC; and Valley Woods Utility. Each of those companies is a small water or sewer utility currently providing service to customers in southwestern Missouri under certificates of convenience and necessity issued by the Commission. In support of their application, the Joint Applicants state:

**GENERAL INFORMATION ABOUT THE JOINT APPLICANTS**

1. Liberty Utilities, a Missouri limited liability company whose principal office is at 602 South Joplin Avenue, Joplin, Missouri, 64801, provides water and sewer services to customers in its Missouri service area. Liberty Utilities is a “water corporation,” a “sewer

corporation,” and a “public utility,” as those terms are defined by Section 386.020, RSMo, and therefore is subject to the general regulatory jurisdiction of the Commission, as provided by law.

2. Ozark, a Missouri corporation whose principal office is at 786 Croley Boulevard, Nixa, Missouri, 65714, is the parent company and sole owner of six regulated utility companies providing service to customers in each company’s Missouri service area. Five of those companies provide water service only; the sixth provides both water and sewer service. The Ozark subsidiaries that are subjects of this joint application are: Bilyeu Ridge Water Company, LLC, a Missouri limited liability company; Midland Water Company, Inc., a Missouri corporation; Moore Bend Water Utility, LLC, a Missouri limited liability company; Riverfork Water Company, a Missouri corporation; Taney County Water, LLC, a Missouri limited liability company; and Valley Woods Utility, LLC, a Missouri limited liability company. The principal office of each of Ozark’s subsidiaries is 786 Croley Boulevard, Nixa, Missouri, 65714. Although Ozark is not subject to the Commission’s general regulatory jurisdiction, each of its six subsidiary companies is a “public utility” and also a “water corporation,” “sewer corporation,” or both, as those terms are defined by Section 386.020, RSMo, and therefore is subject to the Commission’s jurisdiction.

3. A copy of Liberty Utilities’ Certificate of Good Standing is attached as **Appendix A** and is made a part of this joint application for all purposes. Copies of Certificates of Good Standing of Ozark, Bilyeu Ridge Water Company, LLC; Midland Water Company, Inc.; Moore Bend Water Utility, LLC; Riverfork Water Company; Taney County Water, LLC; and Valley Woods Utility are attached as **Appendices B through H**, respectively, and are made a part of this joint application for all purposes.

4. In File No. SN-2014-0036, Liberty Utilities filed a fictitious name certificate showing the name “Liberty Utilities” is registered to Liberty Utilities (Missouri Water) LLC. As

authorized by Commission rule 4 CSR 240-2.060(1)(G), that document is incorporated by reference and made a part of this joint application for all purposes. Neither Ozark nor any of its utility subsidiaries has an active fictitious name registration on file with the Missouri Secretary of State.

5. Liberty Utilities has no overdue Commission annual reports or assessment fees, and has no pending or unsatisfied judgments or decisions against it from any federal or state agency or court that involve customer service or rates and that have occurred within the three years immediately preceding this application.

6. None of the Ozark subsidiaries involved in this case has any overdue Commission annual reports or assessment fees, and except for Moore Bend Water Utility, LLC, none has any pending or unsatisfied judgments or decisions against it from any federal or state agency or court that involve customer service or rates and that have occurred within the three years immediately preceding this application. On March 31, 2016, the Office of the Public Counsel filed a formal complaint against Moore Bend Water Utility, LLC, that includes allegations regarding customer service. The complaint, which the Commission docketed as File No. WC-2016-0252, remains pending.

7. Correspondence, communications, orders, decisions, and other documents and notices related to this case should be sent to the following representatives of the joint applicants:

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### **THE PROPOSED TRANSACTION**

8. Ozark, each of its subsidiary utility companies, and Liberty Utilities entered into an Asset Purchase Agreement, effective July 7, 2017 (the “Asset Purchase Agreement”). A copy of that agreement is attached as **Appendix I** and is made a part of this application for all purposes. Under terms of the agreement, Liberty Utilities would acquire all customers served by the Ozark subsidiaries, substantially all operating assets used to serve those customers, and all certificates of public convenience and necessity issued by the Commission.

9. Liberty Utilities currently serves approximately 2,400 water and/or sewer customers. Its water customers are served under four different sets of tariffed rules and regulations and ten different rate schedules. Its sewer customers are served under two different sets of tariffed rules and regulations and two different rate schedules. Following consummation of the proposed transaction, Liberty Utilities plans to integrate the acquired assets into its existing water and sewer operations by consolidating tariffed rules, regulations, and rate schedules applicable to the acquired customers. For the acquired sewer operations, Liberty Utilities proposes to adopt and utilize the existing Valley Woods rates, rules, and regulations. For the acquired water operations, Liberty utilities proposes to use a single consolidated tariff containing rules and regulations and a single consolidated water rate applicable to all six Ozark International service areas. A spreadsheet showing the calculation of the proposed consolidated rate is attached as **Appendix J** and is made a part of this application for all purposes. If the Commission does not allow consolidation of the Ozark International water customers as part of

its order approving the proposed transaction, Liberty Utilities would be required to serve approximately 3,400 customers (which includes current Liberty Utility customers plus those acquired from Ozark) through twelve different sets of tariffed rules and regulations and eighteen different rate schedules.

10. The proposed transaction is not detrimental to the public interest; in fact, Liberty Utilities' acquisition of Ozark's small water and sewer utility assets likely will prove to be beneficial to customers served by those utilities. The Commission is aware of the financial and operational challenges small water and sewer utilities face trying to provide their customers safe and reliable service at affordable rates. Liberty Utilities has expertise and experience in providing water and sewer services to customers in Missouri, and is fully qualified to own and operate the assets it seeks to acquire from Ozark. Liberty Utilities' greater size and its ability to more easily gain access to financial resources necessary to maintain or improve service should also prove beneficial to customers currently served by Ozark's utility subsidiaries.

11. Section 393.190, RSMo, requires the Commission to review and approve all transactions proposing to sell or transfer the franchise, works, or system of any "water corporation" or "sewer corporation," as those terms are defined in Section 386.020, RSMo. Because each of the Ozark subsidiaries whose facilities Liberty Utilities proposes to acquire operates as a "water corporation," a "sewer corporation," or both, Commission approval of Liberty Utilities' proposed acquisition of the Ozark subsidiaries' assets is required before those parties can consummate their transaction.

#### **ADDITIONAL INFORMATION REQUIRED BY COMMISSION RULES**

12. A resolution of Liberty Utilities (Sub) Corp., the sole member of Liberty Utilities, authorizing the Company to enter into the Asset Purchase Agreement is attached as **Appendix K**, and is made a part of this joint application for all purposes.

13. Documents authorizing Ozark and each of its utility subsidiaries to sell and transfer each subsidiary's customers, assets, franchises, and certificates of convenience and necessity are attached as **Appendices L through R**, and are made a part of this joint application for all purposes.

14. A pro forma balance sheet and income statement for Liberty Utilities with adjustments showing the results and effects of the proposed transaction are attached as **Appendices S and T**, respectively, and are made a part of this joint application for all purposes.

15. Because the proposed transaction should not affect the assessed value of assets Liberty Utilities would acquire and operate, approval of the transaction should have no impact on tax revenues of political subdivisions where those assets are located. Following consummation of the transaction, assets owned by Liberty Utilities would continue to be subject to taxation in a manner that does not materially differ from how those assets have been taxed as Ozark's subsidiaries.

WHEREFORE, for the reasons stated in their joint application Liberty Utilities and Ozark ask the Commission to issue an order that:

(A) Authorizes Ozark and its subsidiaries to sell and Liberty Utilities to purchase the customers, certain operating assets, and certificates of convenience and necessity according to the terms agreed to by those parties in their Asset Purchase Agreement;

(B) Authorizes Liberty Utilities to consolidate rules, regulations, and rates applicable to customers it is acquiring from Ozark;

(C) Authorizes Ozark, its subsidiaries, and Liberty Utilities to take all steps required by the Asset Purchase Agreement to consummate the transaction called for in that agreement;

(D) Specifies such terms and conditions for the transaction as reasonably are required to ensure it is in the public interest and grants such additional relief to the joint applicants as is necessary to satisfy the interests of justice.

Respectfully submitted,

/s/L. Russell Mitten

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**ATTORNEYS FOR LIBERTY UTILITIES  
(MISSOURI WATER) LLC; OZARK  
INTERNATIONAL, INC.; BILYEU RIDGE  
WATER COMPANY, LLC; MIDLAND  
WATER COMPANY, INC.; MOORE BEND  
WATER UTILITY, LLC; RIVERFORK  
WATER COMPANY; TANEY COUNTY  
WATER, LLC; AND VALLEY WOODS  
UTILITY, LLC.**

VERIFICATION

STATE OF MISSOURI        )  
  ) ss  
COUNTY OF JASPER        )

David R. Swain, being duly sworn on oath, deposes and says: he is the President of Liberty Utilities (Missouri Water) LLC; he has read the foregoing application and knows its contents; and the information contained in that application is true and correct to the best of his knowledge and belief.

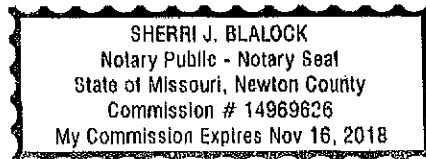
LIBERTY UTILITIES (MISSOURI WATER)  
LLC

BY: *David R Swain*  
DAVID R. SWAIN

Subscribed and sworn to before me, the undersigned Notary Public in and for the county and state aforesaid, on the 8 day of September, 2017.

*Sherrri J. Blalock*  
Notary Public

My Commission expires: Nov. 16, 2018





VERIFICATION

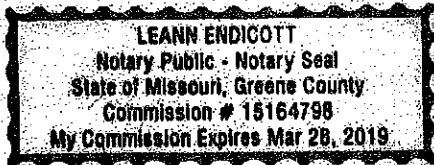
STATE OF MISSOURI )  
 ) ss  
COUNTY OF CHRISTIAN )

CHERYL BROWER, being duly sworn on oath, deposes and says: she is the President of Ozark International, Inc.; she has read the foregoing application and knows its contents; and the information contained in that application is true and correct to the best of her knowledge and belief.

OZARK INTERNATIONAL, INC.

BY: Cheryl Brower  
CHERYL BROWER

Subscribed and sworn to before me, the undersigned Notary Public in and for the county and state aforesaid, on the 7<sup>th</sup> day of <sup>Sept</sup> ~~August~~, 2017. CHB  
LE



Leann Endicott  
Notary Public

My Commission expires: 3/28/19

**CERTIFICATE OF SERVICE**

I hereby certify a true and correct copy of the foregoing document was sent via electronic mail on this 14<sup>th</sup> day of September, 2017, to:

General Counsel  
Missouri Public Service Commission  
staffcounsel@psc.mo.gov

Office of the Public Counsel  
opcservice@ded.mo.gov

/s/L. Russell Mitten