

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

In the Matter of the Application of Liberty Utilities)
(Missouri Water) LLC and Franklin County Water,)
Company Inc. for Liberty Utilities to Acquire) File No. WA-2019-0036
Certain Water Assets of Franklin County Water)

**APPLICATION FOR AUTHORITY TO TRANSFER UTILITY ASSETS AND
CERTIFICATED AREA OF FRANKLIN COUNTY**

COMES NOW Liberty Utilities (Missouri Water) LLC d/b/a Liberty Utilities (“Liberty Utilities”), pursuant to RSMo. §393.190 and Rules 4 CSR 240-2.060 and 4 CSR 240-10.105, and requests an order of the Missouri Public Service Commission (“Commission”) authorizing Liberty Utilities to acquire the franchise and operating assets of Franklin County Water Company, Inc. (“Franklin County”), including its Certificate of Convenience and Necessity (“CCN”). In support of this request, Liberty Utilities respectfully states as follows to the Commission:

1. Liberty Utilities is a Missouri limited liability company with its principal office located at 602 South Joplin Avenue, Joplin, Missouri, 64801, and provides water and sewer services to customers in its Missouri service areas. Liberty Utilities is a “water corporation,” a “sewer corporation,” and a “public utility,” as those terms are defined by RSMo. §386.020 and, therefore, is subject to the general regulatory jurisdiction of the Commission, as provided by law. Liberty Utilities currently serves approximately 3,300 water and/or sewer customers in Missouri.

2. Franklin County is a Missouri corporation with its principal office located at 1A Lake Shore Dr., St. Clair, Missouri, 63077, and provides water service to approximately 190 customers in its certificated area in Franklin County, Missouri. Franklin County is a “water corporation” and a “public utility,” as those terms are defined by RSMo. §386.020 and, therefore, is subject to the general regulatory jurisdiction of the Commission, as provided by law.

3. A copy of Liberty Utilities' Certificate of Good Standing was attached as Appendix A to the Joint Application filed in Commission File No. WM-2018-0023. In Commission 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), these two documents are incorporated by reference and made a part of this application for all purposes.

4. Liberty Utilities has no overdue Commission annual reports or assessment fees, Liberty Utilities 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.

5. Liberty Utilities and Franklin County entered into an Asset Purchase Agreement, dated August 20, 2018 (the "Asset Purchase Agreement"), which is attached as **Appendix A** and made a part of this application for all purposes. Under terms of the agreement, Liberty Utilities would acquire all customers served by Franklin County, substantially all operating assets used to serve those customers, and all certificates of public convenience and necessity issued by the Commission.

6. A resolution of Liberty Utilities Co., the sole member of Liberty Utilities (Missouri Water) LLC, authorizing the Company to enter into the Asset Purchase Agreement is attached as **Appendix B**, and is made a part of this application for all purposes.

7. RSMo. §393.190 requires the Commission to review and approve all transactions proposing to sell or transfer the franchise, works, or system of any "water corporation" as that term is defined in §386.020. Because Franklin County operates as a "water corporation," Commission approval of Liberty Utilities' proposed acquisition of the assets of Franklin County is required before those parties may consummate their transaction.

8. Liberty Utilities serves its approximately 3,300 water customers in Missouri under six sets of tariffed rules and regulations and eleven different rate schedules. 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. Specifically, Liberty Utilities proposes that, upon completion of the proposed acquisition, the Franklin County customers be subject to Liberty Utilities' tariffed rates, rules and regulations on file with and approved by the Commission for Liberty Utilities' KMB properties (Cedar Hill Estates, City of Scottsdale, Crestview Acres, High Ridge Manor, Hillshine Community, Lakewood Hills, and Warren Woods).

9. Consolidation of rates, rules, and regulations in the requested manner is reasonable and appropriate because the Franklin County service territory is located within approximately 30 miles of Liberty Utilities' existing KMB properties; and the rules, regulations, and rates applicable to the KMB properties were recently reviewed and determined in Commission Case No. WR-2018-0170. The rates for Liberty Utilities' KMB properties were established in 2018, while Franklin County's rates were last reviewed and updated over twelve years ago.

10. The proposed transaction is not detrimental to the public interest. In fact, Liberty Utilities' acquisition of the assets of this small water utility likely will prove to be beneficial to Franklin County's customers. As the Commission is aware, small water and sewer utilities face substantial financial and operational challenges in 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 Liberty Utilities is fully qualified to own and operate the assets it seeks to acquire from Franklin County. 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 Franklin County.

11. 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 **Appendix C** and made a part of this application for all purposes.

12. 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 while owned and operated by Franklin County.

WHEREFORE, for the reasons stated herein, Liberty Utilities requests an order of the Commission:

(a) authorizing Franklin County to sell and Liberty Utilities to purchase the assets of Franklin County and to obtain certificates of convenience and necessity according to the terms agreed to by those parties in their Asset Purchase Agreement so that Liberty Utilities may serve the customers of Franklin County;

(b) authorizing Liberty Utilities to consolidate rules, regulations, and rates applicable to Franklin County customers;

(c) authorizing Franklin County and Liberty Utilities to take all steps required by the Asset Purchase Agreement to consummate the transaction called for in that agreement.

Respectfully submitted,

BRYDON, SWEARENGEN & ENGLAND P.C.

By:

/s/ Diana C. Carter

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CERTIFICATE OF SERVICE

I hereby certify that the above and foregoing document was filed in EFIS on this 13th day of March, 2019. I further certify that a copy of this document was sent by electronic transmission to the Staff of the Commission and to the Office of the Public Counsel.

/s/ Diana C. Carter