

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

In the Matter of the Application of Liberty                    )  
Utilities (Missouri Water) LLC for Certificates of        )  
Convenience and Necessity Authorizing it to            )  
Install, Own, Acquire, Construct, Operate, Control,     )  
Manage, and Maintain a Water System and Sewer        )  
System in Bolivar, Polk County, Missouri                )

Case Nos. WA-2020-0397  
and SA-2020-0398

**APPLICATION**

COMES NOW Liberty Utilities (Missouri Water) LLC (“Liberty” or “Company”), and, pursuant to RSMo. §393.170 and §393.320 and Missouri Public Service Commission (“Commission”) Rules 20 CSR 4240-2.060, 20 CSR 4240-3.305, and 20 CSR 4240-3.600, submits this Application for Certificates of Convenience and Necessity (“CCNs”) authorizing Liberty to install, own, acquire, construct, operate, control, manage, and maintain a water system and a sewer system in Bolivar, Polk County, Missouri. In this regard, Liberty respectfully states as follows:

1. Liberty is a Missouri limited liability company with its principal office located at 602 Joplin Street, Joplin, Missouri, 64801, and provides water and sewer services to customers in its Missouri service areas, as certificated by the Commission. Liberty 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.

2. Liberty provides water and/or sewer service to approximately 8,285 connections (7,610 water only or water and sewer and 675 sewer only). As such, Liberty is a “large water public utility” pursuant to RSMo. §393.320.

3. A copy of Liberty’s Certificate of Good Standing was attached as Appendix A to the Joint Application filed in Commission Case No. WM-2018-0023. In Commission Case No. SN-2014-0036, a fictitious name certificate was filed showing the name “Liberty Utilities” is

registered to Liberty Utilities (Missouri Water) LLC. In Commission Case Nos. WN-2021-0042 and SN-2021-0043, a fictitious name certificate was filed showing the name “Liberty” is registered to Liberty Utilities (Missouri Water) LLC. These documents are incorporated by reference and made a part of this Application for all purposes.

4. Liberty has no overdue Commission annual reports or assessment fees. There is no pending action or final unsatisfied judgment or decision against Liberty from any state or federal agency or court which involves customer service or rates, which action, judgment or decision has occurred within three years of the date of this Application.

5. On January 30, 2020, Liberty Water filed its initial Notice of Intended Case Filing regarding the Bolivar systems, opening Commission Case Nos. WA-2020-0215 and SA-2020-0216. At the time the initial Notice of Intended Case Filing was submitted, an election was scheduled for April 7, 2020, for voters in Bolivar to be asked to approve the transfer of the water and sewer systems currently owned and operated by the city of Bolivar, Missouri, to Liberty. This would have allowed ample time for Liberty to prepare and submit a CCN application following the election and within the timeframe allowed by Commission Rule 20 CSR 4240-4.017. Due to the COVID-19 pandemic, however, the election was postponed from April 7 to June 2, 2020.

6. The election took place, with voters approving the transfer of the water and wastewater systems and authorizing a franchise agreement, and, on June 5, 2020, Liberty submitted its second Notice of Intended Case Filing, opening these dockets.

7. These water and sewer matters both concern operations currently owned and/or operated by the city of Bolivar, Missouri, and service provided in Polk County, Missouri. There are common questions of law and fact in the above-referenced cases, and the consolidation of Case

Nos. WA-2020-0397 and SA-2020-0398 would be administratively expedient in that it would simplify the filings to be made by Liberty and the other parties to these matters.

8. Commission Rule 20 CSR 4240-2.110(3) allows the Commission to consolidate pending actions involving related questions of law or fact. Accordingly, Liberty requests a Commission order consolidating Case Nos. WA-2020-0397 and SA-2020-0398, with Case No. WA-2020-0397 being the lead case.

9. Effective November 27, 2019, Liberty and the city of Bolivar, Missouri executed an Asset Purchase Agreement (“APA”), a copy of which is attached as **Application Exhibit A**. Exhibit A has been designated Confidential in accordance with Commission Rule 20 CSR 4240-2.135(2)(A)(3) and (6), as it contains market specific information and information representing strategies employed in contract negotiations.

10. With this Application, Liberty seeks CCNs authorizing it to construct, install, own, operate, maintain, control, and manage water and sewer (wastewater) systems. The area for the requested CCNs is described and depicted in the attached **Application Exhibit B**. Exhibit B includes the legal descriptions and maps for water and sewer operations.

11. With regard to the required statement as to the same or similar utility service, regulated and nonregulated, available in the area, Liberty notes that the following entities provide utility service in the general area: The Empire District Electric Company, Southwest Electric Cooperative, P.A.G. LLC d/b/a Prairie Heights Water Company, Prairie Heights Area Reorganized Common Sewer District, Red Cedar RV Park and Motel, and Red Cupola Childcare. Central States Water Resources – Confluence Rivers Utility Operating Company, Inc. has an application pending before the Commission to provide water service to Prairie Heights customers in Polk

County, Missouri (Case No. WM-2020-0282). For those customers, Liberty is requesting a CCN only for sewer service.

12. Attached as **Application Exhibit C** is a list of ten residents or landowners within the proposed service area. Exhibit C has been designated Confidential in accordance with Commission Rule 20 CSR 4240-2.135(2)(A)(1), as it contains customer-specific information.

13. Attached as **Application Exhibit D** is a feasibility study containing plans and specifications for the utility system and estimated cost of construction during the first three years. Exhibit D has been designated Confidential in accordance with Commission Rule 20 CSR 4240-2.135(2)(A)(3) and (6), as it contains market specific information and information representing strategies employed in contract negotiations.

14. Pursuant to the APA attached as Application Exhibit A, Liberty proposes to acquire substantially all operating assets currently used by Bolivar for its water and sewer operations. The assets being acquired are sufficient to allow Liberty to provide safe and adequate water and sewer service as requested herein.

15. Liberty does not require any additional franchises or permits from municipalities, counties, or other authorities in connection with the proposed water and sewer systems and the provision of service.

16. An estimate of the number of customers, revenues, and expenses during the first three years of operations is attached as **Application Exhibit E**. Exhibit E has been designated Confidential in accordance with Commission Rule 20 CSR 4240-2.135(2)(A)(3) and (6), as it contains market specific information and information representing strategies employed in contract negotiations.

17. The grant of the requested CCNs is not detrimental to the public interest of the state of Missouri, and, in fact, will be consistent with and will promote the public interest.

18. Liberty is fully qualified, in all respects, to own and operate the water and sewer systems currently owned and/or operated by Bolivar and to otherwise provide safe and reliable sewer service to the city of Bolivar and Polk County, Missouri.

19. Liberty has sufficient operating cash to sustain ongoing operations and is committed to providing regulated utility services to its customers for years to come. Further, the financial support and backing of Liberty's parent companies demonstrates that Liberty has and will continue to have sufficient access to capital for ongoing operations and infrastructure needs.

20. No financing approval or encumbrance of assets is being requested as part of this Application.

21. The proposed acquisition should not affect the assessed value of assets Liberty would acquire and operate, nor have an impact on tax revenues of any political subdivisions where those assets are located.

22. For water and sewer service by Liberty, Liberty proposes to utilize the rules and regulations currently on file with and approved by the Commission for Liberty's water and sewer service areas, respectfully, receiving service under tariffs PSC MO No. 14 and PSC MO No. 15, until such time as they are modified according to Commission procedure and other applicable law.

23. Liberty proposes to charge the rates and fees as shown on the specimen tariff sheets attached hereto as **Application Exhibits F** (water) and **G** (sewer). This Application will be supplemented at a later date with proposed sewer rate tariff sheets for Prairie Farm customers.

24. Liberty is regulated by this Commission, and, if the CCNs are granted as requested, all water and sewer services provided to residents of Bolivar and Polk County, as requested herein, and all rates and charges, therefore, will be subject to the jurisdiction of the Commission.

25. In addition to obtaining the CCNs as requested above, Liberty seeks to establish the ratemaking rate base associated with the Bolivar water and sewer assets in this matter pursuant to RSMo. §393.320.

26. RSMo. §393.320 provides that the “procedures contained in this section may be chosen by a large water public utility, and if so chosen shall be used by the public service commission to establish the ratemaking rate base of a small water utility during an acquisition.”

27. As set forth above, Liberty is a “large water public utility” as it is a “public utility regularly provides water service or sewer service to more than eight thousand customer connections and that provides safe and adequate service.” RSMo. §393.320.1(1).

28. Bolivar is a “small water utility” as it is a “water system or sewer system owned by a municipality that regularly provides water service or sewer service to eight thousand or fewer customer connections.” RSMo. §393.320.1(2).

29. RSMo. § 393.320.3(1) requires an appraisal to be performed by three appraisers. Such an appraisal has been performed on the Bolivar water and sewer systems and is attached hereto as **Application Appendix H**. The appraisal contains a joint assessment of the fair market value of the water system and sewer system. Attached hereto as **Application Exhibit I** are the affidavits of the three appraisers verifying compliance with the procedures of RSMo. § 393.320.

30. RSMo. §393.320.5(1) states, in part, that the “lesser of the purchase price or the appraised value, together with the reasonable and prudent transaction, closing, and transition costs

incurred by the large water public utility, shall constitute the ratemaking rate base for the small water utility as acquired by the acquiring large water public utility. . . .”

31. The appraised value, as shown on Application Exhibit H, together with the reasonable and prudent transaction, closing, and transition costs incurred by Liberty, shall constitute the ratemaking rate base for the Bolivar water and sewer assets being acquired.

32. Liberty requests that the Commission issue its decision establishing the ratemaking rate base of the Bolivar water and sewer assets in its order issuing the requested CCNs. Section 393.320.5(2), RSMo.

WHEREFORE, Liberty requests an order of the Commission consolidating Case Nos. WA-2020-0397 and SA-2020-0398, with Case No. WA-2020-0397 being the lead case, and, thereafter, an order of the Commission pursuant to RSMo. §§393.170 and 393.320, issuing CCNs to authorize Liberty to provide water and sewer service as set forth above and establishing the ratemaking rate base for the Bolivar water and sewer assets. Liberty requests such additional relief as is just and proper under the circumstances.

Respectfully submitted,

/s/ Diana C. Carter

Diana C. Carter MBE #50527

Liberty Utilities (Missouri Water) LLC

428 E. Capitol Ave., Suite 303

Jefferson City, Missouri 65101

Joplin Office Phone: (417) 626-5976

Cell Phone: (573) 289-1961

E-Mail: Diana.Carter@LibertyUtilities.com

**CERTIFICATE OF SERVICE**

I hereby certify that the above document was filed in EFIS on this 15<sup>th</sup> day of October, 2020, and sent by electronic transmission to the Staff of the Commission and the Office of the Public Counsel.

/s/ Diana C. Carter

**VERIFICATION**

On behalf of the applicant, Liberty Utilities (Missouri Water) LLC, the undersigned, under penalty of perjury, hereby affirms that the above Application is true and correct to the best of her information, knowledge, and belief. This Verification is executed pursuant to Commission Rule 20 CSR 4240-2.060(1)(M).

/s/ Sheri Richard  
Sheri Richard  
Director of Rates and Regulatory Affairs  
Liberty Central Region