

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 10th day of
August, 2011.

In the Matter of the Joint Application of)	
Algonquin Water Resources of Missouri, LLC,)	
d/b/a Liberty Water and KMB Utility Corporation)	
for Authority for Liberty Water to Acquire)	File No. WO-2011-0350
Certain Assets of KMB Utility Corporation)	
and, in Connection Therewith,)	
Certain Other Related Transactions.)	

ORDER APPROVING APPLICATION

Issue Date: August 10, 2011

Effective Date: August 20, 2011

The Missouri Public Service Commission is approving the applications
subject to certain conditions.

A. Procedure

Algonquin Water Resources of Missouri, LLC, d/b/a Liberty Water
("Liberty") and KMB Utility Corporation ("KMB") filed applications to transfer water
system and a sewer system. On April 22, 2011, the Commission ordered notice
as required by statute.¹ On May 17, 2011, the Commission consolidated the
applications under this file number.

On July 19, 2011, Staff filed its recommendation in favor of granting the
applications with certain conditions. On July 28, 2011, Liberty filed a response
stating that KMB and Liberty (together, "applicants") have no objection to the
recommendation, and offering clarifications to the recommendation's factual

¹ Section 393.190.1. All sections are in RSMo 2000.

report. Also on July 28, 2011, the Office of the Public Counsel (“OPC”) filed a response to the recommendation stating that OPC has no objection to the recommendation and the clarifications. On August 5, 2011, Staff filed a reply stating that it adopts the clarifications. The Commission received no motion for intervention.

No law requires a hearing to approve the unopposed applications, so the Commission will determine all issues based on the verified pleadings,² and without separately stating its findings of fact.

B. Discussion

The application seeks the Commission’s authorization to transfer a water system and a sewer system (“the sale”) from KMB to Liberty. The sale is subject to Section 393.190.1, which provides:

No . . . water corporation . . . shall hereafter [transfer]
its . . . system . . . without having first secured from
the commission an order authorizing it so to do.

The Commission will only deny the applications if approval would be detrimental to the public interest.³ Staff and the applicants agree that the public interest favors the transfer. Staff recommends that the Commission approve the sale subject to certain unopposed conditions. All such conditions appear in the ordered paragraphs below.

² Section 393.190.3; *State ex rel. Rex Deffenderfer Ent., Inc. v. Public Serv. Comm’n*, 776 S.W.2d 494, 496 (Mo. App., W.D. 1989).

³ *State ex rel. AG Processing, Inc. v. Public Serv. Comm’n*, 120 S.W.3d 732, 735 (Mo. banc 2003).

C. Ruling

The Commission independently finds and concludes that the sale is not detrimental to the public interest, so the Commission will approve the application.

THE COMMISSION ORDERS THAT:

1. The applications are approved.
2. KMB Utility Corporation ("KMB") may transfer the assets of KMB to Algonquin Water Resources of Missouri, LLC, d/b/a Liberty Water ("Liberty") subject to the following conditions.
 - a. Upon closing of the assets, KMB shall turn over all plant records, operations records, and expense records to Liberty.
 - b. Liberty shall adopt the individual plant in service, depreciation reserve and contributions in aid of construction (CIAC) balances utilized by the Audit Staff for purposes of determining the appropriate rate base in this proceeding as a starting point for plant in service, depreciation reserve and CIAC for the KMB water and sewer systems recorded in the books and records of Liberty. Liberty shall record those values as the amounts of plant, depreciation reserve and contributions in aid of construction, as of May 31, 2011.
 - c. Liberty shall maintain and retain proper plant in service, depreciation reserve and CIAC records on a going forward basis. The Audit Staff shall meet with Liberty to explain in detail how to maintain these types of records, if necessary.

- d. Liberty shall report call center information to the Commission's Engineering and Management Services Department staff.
- e. No later than five business days after the closing, Liberty shall file adoption notice tariff sheets. Such tariffs shall adopt the two water tariffs and one sewer tariff currently in effect for KMB, with 30-day notice, and shall authorize Liberty to use the rates and rules of KMB's tariff on an interim basis until the effective date of such tariff adoption notices.
- f. No later than five days after the closing, Liberty shall file adoption notice tariff sheets, with 30-day notice, for its existing water tariff and sewer tariff to update its operating name, and limiting the applicability of those tariffs to the Timber Creek, Holiday Hills, and Ozark Mountain service areas. Such tariffs shall also require Liberty to use its company name, or file appropriate documentation with the Commission which would allow it to use its chosen fictitious name, and to take all steps necessary to ensure that the name is consistently used in all communications with its Missouri customers including billing, and filings with the Commission, including certificates, tariffs and annual reports.
- g. From the date of the transfer forward, until changed by further order of the Commission, Liberty shall use the schedule of depreciation rates that the Commission prescribed for KMB, as

set out in Attachments 1 and 2 to the *Memorandum* that accompanies *Staff's Recommendation*.

- h. Not later than five (5) business days after the assets have been transferred, Liberty shall file notice of the transfer with the Commission. After receipt of that notice, the Commission will cancel the certificates of convenience and necessity for KMB, and grant certificates of convenience and necessity to Liberty for water service and sewer service, as appropriate, in the current KMB service areas.
- i. No later than 30 days after the effective date of this order, if closing on the assets has not occurred, KMB and Liberty (“applicants”) shall file a status report with the Commission. If the transfer is not expected to be completed, applicants shall file a pleading with the Commission so stating. Applicants shall file the report or pleading not later than 30 days after the effective date of this order and at the end of each subsequent 30-day period until closing and the transfer of assets is complete.
- j. Liberty shall file any future rate increase request concurrently for all its Missouri regulated water and sewer systems, as discussed above.
- k. Nothing in this order shall preclude the Commission from making any determination on any matter in any future rate proceeding.

3. This order shall become effective August 20, 2011.
4. This file shall close on August 21, 2011.

BY THE COMMISSION



Steven C. Reed
Secretary

(S E A L)

Gunn, Chm., Davis, Jarrett, and
Kenney, CC., concur.

Jordan, Senior Regulatory Law Judge