

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

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| 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. |) | |

UNANIMOUS STIPULATION AND AGREEMENT

Under authority of and in accordance with 4 CSR 240-2.080 and 4 CSR 240-2.115, Liberty Utilities (Missouri Water) LLC d/b/a Liberty Utilities (“Liberty Utilities”); Ozark International, Inc. (“Ozark”) (on behalf of itself and its wholly-owned 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 (collectively “the Ozark Utilities”)), the Commission Staff (“Staff”), the Office of the Public Counsel (“the OPC”), and the Missouri Department of Natural Resources (“MDNR”) stipulate and agree as follows:

1. On September 14, 2017, Liberty Utilities and Ozark (“Joint Applicants”) filed their application seeking Commission authority for Liberty Utilities to acquire certain assets of the Ozark Utilities.

2. In its November 8, 2017, *Order Adopting Procedural Schedule*, the Commission, *inter alia*, ordered Staff to file its recommendation regarding disposition of the proposed transaction on or before January 5, 2018. In the *Staff Recommendation* filed that date, Staff generally concluded the proposed acquisition of the Ozark Utilities’ water and sewer assets by Liberty Utilities is not detrimental to the public and should be approved. More specifically, Staff

recommended the Commission take the following action with respect to the proposed transaction:

- A. Authorize Ozark to sell and transfer the regulated utility assets and its subsidiaries' certificates of convenience and necessity to Liberty Utilities, and for Liberty Utilities to provide service in the Ozark service area, as requested;
- B. To the extent any acquisition premium that may result from the purchase of Ozark's regulated utility assets by Liberty Utilities exists, require that any related acquisition adjustment be excluded from rate recovery in any future rate case;
- C. Consistent with Staff's recommendation to adopt all rates, rules, and regulations in each of the Ozark Utilities' existing tariffs, authorize Liberty to apply each of the Ozark Utilities' existing rates and rules on an interim basis immediately after closing on the assets, until an adoption notice tariff sheet becomes effective;
- D. Require Liberty Utilities to submit an adoption notice tariff sheet for the existing tariffs within ten (10) days after closing on the assets and as a 30-day tariff filing, for the existing Ozark Utilities' tariffs;
- E. Approve the Ozark Utilities' existing depreciation and CIAC amortization rates for water utility plant accounts to apply to their respective service areas' assets;
- F. If closing on the water system assets does not take place within thirty (30) days following the effective date of the Commission's order approving such, require Liberty Utilities and/or Ozark to submit a status report within five (5) days after this thirty (30) day period regarding the status of closing, and additional status reports within five (5) days after each additional thirty (30) day period, until closing takes place, or until either Liberty Utilities or Ozark determines that the transfer of the assets will not occur;

- G. If Liberty Utilities or Ozark determines that a transfer of the assets will not occur, require Liberty Utilities to notify the Commission of such no later than the date of the next status report, as addressed above, after such determination is made;
- H. Order Liberty Utilities to, within ninety (90) days after the effective date of the Commission Report and Order authorizing the transfer of assets, correct its books and records to reflect the adjusted plant, depreciation reserve and Contributions in Aid of Construction balances reflected in Staff Accounting Schedules;
- I. Order Liberty Utilities to develop and implement, with the review and assistance of Staff, comprehensive allocation procedures to allocate costs and investments between regulated and non-regulated operations and between the various regulated entities of Liberty Utilities' corporate parent consistent with the utility's current practices;
- J. Order Liberty Utilities to, upon closing of the sale, take physical possession of and maintain pursuant to regulation, any and all books and records of each Ozark entity being acquired, including but not limited to all financial records, plant and depreciation reserve records, invoices, purchase orders and purchase agreements, all customer billing records and customer deposit records, all payroll and employee information, etc.;
- K. Direct Liberty Utilities to develop a comprehensive time reporting system specifically to identify time spent and cost incurred by its personnel on each of the Ozark Utilities and other Liberty Utilities entities. This time reporting should be developed in time for use in Liberty Utilities' next rate cases;
- L. Require Liberty Utilities, within ten (10) days after closing on the assets, to provide an example of its actual communication with customers of each of the Ozark

Utilities regarding Liberty Utilities' acquisition and operations of the Ozark Utilities' water system assets, and how customers may reach Liberty Utilities regarding water matters;

- M. Require Liberty Utilities to include the Ozark Utilities' customers in its established monthly reporting to the Customer Experience Department ("CXD") staff. Such reporting has been previously ordered by the Commission and is provided by both The Empire District Electric Company and Liberty Utilities. Liberty Utilities should be required to include metrics for the Ozark Utilities' customers in whichever individual company customer service systems – either The Empire District Electric Company or Liberty Utilities – may be serving the Ozark Utilities' customers. Such reporting includes but is not limited to such metrics as: 1) call center staffing, 2) calls offered, 3) average speed of answer, 4) abandoned call rate, 5) number of estimated bills, 6) number of consecutive estimated bills, and 7) calls answered by Integrative/Interactive Voice Response Unit. Liberty Utilities also should be required to include the Ozark Utilities' metrics in all future service quality reporting that may be provided to Staff by Liberty Utilities and/or The Empire District Electric Company, which can be aggregated with service quality data reported to Staff for all affiliated companies;
- N. Require Liberty Utilities to distribute to the Ozark Utilities' customers prior to the first billing from Liberty Utilities an informational brochure detailing the rights and responsibilities of the utility and its customers regarding its water and sewer service, consistent with the requirements of Commission Rule 4 CSR 240-13.040 (2) (A-L);
- O. Require Liberty Utilities to provide to the CXD staff a sample of ten (10) billing statements from each of the first three months of bills issued to the Ozark Utilities'

customers within thirty (30) days of such billing; and

P. Make no finding that would preclude the Commission from considering the ratemaking treatment to be afforded any matters pertaining to Liberty Utilities, including expenditures related to the Ozark Utilities' certificated service areas and capacity adjustments, in any later proceeding.

3. All parties support the recommendations contained in the *Staff Recommendation* and agree the Commission should approve the transaction requested by the Joint Applicants subject to the conditions and requirements listed in Paragraph 2 of this Unanimous Stipulation and Agreement ("Stipulation and Agreement").

GENERAL PROVISIONS

4. This Stipulation and Agreement is being entered into solely for the purpose of settling all issues in this case. Unless otherwise explicitly provided elsewhere in this agreement, none of the signatories will be deemed to have approved, accepted, agreed, consented, or acquiesced to any other principles or methodology except as explicitly stated, and none of the signatories will be prejudiced or bound, in any manner, by the terms of this Stipulation and Agreement (whether or not approved by the Commission) in this or in any other proceeding, other than a proceeding limited to enforce the terms of this Stipulation and Agreement.

5. This Stipulation and Agreement is the result of negotiation among the signatories, and its terms are interdependent. If the Commission does not approve this Stipulation and Agreement unconditionally and without modification, then it will be void and no signatory will be bound by any of its agreements or provisions.

6. If the Commission does not approve this Stipulation and Agreement without condition or modification: (i) neither this Stipulation and Agreement nor any matters associated with it will be considered a waiver of rights any signatory has for a decision in accordance with

Section 536.080, RSMo, or Article V, Section 18, of the Missouri Constitution, and the signatories will retain all procedural and due process rights as fully as though this Stipulation and Agreement had not been presented for approval, and (ii) any discussions, suggestions, memoranda, testimony, or exhibits offered or received in support of this Stipulation and Agreement will become privileged as reflecting the substantive content of settlement discussions, will not be subject to discovery, and will be stricken from, and not considered as part of, the administrative or evidentiary record of this case for any purpose whatsoever.

7. In the event the Commission approves the specific terms of this Stipulation and Agreement without condition or modification, the signatories waive their respective rights to: call, examine, and cross-examine witnesses under Section 536.070(2), RSMo; present oral argument and written briefs under Section 536.080.1, RSMo; require the Commission to read the transcript under Section 536.080.2, RSMo; seek rehearing under Section 386.500, RSMo; and seek judicial review under Section 386.510, RSMo. These waivers apply only to a Commission order issued in this case approving this Stipulation and Agreement without condition or modification, and only to the issues that are resolved by this Stipulation and Agreement. These waivers do not apply to matters raised in any prior or subsequent Commission proceeding involving either of the Joint Applicants or to matters not expressly addressed by this Stipulation and Agreement.

8. If requested by the Commission, Staff may file suggestions or a memorandum in support of this Stipulation and Agreement. Each of the signatories must be served with a copy of any such suggestions or memorandum, and within five (5) days of its receipt of Staff's suggestions or memorandum would be entitled to submit to the Commission responsive suggestions or a responsive memorandum, which also must be served on all signatories. The contents of any suggestions or memorandum provided by any signatory are its own and are not

endorsed or otherwise adopted by the other signatories regardless of whether the Commission approves and adopts this Stipulation and Agreement. At any agenda meeting where this Stipulation and Agreement is to be considered by the Commission, Staff also has the right to provide whatever oral explanation the Commission requests.

WHEREFORE, the signatories respectfully request the Commission issue an order approving the terms and conditions of this Stipulation and Agreement and grant such other and further relief as it considers just in the circumstances.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify a copy of this Non-Unanimous Stipulation and Agreement was served, via email, on all parties of record this 16th day of March 2018.

/s/ L. Russell Mitten