

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

In the Matter of Liberty Utilities (Missouri Water) LLC)
d/b/a Liberty Utilities, and Ozark International, Inc.,)
Concerning an Agreement to Acquire the Assets of)
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)

Case No. WM-2018-0023

STAFF RECOMMENDATION

COMES NOW the Public Service Commission Staff (Staff), by and through counsel, and for its *Staff Recommendation* states that Staff recommend that the Commission, with conditions, approve the transfer of assets from 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, to Liberty Utilities (Missouri Water) LLC d/b/a Liberty Utilities. In support of this *Staff Recommendation*, Staff states as follows:

1. On September 14, 2017, Liberty Utilities, in conjunction with Ozark International, Inc., filed a *Joint Application for Authority to Transfer Assets* (Joint Application) for Liberty Utilities to acquire certain water and sewer assets of the Ozark International, Inc. subsidiaries.

2. On October 16, 2017, the Commission granted the Missouri Department of Natural Resources' application to intervene, and further ordered the parties to file a proposed procedural schedule. On November 8, 2017, the Commission adopted the Parties' proposed procedural schedule.

3. Staff files its *Staff Recommendation* pursuant to the timeline ordered in the procedural schedule.

4. Pursuant to § 393.190 RSMo, no regulated utility shall sell or transfer its assets or franchise without having first secured authorization from the Commission.

5. When deciding whether to approve a regulated entity's request to transfer assets, the Commission must determine that the transfer is "not detrimental to the public interest."¹ As a part of that consideration, a "detriment [to the public interest] is determined by performing a balancing test where attendant benefits are weighed against direct or indirect effects of the transaction that would diminish the provision of safe or adequate of service or that would tend to make rates less just or less reasonable."²

6. As more fully detailed in the attached *Staff Memorandum*, based on its investigation, Staff recommends that, with the proposed conditions as detailed in the *Staff Memorandum*, the transfer of assets to Liberty Utilities is not detrimental to the public interest.

WHEREFORE, Staff respectfully submits this *Staff Recommendation* for the Commission's information and consideration, and requests the Commission approve the transfer of assets, with Staff's proposed conditions.

¹ *State ex rel. Fee Fee Trunk Sewer, Inc. v. Litz*, 596 S.W.2d 466, 468 (Mo. App. E.D. 1980); *State ex rel. City of St. Louis v. P.S.C.*, 335 Mo. 448, 459-460, 73 S.W.2d 393, 400 (Mo. banc 1934).

² *In the Matter of Union Electric Company, d/b/a AmerenUE*, 2005 WL 433375 (Mo. P.S.C. Feb. 10, 2005); and see *In the Matter of Great Plains Energy, Inc., Kansas City Power & Light Company and Aquila, Inc.*, 266 P.U.R.4th 1 (Mo. P.S.C. July 1, 2008)

Respectfully submitted,

/s/ Jacob T. Westen

Jacob T. Westen
Deputy Counsel
Missouri Bar No. 65265
Attorney for the Staff of the
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102
573-751-5472 (Voice)
573-526-6969 (Fax)
jacob.westen@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered, transmitted by facsimile or electronically mailed to all parties and or their counsel of record on this 5th day of January, 2018.

/s/ Jacob T. Westen

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. WM-2018-0023

FROM: Curt B. Gateley – Water and Sewer Department
David Spratt – Water and Sewer Department
Wayne Hodges – Auditing Department
Antonija Nieto – Auditing Department
Jason Taylor – Auditing Department
Stephen Moilanen – Engineering Analysis Unit
David Murray – Financial Analysis Unit
Gary Bangert – Customer Experience Department

<u>/s/ Curt B Gateley 1/05/2018</u>	<u>/s/ Jacob Westen 1/05/2018</u>
Case Coordinator	Staff Counsel
Date	Date

SUBJECT: Staff's Recommendation to Approve Transfer of Assets

DATE: January 5, 2018

CASE BACKGROUND

On September 14, 2017, Liberty Utilities (Missouri Water) LLC (Liberty) and Ozark International, Inc. (Ozark) filed a *Joint Application for Authority to Transfer Utility Assets* (Application) with the Missouri Public Service Commission (Commission). In the Application, Ozark, seeks to sell and transfer its regulated water and sewer utility assets along with its Certificates of Convenience and Necessity (CCN) of its wholly-owned subsidiaries to Liberty. This includes the franchise and operating assets of each of the following 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. Liberty would then continue the provision of regulated water and sewer service to the customers.

On September 14, 2017, the Commission issued its *Order and Notice*. In this Order, the Commission directed a copy of the Order be provided to the County Commissions of Christian, Stone, and Taney Counties, and stating that any person or entity wishing to intervene shall file an application to intervene no later than October 6, 2017. On November 8, 2017, the Commission issued an Order adopting the procedural schedule developed by the parties.

BACKGROUND OF LIBERTY AND OZARK

Ozark is the parent company of six regulated utilities; five provide water service only and one provides both water and sewer service. In total, these six entities provide utility service to approximately 900 customers. The utilities owned by Ozark are: Bilyeu Ridge Water Company, LLC; Midland Water Company; Moore Bend Water Utility, LLC; Riverfork Water Company; Taney County Water, LLC; and Valley Woods Utility, LLC. The current rates for all of these utilities became effective December 29, 2015 in Case No. WR-2015-0192. Bilyeu Ridge Water Company, LLC (BRWC) received its Certificate of Convenience and Necessity (CCN)

on August 16, 2013 in case WA-2013-0329. BRWC currently provides water service to 55 homes in the Bilyeu Ridge subdivision near Ozark, in Christian County. The source of water is a single well with a 25 gallon per minute submersible pump along with chlorine disinfection which was recently added. Water is stored in two 6,800 gallon ground storage tanks. Water is pumped from the storage tank to the distribution system by two electric high-service pumps, with six small bladder tanks to normalize water pressure as the high service pumps cycle on and off. Each customer has their own water meter. The water system is of adequate capacity for the existing service area.

Midland Water Company, Inc. (MWC) received its CCN on July 23, 1996 in Case No. WA-96327. MWC currently provides water service to approximately 95 homes in the Hidden Meadows subdivision near Clever, in Christian County. The source of water is a single well with a 55 gallon per minute 10-horsepower submersible pump along with chlorine disinfection. Water is stored in a 7,800 gallon ground storage tank. Water is pumped from the storage tank to the distribution system by two electric high-service pumps, with six small bladder tanks to normalize water pressure as the high service pumps cycle on and off. Each customer has their own water meter. The water system does not have adequate storage capacity for the existing service area. Liberty has stated it is evaluating solutions to remedy the problem of insufficient storage.

Moore Bend Water Utility, LLC (MBWU) received its CCN on November 23, 2013 in Case No. WM-2012-0335. MBWU currently provides water service to approximately 91 connections in the Moore Bend subdivision near Cedarcreek, in Taney County. The source of water comes from two wells along with chlorine disinfection. Each well consists of a three-horsepower submersible pump producing about 23 gallons of water per minute. Water is pumped from the well through a series of four 119-gallon bladder tanks to provide thorough disinfection through proper chlorine detention time. Pressure is normalized in the distribution system via four 86-gallon bladder tanks. The water system does not have adequate capacity for the existing service area. Liberty has stated it is evaluating solutions to remedy the problem of insufficient storage.

Riverfork Water Company (RWC) received its original CCN on January 30, 1990 in Case No. WA-89-149. RWC currently provides water service to 143 homes in the Riverfork Ranch Subdivision near Nixa, in Christian County. The source of water is a single well with a 55 gallon per minute 15-horsepower submersible pump along with chlorine disinfection. The system is pressurized by gravity from a 100-foot tall standpipe that contains about 57,000 gallons of usable water when it is full. As the water level in the standpipe drops, the pressure is reduced to the distribution system. Each customer has their own water meter. The water system has adequate capacity for the existing service area but low pressure has been noted in the past. Liberty has stated it is evaluating solutions to increase the pressure to the areas impacted during low pressure events.

Taney County Water, LLC (TCW) received its CCN on September 29, 2011 in Case No. WA-2011-0143. TCW currently provides water service to approximately 471 homes in Kissee Mills and Rockaway Beach, in Taney County. The system consists of four wells in three separate water systems: Lakeway, Venice on the Lake, and Valley View.

The Lakeway system, near Kissee Mills, serves approximately 90 customers. The source of water is a 95 gallon per minute 20-horsepower submersible pump along with chlorine disinfection. The system is pressurized by gravity from an 86-foot tall standpipe which holds approximately 24,000 gallons of usable water when full. Each customer has their own water meter. The water system has adequate capacity for the existing service area. This system has experienced numerous water main breaks for several years, believed to be caused by the mains not being buried deeply enough. Liberty has stated it is evaluating solutions to solve this problem.

The Venice on the Lake service area is comprised of two water systems, near Rockaway Beach, in Taney County serving approximately 370 customers. One system has two wells, referred to as the Red Rock well and the Honey Lane well. The source of water for the Red Rock well is a 90 gallon per minute 30-horsepower submersible pump along with chlorine disinfection. The system is pressurized by a ground storage tank, located at the highest elevation in the system, which contains about 20,000 gallons of usable water when it is full. As the water level in the ground storage tank drops, the pressure is reduced to the distribution system. Most of the homes receive adequate water pressure, but six homes in the service are at the same elevation as the tank and receive water pressure from a five-horsepower high service pump. Each customer has their own water meter.

The source of water for the Honey Lane well is a 30 gallon per minute 5-horsepower submersible pump along with chlorine disinfection. Water is pumped into the distribution system directly from the well. The system is pressurized by an 86-gallon bladder tank. Each customer has their own water meter. The water system has adequate capacity for the existing service area.

Valley View Road, near Forsyth in Taney County only has one well. The source of water for the Valley View well is a 25 gallon per minute 3-horsepower submersible pump along with chlorine disinfection which serves 11 customers. Water is pumped into the distribution system directly from the well. The system is pressurized by two 86-gallon bladder tank. Each customer has their own water meter. The water system does not have any storage capacity for the existing service area. Liberty has stated it is evaluating solutions to remedy the problem of insufficient storage.

Valley Woods Utility, LLC (VWU) provides both water and sewer utility service. VWU received its original CCN on August 10, 2012 in Case No. WM-2012-0288. VWU currently serves 42 homes in the Valley Woods Subdivision near Spokane, in Christian County.

The source of water at VWU is a single-well with a 95 gallon per minute 15 horsepower submersible pump along with chlorine disinfection which was recently added. Water is stored in an 8,800 gallon ground storage tank. Water is pumped from the storage tank to the distribution system by two electric high-service pumps, with four small bladder tanks to normalize water pressure as the high service pumps cycle on and off. Each customer has their own water meter. The water system is of adequate capacity for the existing service area.

The wastewater system at VWU utilizes a “Septic Tank Effluent Gravity” collection system, and a recirculating sand filter treatment facility. Although VWU has 42 water customers, it reports that it only has 32 sewer customers. Each sewer customer, by the terms of VWU’s tariff, is required to have a septic tank on their premises, which retains the solids and provides partial sewage treatment; however, based on Staff and Company observations, not all of the homes have septic tanks. Partially treated liquid waste flows from customers’ septic tanks to and through the collection system by gravity, to VWU’s recirculating sand filter treatment facility (employing a rock media bed rather than the traditional sand). The effluent is chlorinated and dechlorinated before it exits the treatment facility.

Regarding current compliance issues, DNR is requiring Riverfork to “initiate a backflow prevention program.” DNR has stated that other compliance issues with the Ozark systems, including Moore Bend, have been resolved.

Liberty provides water and sewer services to customers in its Missouri service area with the principal office located in Joplin, Missouri. As of June 30, 2016, Liberty serves 1,975 water and 412 sewer customers in its Missouri area. Liberty provides water service to seven small systems around Union, water and sewer service to a resort in DeSoto, sewer service to a small subdivision in Cape Girardeau, water and sewer service to two resorts around Branson, water service to the city of Noel, and water service to the city of Aurora, Verona, and Marionville after the recent acquisition of Empire Electric. 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.

STAFF’S INVESTIGATION

The standard that applies to transfer of asset cases is whether the transfer is not detrimental to the public interest. To assist the Commission, Staff reviews the aspects of the application most likely to affect service quality and rates, as detailed below.

Technical, Managerial, and Financial Capacity

DNR reviews new proposed water system operations using, among other criteria, determination of technical, managerial and financial capacities of the operation, or “TMF.” Staff utilizes the concepts of TMF in studying some situations involving existing water and wastewater systems. Based on Staff’s observations of Liberty’s existing operations, Staff concludes that Liberty exhibits the TMF capabilities.

Tariff and Rate Impact

In the Application, Liberty proposes to provide water service in what Staff refers to herein as the Ozark service area pursuant to a new consolidated tariff including a new single rate applicable to the regulated water systems. The consolidated rate would be based on a weighted average of the current water rates. Liberty proposes to adopt the existing rates and tariff rules and regulations for Valley Woods sewer service area.

Liberty's proposal would change rates for all water customers, some higher and some lower, but asserts it is revenue neutral when considering all of the regulated Ozark systems. Staff does not support rate changes as part of this asset purchase agreement. Current rates were set in Case No. WR-2015-0192. Staff recommends that before rates are adjusted, all relevant factors should be considered in a future rate case.

Staff recommends Liberty adopt all existing rates, rules, and regulations currently applicable in the exiting tariffs.

Rate Base

Staff's audit review of this application was conducted based on the following:

- Review of Company's Application filed on September 14, 2017
- Review of the Asset Purchase Agreement dated July 7, 2017
- Review of prior Commission Orders
- Review of previous Stipulation and Agreements
- Company responses to Data Requests
- Examination of past rate case work papers and the final Exhibit Modeling System

The Commission's Audit Staff requested information relating to plant additions and retirements from the point of the last rate case WR-2015-0192 to the most current information available. The plant additions and retirements were included in an analysis developed by the Audit Staff known as "Build-Out Schedule." A Build-Out Schedule was developed for each individual entity. These Build-Out Schedules served as the basis for each of the rate base investments for the rate case and was used to include the additions and retirements along with the related depreciation expense in this application review. The depreciation rates were approved and authorized by the Commission in Case No. WR-2015-0192. Thus, the final Build-Out Schedule for this application was used as the basis for the rate base investment valuations.

Staff's analysis determined the total entities' rate base valuation as follows:

	Total Consolidated Regulated Ozark International Rate Base Valuation	
	Case No. WR-2015-0192 December 31, 2014	Case No. WM-2018-0023 December 31, 2017
Plant in Service	\$1,348,859	\$1,464,061
Less: Depreciation Reserve	\$766,796	\$882,296
Net Plant	\$582,063	\$581,765
CIAC	\$685,487	\$685,487
Less: CIAC Reserve	\$439,353	\$515,658
Net CIAC	\$246,134	\$169,829
Net Plant less Net CIAC	\$448,019	\$411,936
Add: Materials & Supplies	\$0	\$0
Less: Customer Deposits	\$14,675	\$26,676
Total Rate Base	\$433,344	\$385,560

Source: Case No. WR-2015-0192 Final Disposition Agreement EMS Run EFIS #9

The purchase price of \$570,000 based on the consolidated total asset value determined by Liberty Utilities and Ozark is greater than the total asset values determined by Staff in this case. As noted in the table above, the total plant less CIAC asset value at December 31, 2017 is \$411,936 compared to the \$570,000 purchase price, which will result in an asset premium being paid by Liberty Utilities. To the extent any acquisition adjustment results from this purchase, it is recommended that no recovery be included in future rates. The \$570,000 purchase price does not include the impact of customer deposits or other liabilities that will be assumed by Liberty Utilities so none of the liabilities were included for the above comparison.

Liberty Utilities responded in Data Request 0010, that “Liberty’s offer was based on the Net Utility Plant in Service amounts provided in the CY 2015 and 2016 annual reports. In addition, Liberty validated Ozark’s rate base against the Staff Recommendation from Ozark’s last rate case (WR-2015-0192).” Staff used the amounts determined and agreed to in the final disposition agreements approved by the Commission as the basis of its rate base analysis for each of the Ozark entities. Staff included the capital investments made by Ozark since the last rate case to determine the December 31, 2017 rate base valuation, including the CIAC levels determined from prior rate cases. The CIAC balance reflects the major difference between the purchase price and the amounts identified in Staff’s rate base valuation—the \$411,936 amount.

Depreciation

In Case No. WR-2015-0152, the Commission ordered water and sewer depreciation rates applicable to all subsidiaries of Ozark International. Staff recommends the continued use of these depreciation rates until Liberty Water files for a rate change for these systems.

Staff also recommends that the Commission order Liberty Water to collect and maintain all records of plant additions and retirements from Ozark International, in a manner consistent with 4 CSR 240-50.

Financing Issues

Liberty is ultimately owned by Algonquin Power & Utilities Corporation (“APUC”), a Canadian corporation. APUC owns several electric, gas and water utilities throughout the United States through its Liberty Utilities Company (“LUCo”) subsidiary. LUCo, either directly or indirectly, owns several utility assets in Missouri. It currently owns gas utility assets through Liberty Utilities (Midstates Natural Gas) Corp; electric utility assets through The Empire District Electric Company, and water utility assets through Liberty Utilities (Missouri Water) LLC. Standard & Poor’s assigns a ‘BBB’ corporate credit rating to both APUC and LUCo. S&P assigns each entity the same rating based on its consolidated credit rating methodology. Liberty has indicated that it will fund its capital needs for the Ozark International properties the same way it has financed its other water utility properties in Missouri as well as its gas properties. Consequently, the companies that directly own their Missouri gas and water utility assets will not issue their own debt, but instead rely on the corporate treasury. Although this will cause complexities as it relates to determining an allowed rate of return for ratemaking purposes, this can be handled in the context of rate cases. For purposes of the Application to acquire the Ozark International properties, Financial Analysis finds that Liberty has the financial ability (through its corporate financing channels) to acquire the Ozark International properties and to be able to finance capital expenditure needs of these properties.

Customer Notice/Customer Service

Staff is not aware of any public notice to customers of the pending asset transfer. Liberty should provide notice to customers. This action will ensure customers are informed and prepared for the transition.

OTHER ISSUES

- Ozark is current with annual report filings with the Commission through calendar year 2016, as documented on the Commission’s Electronic Filing and Information System (EFIS).
- Ozark is current on its annual assessments through fiscal year 2018.
- Ozark has one other pending matters before the Commission, WC-2015-0252, which is stayed. This complaint, filed by OPC, was based on violations at the Moore Bend system noted by DNR. This complaint may be moot, as DNR has stated the violations have been resolved.
- Liberty is a corporation that is in “good standing” status with the Missouri Secretary of State.
- Liberty is current with annual report filings with the Commission through calendar year 2016, as documented on the Commission’s Electronic Filing and Information System (EFIS).

- Liberty is current on its annual assessment quarterly payments through the second quarter of fiscal year 2018.
- Liberty has other water and sewer cases before the Commission, WR-2018-0170 & SR-2018-0171. These pending rate cases for Liberty will have no impact upon this proposed case involving a transfer of assets from another regulated water system, nor will approval of the transfer of assets impact the above-noted pending cases. Liberty also has pending cases associated with its affiliated natural gas affiliate (Midstates Natural Gas Corp. d/b/a Liberty Utilities), which will also have no impact upon this case.

STAFF'S RECOMMENDATION SUMMARY AND CONCLUSIONS

Staff's position, based on its review as described herein, is that the proposed transfer of water and sewer assets from Ozark International wholly owned subsidiaries to Liberty is not detrimental to the public interest, and therefore should be approved. However, Liberty's proposal for new consolidated rates for the water systems should not be approved. Liberty should be ordered to adopt and apply the existing rates and rules for each of the existing companies. Liberty should be authorized and ordered to file an adoption notice tariff sheet after closing on the assets, to adopt the existing tariffs, and also be authorized to provide service under the existing tariffs on an interim basis until the adoption notice tariff sheets become effective. Staff therefore recommends approval of the transfer of assets with the conditions and actions as outlined herein.

STAFF'S RECOMMENDATIONS

Based upon the above, Staff recommends that the Commission:

1. Authorize Ozark to sell and transfer the regulated utility assets and its subsidiaries' CCNs to Liberty, and for Liberty to provide service in the Ozark service area, as requested;
2. 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.
3. Authorize Liberty to apply Ozark's existing rates and rules on an interim basis immediately after closing on the assets, to apply to the Ozark service area until an adoption notice tariff sheet becomes effective;
4. Require Liberty 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 tariff;
5. Approve Ozark's existing depreciation rates for water utility plant accounts to apply to the Ozark service area assets;
6. 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 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 or Ozark determines that the transfer of the assets will not occur;

7. If Liberty or Ozark determines that a transfer of the assets will not occur, require Liberty to notify the Commission of such no later than the date of the next status report, as addressed above, after such determination is made.
8. Order the Liberty 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.
9. Order the Company 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, consistent with accounting and ratemaking practices.
10. Order the Company to, upon closing of the sale, take physical possession of and maintain pursuant to regulation, any and all books and records of each Ozark International entity being acquired, including but not limited to all financial records, plant and depreciation reserve records, invoices and purchased orders and purchase agreements, all customer billing records and customer deposit records, all payroll and employee information, etc.
11. Direct that Liberty Utilities develop a comprehensive time reporting system specifically to identify time spent and cost incurred by Company personnel on each individual Ozark International entity and other Liberty Utilities entities. This time reporting should be developed in time for use in Liberty Utilities next rate cases.
12. Require Liberty to provide an example of its actual communication with the Ozark service area customers regarding its acquisition and operations of the Ozark water system assets, and how customers may reach Liberty regarding water matters, within ten (10) days after closing on the assets;
13. Require Liberty to include the Ozark 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 Empire District Electric Company and Liberty Utilities. The Company agrees to include metrics for the Ozark customers in whichever individual Company customer service systems may be serving the Ozark customers, whether Empire and/or Liberty. At this time Staff's understanding is plans are that such metrics would be included in the Empire reporting. 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 IVR (Integrative/Interactive Voice Response Unit). The Company further agrees to include Ozark metrics in all staff future service quality reporting that may be provided by Liberty and/or Empire District Electric Company to the staff;
14. Require Liberty to distribute to the Ozark customers prior to the first billing from Liberty 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);
15. Require Liberty to provide to the CXD staff a sample of ten (10) billing statements from each of the first three months' of bills issued to Ozark customers within thirty (30) days of such billing; and

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

Staff will submit a further recommendation regarding any tariff sheets to be filed by Liberty in this matter.

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Company, Taney County Water, LLC, and)
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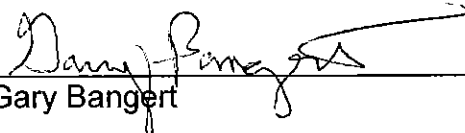
File No. WM-2018-0023

AFFIDAVIT OF GARY BANGERT

State of Missouri)
) ss
County of Cole)

COMES NOW Gary Bangert, and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached *Staff Recommendation*; and that the same is true and correct according to his best knowledge and belief.

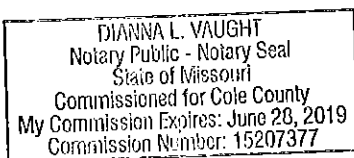
Further the Affiant sayeth not.

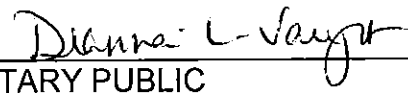


Gary Bangert

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 5th day of January, 2018.





NOTARY PUBLIC

**BEFORE THE PUBLIC SERVICE COMMISSION
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 Company, Taney County Water, LLC, and)
 Valley Woods Utility)


File No. WM-2018-0023

AFFIDAVIT OF CURT B. GATELEY

State of Missouri)
) ss
 County of Cole)

COMES NOW Curt B. Gateley, and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached *Staff Recommendation*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.


 Curt B. Gateley

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 5th day of January, 2018.


 NOTARY PUBLIC

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: June 28, 2019 Commission Number: 15207377

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

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Water) LLC d/b/a Liberty Utilities and) File No. WM-2018-0023
Ozark International, Inc., Concerning an)
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Midland Water Company, Inc., Moore Bend)
Water Utility, LLC, Riverfork Water)
Company, Taney County Water, LLC, and)
Valley Woods Utility)

AFFIDAVIT OF WAYNE E. HODGES

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

COMES NOW WAYNE E. HODGES and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Staff Recommendation in Memorandum form; and that the same is true and correct according to his best knowledge and belief.

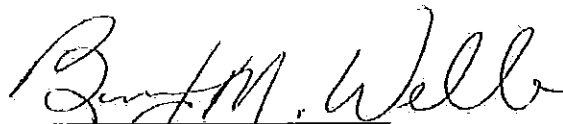
Further the Affiant sayeth not.



WAYNE E. HODGES

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, on this 4th day of January 2018.


Notary Public

BEVERLY M. WEBB
My Commission Expires
April 14, 2020
Clay County
Commission #12484070

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 Company, Taney County Water, LLC, and)
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File No. WM-2018-0023

AFFIDAVIT OF STEPHEN MOILANEN

State of Missouri)
) ss
 County of Cole)

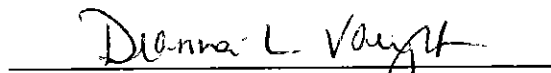
COMES NOW Stephen Moilanen, and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached *Staff Recommendation*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.


 Stephen Moilanen

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 5th day of January, 2018.


 NOTARY PUBLIC

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: June 28, 2019 Commission Number: 15207377

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

In the Matter of Liberty Utilities (IMissouri Water) LLC)
 And Ozark International, Inc. Concerning an)
 Agreement to Acquire the Assets of Bilyeau Ridge)
 Water Company, LLC, Midland Water Company, Inc.,)
 Moore Bend Water Utility, LLC, Riverfork Water)
 Company, Taney County Water, LLC, and)
 Valley Woods Utility)

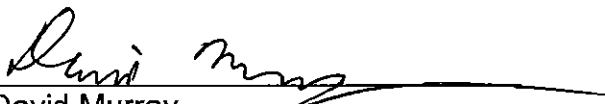
File No. WM-2018-0023

AFFIDAVIT OF DAVID MURRAY

State of Missouri)
) ss
 County of Cole)

COMES NOW David Murray, and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached *Staff Recommendation*; and that the same is true and correct according to his best knowledge and belief.

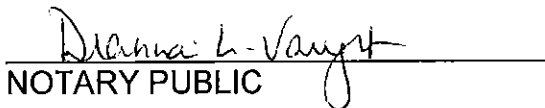
Further the Affiant sayeth not.


 David Murray

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 3rd day of January, 2018.

DIANNA L. VAUGHT
 Notary Public - Notary Seal
 State of Missouri
 Commissioned for Cole County
 My Commission Expires: June 28, 2019
 Commission Number: 15207377


 NOTARY PUBLIC

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Liberty Utilities (Missouri)
Water) LLC d/b/a Liberty Utilities and)
Ozark International, Inc., Concerning an)
Agreement to Acquire the Assets of)
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)

File No. WM-2018-0023

AFFIDAVIT OF ANTONIJA NIETO

STATE OF MISSOURI)
)
COUNTY OF JACKSON) ss.

COMES NOW ANTONIJA NIETO and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing Staff Recommendation in Memorandum form; and that the same is true and correct according to her best knowledge and belief.

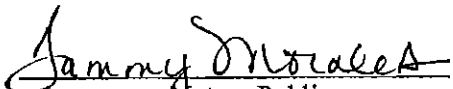
Further the Affiant sayeth not.



ANTONIJA NIETO

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, on this 4th day of January 2018.



Notary Public



TAMMY MORALES
My Commission Expires
January 7, 2018
Clay County
Commission #14451086

**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 Bilyeau Ridge)
Water Company, LLC, Midland Water Company, Inc.,)
Moore Bend Water Utility, LLC, Riverfork Water)
Company, Taney County Water, LLC, and)
Valley Woods Utility)

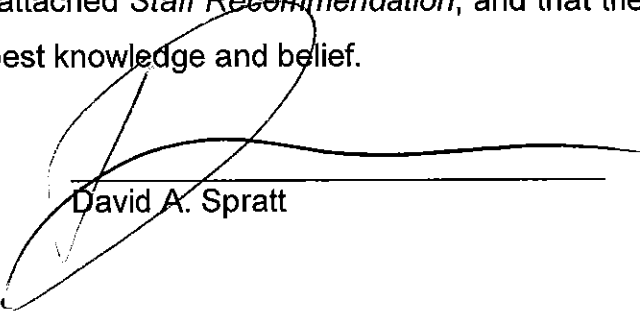
File No. WM-2018-0023

AFFIDAVIT OF DAVID A. SPRATT

State of Missouri)
) ss
County of Cole)

COMES NOW David A. Spratt, and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached *Staff Recommendation*; and that the same is true and correct according to his best knowledge and belief.

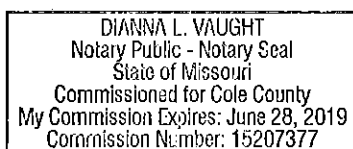
Further the Affiant sayeth not.




David A. Spratt

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 5th day of January, 2018.





NOTARY PUBLIC

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

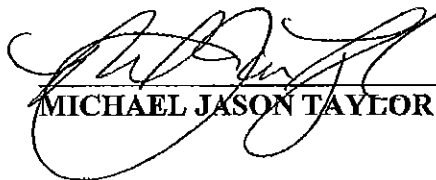
In the Matter of Liberty Utilities (Missouri)	
Water) LLC d/b/a Liberty Utilities and)	File No. WM-2018-0023
Ozark International, Inc., Concerning an)	
Agreement to Acquire the Assets of)	
Bilyeu Ridge Water Company, LLC,)	
Midland Water Company, Inc., Moore Bend)	
Water Utility, LLC, Riverfork Water)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

AFFIDAVIT OF MICHAEL JASON TAYLOR

STATE OF MISSOURI)	
)	ss.
COUNTY OF JACKSON)	

COMES NOW MICHAEL JASON TAYLOR and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Staff Recommendation in Memorandum form; and that the same is true and correct according to his best knowledge and belief.

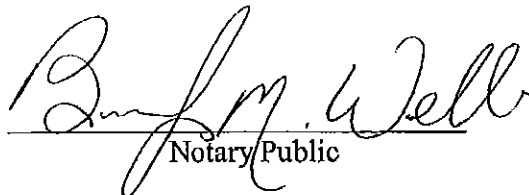
Further the Affiant sayeth not.



 MICHAEL JASON TAYLOR

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, on this 5th day of January 2018.



 Notary Public



BEVERLY M. WEBB
 My Commission Expires
 April 14, 2020
 Clay County
 Commission #12484070