

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

In the Matter of Liberty Utilities (Missouri)
Water), LLC d/b/a Liberty's Application for) **File No. WF-2024-0135**
Authority to Issue Long Term Unsecured Debt)

STAFF'S RESPONSE

COMES NOW, the Staff of the Missouri Public Service Commission ("Staff"), through counsel, files its request that the Missouri Public Service Commission ("Commission") reject Liberty Utilities (Missouri Water) LLC's ("Liberty Water" or "Applicant") objection to Staff's recommended condition. In support of this response, it states as follows:

1. On December 21, 2023, Staff filed its recommendation regarding Liberty Water's *Application for Authority to Issue Long-Term Unsecured Debt* (Application). Staff recommended approval, with certain conditions.

2. Liberty Water is not a rated company, however, its parent company, Liberty Utility Co. ("LUCo"), is a rated company. The Applicant in its response said that it is unable to determine when an action of an affiliate could potentially have any impact on the Applicant's "credit quality."

Staff believes the Applicant has access to information that Staff is requesting in the sixth condition. Staff requested that Liberty Water or LUCo notify both Staff and the Commission of any non-regulated investments that could potentially affect its credit quality or rating until the file is closed. This information is necessary because, generally speaking, unregulated investments are riskier than regulated ones. Credit rating agencies may release a report and share it with the company in question when they anticipate an impact in the company's credit rating. Any non-regulated investments made by

Liberty Water or LUCo and affiliated companies may potentially impact the Applicant's financial soundness, that could result in a higher cost of capital that would be detrimental to the Applicant's rate payers. Staff needs information like those reports, as well as any other relevant information the Applicant can provide, to assess the applicant's long-term financial health and ability to provide reliable service.

3. Staff believes withholding relevant reports limits its ability to assess Liberty Water's financial capacity and ability to provide reliable services to ratepayers at just and reasonable rates. The Applicant's capital will increase by more than 1,000%, with LUCo contributing approximately 92% of the funds. Since Liberty is not a financially independent utility, its financial stability largely depends on the quality of LUCo's rating. Without the information requested in Staff's sixth condition, Staff would be unable to adequately assess the Applicant's financial risks because, as previously stated, the Applicant lacks financial independence.

4. Staff requests that the Commission order the Applicant to provide relevant reports and similar information as they become available to either the Applicant or LUCo, as Staff believes subsidiaries can retrieve the relevant report(s).

WHEREFORE, Staff recommends the Commission to grant Liberty's Application with Staff's recommended conditions as outlined in its *Recommendation* on December 21, 2023. Staff requests that the Commission reject the Applicant's objection.

Respectfully submitted,

/s/ Eric Vandergriff

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Missouri Public Service Commission

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 counsel of record on this 17th day of January, 2024.

/s/ Eric Vandergriff