

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 29th day of February, 2024.

In the Matter of Liberty Utilities (Missouri)
Water), LLC d/b/a Liberty's Application for)
Authority to Issue Long Term Unsecured)
Debt)

File No. WF-2024-0135

ORDER APPROVING APPLICATION FOR FINANCE AUTHORITY

Issue Date: February 29, 2024

Effective Date: March 30, 2024

On October 13, 2023, Liberty Utilities (Missouri Water) LLC d/b/a Liberty submitted an application (Application) requesting authorization to issue long-term debt in the amount up to \$30 million through 2025. The proceeds from the issuance and sale of the long-term debt will be used by Liberty for the discharge of, or lawful refunding of outstanding debt obligations. Additionally, Liberty requested waiver of the Commission's 60-day notice of case filing requirement. On November 8, Liberty filed a supplement to its Application.

On December 21, 2023, the Staff of the Commission (Staff) filed its Recommendation with attached Memorandum. Staff recommended that the Commission approve Liberty's finance authority request, subject to Staff's proposed recommended conditions. Staff's Memorandum stated that Staff finds that granting the Application subject to its recommended conditions would not be detrimental to the public interest. On December 29, 2023, the Office of the Public Counsel (OPC) filed its response stating that it did not oppose approval of the Application.

On January 9, 2024, Liberty responded with an objection to one of the conditions. The parties (Liberty, Staff, and the Office of Public Counsel) discussed Liberty's concerns. As a result, Staff filed *Staff's Amended Conditions* on February 15, 2024. That filing withdrew Staff's previous proposed conditions, and substituted new recommended conditions. No responses to *Staff's Amended Conditions* were filed.

Section 393.200, RSMo (2016), and Commission Rule 20 CSR 4240-10.125 require the Company to obtain the Commission's authority to issue debt securities. *In Re Laclede Gas Co. v. Public Serv. Comm'n.*,¹ states that Sections 393.180² and 393.200, RSMo (2016), authorize public utilities to issue long-term financing when necessary for the purposes enumerated in the statute.³ If Liberty's request falls within the enumerated purposes and is necessary or reasonably required, the Commission may grant the request.⁴

After review of Liberty's Application, Staff's Recommendation with attached Memorandum, OPC's response and Memorandum, and *Staff's Amended Conditions*, the Commission concludes that granting Liberty's request accords with its stated purposes, and that the financing authorization proposed in the application is or will be reasonably required for those stated purposes. The Commission also finds that approving the

¹ 526 S.W.3d 245 (Mo. App. W.D. 2017).

² "The power of ... water corporations... to issue ... notes and other evidences of indebtedness ... is a special privilege, the ... control of which is ... vested in the state, and such power shall be exercised as provided by law and under such rules and regulations as the commission may prescribe." Section 393.180, RSMo (2016).

³ "A ... water corporation ... may issue ... notes or other evidences of indebtedness ... when necessary for the acquisition of property, the construction, completion, extension or improvement of its plant or system, or for the improvement or maintenance of its service or for the discharge or lawful refunding of its obligations or for the reimbursement of moneys actually expended from income, or from any other moneys in the treasury of the corporation not secured or obtained from the issue of stocks, bonds, notes or other evidence of indebtedness of such corporation ... [and] such purposes are not in whole or in part reasonably chargeable to operating expenses or to income." Section 393.200.1, RSMo (2016).

⁴ *In re: Laclede Gas Co. v. Mo. Pub. Serv. Com'n.* 526 S.W.3d 245 (Mo. App. 2017).

Application will not be detrimental to the public interest. The Commission, accordingly, finds that the request satisfies Section 393.200, RSMo. Liberty's unopposed request for financing authorization will be granted, subject to the unopposed recommended conditions of Staff, as contained in *Staff's Amended Conditions*.

The Commission will grant Liberty's request for waiver of the 60-day case filing notice requirement under 20 CSR 4240-4.017. The Commission finds good cause exists for waiver based on the Company's verified declaration that it had no communication with the Commission regarding substantive issues likely to arise in this file within 150 days before filing its application.

THE COMMISSION ORDERS THAT:

1. The sixty-day notice of case filing requirement is waived for good cause found pursuant to 20 CSR 4240-4.017(1)(D).
2. Liberty's request for financing authorization is granted subject to the proposed conditions as stated in *Staff's Amended Conditions*, set out as follows:
 - a) Nothing in the Commission's order shall be considered a finding by the Commission of the value of this transaction for rate making purposes, specifically including, but not limited to, the placement fee (if authorized), and that the Commission reserves the right to consider the rate making treatment to be afforded the financing transaction and its impact on cost of capital, in any later rate proceeding;
 - b) The Company shall file with the Commission within 30 days of issuance of any financing authorized pursuant to a Commission order in this proceeding, a report including the amount of indebtedness issued, date of issuance, interest rate (initial rate if variable), maturity date, redemption schedules or special terms, if any, use of proceeds, estimated expenses, and loan or indenture agreement concerning each issuance. In addition, the Company shall also provide the analysis, to include but not be limited to, indicative pricing information provided by investment banks it performed to determine that the terms for the debt it decided to issue were the most reasonable at the time;

- c) The Company shall file with the Commission, through its electronic filing and information system (“EFIS”) any information concerning communication with credit rating agencies concerning any such issuance if there is any;
 - d) The Company shall file with the Commission as a non-case related submission in EFIS under “Resources” - “Non-Case Related Query” - “Ordered Submission” any credit rating agency reports published on Liberty’s or LUCo’s corporate credit quality or the credit quality of its securities;⁵
 - e) Liberty shall file a five-year capitalization expenditure schedule in future finance cases;
 - f) To the extent that any non-regulated investments related to this financing made by the Company or LUCo during this case may potentially impact the Company’s credit quality, the Company shall notify Staff of such possibility and provide a status report or any published information to the Commission until the closing of the case;
 - g) The Commission’s grant of authority shall expire three years from the effective date of the order in this proceeding;
 - h) The Commission does not approve a specific “placement fee” in this finance case, and any ratemaking treatment involving a “placement fee” or the amortization thereof shall be determined in future rate proceedings;
 - i) All future funds acquired through financings approved under this application shall be used exclusively for the benefit of the Company’s regulated operations.
3. This order will become effective on March 30, 2024.



BY THE COMMISSION

Nancy Dippell

Nancy Dippell
Secretary

⁵ This condition is specific to File No. WF-2024-0135 and will end upon the conclusion of the case.

Hatcher, Senior Regulatory Law Judge

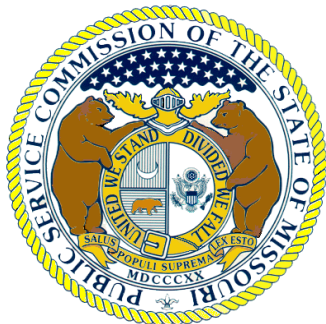
Hahn, Ch., Rupp, Coleman, Holsman
and Kolkmeyer CC., concur.

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 29th day of February 2024.



Nancy Dippell

Nancy Dippell
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

February 29, 2024

File/Case No. WF-2024-0135

MO PSC Staff

Staff Counsel Department
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
staffcounsel@psc.mo.gov

**Office of the Public Counsel
(OPC)**

Marc Poston
200 Madison Street, Suite 650
P.O. Box 2230
Jefferson City, MO 65102
opc@opc.mo.gov

Liberty (MO Water)

Diana Carter
428 E. Capitol Avenue, Suite 303
Jefferson City, MO 65101
diana.carter@libertyutilities.com

MO PSC Staff

Eric Vandergriff
200 Madison Street
Jefferson City, MO 65101
eric.vandergriff@psc.mo.gov

**Office of the Public Counsel
(OPC)**

Nathan Williams
200 Madison Street, Suite 650
P.O. Box 2230
Jefferson City, MO 65102
nathan.williams@opc.mo.gov

Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



**Nancy Dippell
Secretary**

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.