



Liberty Utilities (Missouri Water) LLC

Case No. WF-2024-0135

Missouri Public Service Commission Data Request - 0017

Data Request Received: 2023-11-17

Response Date: 2023-12-07

Request No. 0017

Witness/Respondent: Michael Mosindy

Submitted by: Kelli McKinley, Kelli.McKinley@psc.mo.gov

REQUEST:

Paragraph 18B of the application states that Liberty is requesting approval to “Incur, pay, and amortize the debt issuance expense of 80 basis points of the principal amount of the Notes and/or similar expenses related thereto over the life thereof”. (1) Please indicate if this is a Placement fee. If it is a placement fee, please indicate why the fee is being requested when paragraph 11 of the application indicates that a placement fee equal to 80 basis points of the principal amount of the Note will be paid to Liberty Utilities, Co.; however, Liberty is not requesting approval of the payment of this fee for ratemaking purposes.” (2) Please additionally indicate exactly what this placement fee covers. (3) Please indicate how and when this fee will be paid and how it will be recorded in both Liberty and Liberty Utilities, Co.’s financial statements. (4) Please indicate if the placement fee is an expense incurred by Liberty Utilities, Co. as a result of this financing.

RESPONSE:

- (1) The 80 basis points is a placement fee. Liberty is not seeking ratemaking treatment at this time.
- (2) The 80 basis point fee covers the actual expenses (agents, rating agencies, etc.) that Liberty Utilities Co. (“LUCo”) will incur on the issuance of long-term debt externally.
- (3) This fee will be incurred and paid by Liberty at the time of each debt issuance. In Liberty’s financial statements it will be recorded as a deferred financing cost and amortized over the term of the new debt issuances. The fee paid by Liberty to LUCo will eliminate upon consolidation in LUCo’s consolidated financial statements, but as described in (4) LUCo would still incur the cost at the time of its future debt issuance.
- (4) LUCo incurs financing costs on all external debt issuances.