

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

In the Matter of Liberty Utilities (Missouri)
Water) LLC’s Application for Authority to) Case No. _____
Issue Long Term Unsecured Debt)

FINANCING APPLICATION AND REQUEST FOR WAIVER

COMES NOW Liberty Utilities (Missouri Water) LLC d/b/a Liberty (hereinafter “Liberty” or the “Applicant”) pursuant to RSMo. §393.200 and 20 CSR 4240-2.060, 2.080, and 10.125, and for its Financing Application and Request for Waiver, respectfully states as follows to the Missouri Public Service Commission (“Commission”):

1. Applicant, an indirect subsidiary of Liberty Utilities, Co. (“LUCo”), is a Missouri limited liability company with its principal office located at 602 Joplin Street, Joplin, Missouri, 64801, and provides water and wastewater services to customers in its Missouri service areas, as certificated by the Commission. Liberty is a “water corporation,” a “sewer corporation,” and a “public utility,” as those terms are defined by RSMo. §386.020 and, therefore, is subject to the general regulatory jurisdiction of the Commission as provided by law.

2. As of September 2023, Applicant provides water service to approximately 11,450 connections and sewer service to approximately 4,778 connections in its Missouri service areas.

3. Applicant has no pending actions or final unsatisfied judgments or decisions against it from a state or federal agency or court that involves customer service or rates, which action, judgement or decision has occurred within three years of date of this Application; and Applicant has no annual reports or assessment fees overdue or unpaid.

4. RSMo. §393.200.1 provides that a water or sewer corporation organized under the laws of Missouri “may issue stocks, bonds, notes or other evidence of indebtedness payable at periods of more than twelve months” when “there shall have been secured from the commission

an order authorizing such issue, and the amount thereof, and stating the purposes to which the issue or proceeds thereof are to be applied, and that, in the opinion of the commission, the money, property or labor to be procured or paid for by the issue of stock, bonds, notes or other evidence of indebtedness is or has been reasonably required for the purposes specified in the order, and that except as otherwise permitted in the order in the case of bonds, notes and other indebtedness, such purposes are not in whole or in part reasonably chargeable to operating expense or to income.”

5. None of Liberty’s outstanding stock, stock certificates, or indebtedness fall within the prohibited purposes set forth in RSMo. §393.200.

6. Liberty seeks the Commission’s approval to issue long-term debt to LUCo of up to \$30 million in one or more issuances (the “Notes”). In conjunction with capital contributions from LUCo, Liberty will repay outstanding money pool borrowings of approximately \$30 million incurred for the acquisition of the Bolivar water and wastewater systems and prior year capital expenditures and fund future capital expenditures of approximately \$35 million.

7. More specifically, Liberty will issue \$12 million of long-term debt shortly after receiving Commission approval, and up to \$18 million of long-term debt will be issued in 2024 and 2025. Liberty will also be receiving \$17 million of capital contributions from LUCo in conjunction with the issuance of the \$12 million of long-term debt, and the future issuances of up to \$18 million of long-term debt will be accompanied by additional capital contributions from LUCo of approximately \$19 million.

8. Attached hereto as **Appendix 1** is a five year capitalization expenditure schedule, as referenced in Commission Rule 20 CSR 4240-10.125(1)(G).

9. Applicant requests approval, through 2025, for one or more issuances of new unsecured fixed rate Notes to LUCo in like amount for a term up to 30 years at a maximum interest rate of 8%. The Notes will be priced based on the appropriate U.S. Treasury note, plus a credit

spread based on indicative issuance pricing for LUCo. The credit spread will be equal to the spread for LUCo at the time, based on indicative new issue pricing received from one of its banks.

10. Any issuances of Notes will not be priced until after receipt of Commission approval. As of September 29, 2023, a 10-year Note would have an all-in interest rate of approximately 6.5% before issuance costs and a 30-year Note approximately 7%. Future rates for an issuance of Notes are subject to change based on changes in the U.S. credit markets.

11. Concurrent with the issuance of the Notes, Liberty will pay to LUCo a placement fee equal to 80 basis points of the principal amount of the Notes. At this time, however, Liberty is not requesting approval of the payment of this fee for ratemaking purposes. Liberty agrees that approval of the requested financing may be conditioned on the Commission reserving the right to consider the ratemaking treatment to be afforded the financing transactions and their impact on cost of capital in a subsequent rate case.

12. The Notes will not be secured by a mortgage, lien, or encumbrance on Liberty's properties in the state of Missouri. A copy of the form of the Notes is attached as **Appendix 2**.

13. Pursuant to Commission Rule 20 CSR 4240-10.125(1)(D), this Application will be supplemented with a certified copy of the Resolution of the Board of Directors of Applicant authorizing the issuance of the Notes which are the subject of this Application and authorizing the filing of this Application.

14. In accordance with Commission Rule 20 CSR 4240-10.125(1)(E)1, **Appendix 3** attached hereto shows the pro forma effect of the issuance of the Notes on Applicant's outstanding indebtedness.

15. The money to be procured or paid by the issuance and sale of the Notes herein above described is reasonably required for the purpose specified in this Application and such purposes are not in whole or in part reasonably chargeable to operating expenses or to income.

16. Because the Applicant has not determined a specific quantity of individual debt financings that it will issue, it cannot determine at this time what portion of such debt securities, if any, are or will be subject to the fee schedule set forth in RSMo. §386.300.2. When individual debt securities are issued, the Applicant will submit a verified report to the Commission, documenting the issuance and the applicability and measure of fees under RSMo. §386.300.2.

17. Commission Rule 20 CSR 4240-4.017(1) provides that “(a)ny person that intends to file a case shall file a notice with the secretary of the commission a minimum of sixty (60) days prior to filing such case.” No such notice was filed herein. As such, Liberty seeks a waiver of the 60-day notice requirement.

18. Commission Rule 20 CSR 4240-4.017(1)(D) provides that a waiver may be granted for good cause. In this regard, Liberty declares (as verified below) that they have had no communication with the Office of the Commission (as defined in Commission Rule 20 CSR 4240-4.015(10)) within the prior 150 days regarding any substantive issue likely to be in this case.

WHEREFORE, Liberty Utilities (Missouri Water) LLC d/b/a Liberty requests the Commission to issue an order authorizing the Applicant to:

A. Issue one or more series of Notes having a total aggregate face value of up to \$30 million and a maturity of not more than thirty (30) years, such debt bearing a maximum interest rate of up to 8% based on recent indicative pricing for LUCo received from a bank;

B. 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;

C. Enter into, execute, deliver, and perform the necessary arrangements or other documents necessary to effectuate the transactions hereinabove described; and

D. Take such other actions as may be necessary to complete the subject transactions;
and

Further ordering that the proceeds from the issuance and sale of the Notes will be used by Liberty for the discharge or lawful refunding of outstanding debt obligations;

Further ordering that the money to be procured by the Applicant through the Notes is reasonably required and necessary for the purposes set forth and will be used therefore and such purposes are not, in whole or in part, reasonably chargeable to operating expense or to income, all as required by RSMo. §393.200; and

Further waiving the filing requirement of the 60-day notice requirement of 20 CSR 4240-4.017, for good cause shown.

Respectfully submitted,

/s/ Diana C. Carter

Diana C. Carter MBE #50527

Liberty Utilities (Missouri Water) LLC

428 E. Capitol Ave., Suite 303

Jefferson City, Missouri 65101

Joplin Office Phone: (417) 626-5976

Cell Phone: (573) 289-1961

E-Mail: Diana.Carter@LibertyUtilities.com

CERTIFICATE OF SERVICE

I hereby certify that the above document was filed in EFIS on the 13th day of October, 2023, and sent by electronic transmission to the Staff of the Commission and the Office of the Public Counsel.

/s/ Diana C. Carter

VERIFICATION

On behalf of Liberty Utilities (Missouri Water) LLC d/b/a Liberty, and pursuant to Commission Rules, the undersigned, upon his oath and under penalty of perjury, hereby states that the above filing is true and correct to the best of his information, knowledge, and belief.

/s/ Tony Penna
Liberty Central Region Vice President