

**DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA**

IN THE MATTER OF the Joint Application of) REGULATORY DIVISION
Liberty Utilities Co., Liberty WWH, Inc.,)
Western Water Holdings, LLC, and Mountain) Docket No. D2014.12.99
Water Company for Approval of a Sale and)
Transfer of Stock)

**MOUNTAIN WATER'S AND WESTERN WATER'S SUPPLEMENTAL RESPONSES
TO THE MONTANA CONSUMER COUNSEL'S DATA REQUESTS
MCC-003, MCC-004, AND MCC-005**

Western Water Holdings, LLC ("Western Water"), Mountain Water Company ("Mountain Water") provide the attached supplemental responses to MCC-003, MCC-004, and MCC-005.

Respectfully submitted this 27th day of May, 2015.

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**ATTORNEYS FOR MOUNTAIN WATER
COMPANY AND WESTERN WATER
HOLDINGS**

DATA REQUESTS

MCC-003: RE: Offers for Acquisition.
Witness: Robert Dove

In reference to your testimony at pages 9 and 10, please provide a list of the entities that submitted unsolicited interest and inquiries regarding Western Water's ownership in Park Water.

Objection:

Mountain Water and Western Water object to this request to the extent it seeks information not relevant to the subject matter of the instant proceeding, information not reasonably calculated to lead to the discovery of evidence admissible in the instant proceeding, confidential and proprietary information, and information protected by the attorney-work product and attorney-client privileges. Mountain Water and Western Water also object to this request to the extent it is repetitive or duplicative of other discovery provided.

Response to MCC-003:

See response to PSC-032(c). Algonquin/Liberty Utilities was not one of the entities that submitted unsolicited interest/inquiries regarding Western Water's ownership in Park Water.

Supplemental Response to MCC-003:

Without waiving the forgoing objection or acknowledging that the information sought in this request is relevant or properly discoverable in this proceeding, following discussions with counsel for the Montana Consumer Counsel, Mountain Water and Western Water provide the following supplemental response to MCC-003:

The transaction before the Commission, including the purchase price, was the result of a competitive bid process run by Wells Fargo, not the result of any unsolicited interest. This competitive bid process has been detailed in this proceeding as follows:

- The testimony of Mr. Robert Dove provides an overview of the competitive bid process on pages 9-10. This testimony explains that the unsolicited interest is what prompted Western Water to engage Wells Fargo to run a competitive auction process for Western Water's 100% interest in Park Water.
- After Western Water retained Wells Fargo, Wells Fargo made the initial contact with potential bidders, including Algonquin. PSC-027(b). Wells Fargo sent the initial contact letter and Summary Fact Sheet to potential bidders (initial contact letter and Summary Fact Sheet were produced in response to PSC-027(c) and (d) as WWH000654-WWH000656 and WWH000657-WWH000659). The initial contact letter was sent to 78 financial and utility entities. PSC-032(b).
- After signing nondisclosure agreements, parties were permitted to review the Confidential Information Memorandum and submit non-binding indications of interest.

The Confidential Information Memorandum was produced in response to PSC-028(b) as WWH000799-WWH000898.

- 13 parties submitted non-binding indications of interest. Testimony of Mr. Robert Dove at page 10, lines 3-10. Algonquin/Liberty Utilities' indication of interest was produced in response to PSC-028(c) as WWH000899-WWH000904.
- From the 13 parties that submitted non-binding indications of interest, six were invited to conduct further due diligence and submit a binding proposal to Wells Fargo. The letter inviting Algonquin/Liberty Utilities to conduct due diligence and submit a binding proposal was produced in response to PSC-028(d) as WWH000905-WWH000908.
- Four final, binding proposals were received which were detailed in Mr. Robert Dove's testimony at page 10, lines 10-18, and in the supplemental response to MCC-005. Algonquin/Liberty Utilities' final, binding proposal that resulted from this process was produced in response to PSC-028(e) as WWH000909-WWH000972.

MCC-004: RE: Offers for Acquisition.
Witness: Robert Dove

In reference to your testimony at page 10, line 10, please provide a list of the 13 respondents that submitted indication of interest during Phase 1 of the competitive auction process.

Objection:

Mountain Water and Western Water object to this request to the extent it seeks information not relevant to the subject matter of the instant proceeding, information not reasonably calculated to lead to the discovery of evidence admissible in the instant proceeding, or confidential and proprietary information. Mountain Water and Western Water also object to this request to the extent it is repetitive or duplicative of other discovery provided.

Response to MCC-004:

See response to PSC-027(d). All information regarding respondents/bidders other than the final, selected bidder is irrelevant to this proceeding.

Supplemental Response to MCC-004:

Without waiving the forgoing objection or acknowledging that the information sought in this request is relevant or properly discoverable in this proceeding, following discussions with counsel for the Montana Consumer Counsel, Mountain Water and Western Water provide the following supplemental response to MCC-004:

As noted in the response to PSC-027(d), the identities of the bidders is confidential information that Western Water is obliged not to disclose or that the bidders provided with the express understanding that confidentiality would be maintained. Additionally, the identities of the 13 respondents that submitted indications of interest are irrelevant to developing “an understanding of the analysis and valuation that was undertaken” because these indications of interest were submitted prior to the respondents being able to conduct due diligence beyond review of the Confidential Information Memorandum, produced in response to PSC-028(b) in this proceeding. See WWH000657-WWH000659 produced in response to PSC-027(d) (“Western Water, with the advice of Wells Fargo, will evaluate each Indication as soon as possible after the Indicative Bid Date and will determine, at its sole discretion, which participants will be invited to conduct further due diligence, access a virtual data room, participate in site visits and attend management presentations as part of a second round of the Transaction process.”)

MCC-005: RE: Phase 2 of the Competitive Auction Process.
Witness: Robert Dove

In reference to your testimony at page 10, lines 10 to 13, please provide the list of the 4 respondents that submitted binding proposals in Phase 2 of the competitive auction process, and a summary of the terms of each of these proposals (e.g., proposed purchase price, contingencies, conditions, etc.).

Objection:

Mountain Water and Western Water object to this request to the extent it seeks information not relevant to the subject matter of the instant proceeding, information not reasonably calculated to lead to the discovery of evidence admissible in the instant proceeding, or confidential or proprietary information. Mountain Water and Western Water also object to this request to the extent it is repetitive or duplicative of other discovery provided.

Response to MCC-005:

See response to PSC-027(d) and (e). The referenced testimony was only included to provide background on why the final bid was selected. All information regarding respondents/bidders other than the final, selected bidder is irrelevant to this proceeding.

Supplemental Response to MCC-005:

Without waiving the forgoing objection or acknowledging that the information sought in this request is relevant or properly discoverable in this proceeding, following discussions with counsel for the Montana Consumer Counsel, Mountain Water and Western Water provide the following supplemental response to MCC-005:

The final bids are subject to confidentiality agreements and, given the Montana Public Service Commission's recent decision that documents cannot be partially redacted to protect irrelevant or highly confidential information, and without the availability of "attorney's eyes only" protection in Commission proceedings, Mountain Water and Western Water are unable to produce the remaining three bids. However, Mountain Water and Western Water have agreed to provide the following information regarding the three undisclosed final bid:

As stated in the referenced testimony, Western Water received four final, binding bids for the proposed sale of its equity interest, including the bid from Liberty Utilities produced in response to PSC-028(e) as WWH000909-WWH000972. The other three final bids were submitted by investor-owned water utilities based in California. The purchase price in the four final bids, not including Park Water Company's debt which the purchaser will assume, were \$250.6 million, \$250 million, \$225.6 million, and \$211.6 million.

All four final bidders are well established and respected utility owners and operators. All four have operations in California and are already regulated by the California Public Utility Commission; none of the four has operations in Montana or is under the jurisdiction of the Montana Public Service Commission. Western Water selected Liberty Utilities as the winning bidder because of (a) its purchase price, (b) high degree of execution certainty reflected by

Liberty's relatively light merger agreement mark-ups, and (c) Liberty's successful track record in acquiring regulated utilities in other states.

CERTIFICATE OF SERVICE

I hereby certify that on this, the 27th day of May, 2015, **MOUNTAIN WATER'S AND WESTERN WATER'S SUPPLEMENTAL RESPONSES TO THE MONTANA CONSUMER COUNSEL'S DATA REQUESTS MCC-003, MCC-004, and MCC-005** were electronically filed with the Commission and served via U.S. mail and e-mail, unless otherwise noted, to the following:

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s/ Adele C. Lee