

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

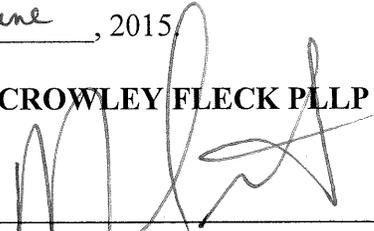
IN THE MATTER of the Joint Application)	REGULATORY DIVISION
Of Liberty Utilities Co., Liberty WWH, Inc.,)	
Western Water Holdings, LLC, and Mountain)	DOCKET NO. D2014.12.99
Water Company for Approval of a Sale and)	
Transfer of Stock)	

**Liberty Utilities Co. and Liberty WWH, Inc.'s Supplemental Response to
Data Request MCC-014**

Liberty Utilities Co. ("Liberty Utilities") and Liberty WWH, Inc. ("Liberty WWH" and collectively "Liberty") provide the attached supplemental response to MCC-014.

Submitted this 3rd day of June, 2015

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**ATTORNEYS FOR LIBERTY UTILITIES CO.
AND LIBERTY WWH, INC.**

MCC-014

Regarding: Liberty Utilities' Credit Facility.
Witness: David Pasieka

In your testimony at page 11, lines 7 to 8, you state: "Liberty Utilities has a \$200 million credit facility and it spent approximately \$178 million in 2014 for capital expenditures":

- (a) Please provide complete details about terms, holder, draws, current balance, etc. of this credit facility.

Response: The following table provides details on the terms and composition of the credit facility.

Credit Facility Agreement maturity date:	September 30, 2018	
Borrowing Rate		
ABR Loans	Prime Rate + 25.0 bps	
Libor Loans	LIBOR + 125.0 bps	
Lender's commitment:		
Lender	Title	Commitment
JPMorgan Chase Bank, N.A.	Administrative Agent	45,000,000.00
Bank of America, N.A.		37,500,000.00
Wells Fargo Bank, National Association		37,500,000.00
CoBank, ACB		20,000,000.00
Bank of Montreal, Chicago Branch		20,000,000.00
The Bank of Nova Scotia		20,000,000.00
TD Bank, N.A.		20,000,000.00
		200,000,000.00

- (b) Please explain the process and requirements that subsidiary utilities must follow to draw from this credit facility.

Response: Each Liberty subsidiary has the ability to draw funds as needed under the Liberty credit facility. The credit facility is available to subsidiary utilities to meet their daily cash and capital expenditure requirements.

- (c) Please provide a breakdown of the current use of this credit facility by each Liberty Utilities subsidiary.

Response: A breakdown of the current use of this credit facility is provided in the following table.

Credit Facility Borrowings breakdown	
Credit Facility Borrowings balance as of April 23,15	81,000,000.00
Equity/ Long Term notes	46,330,000.00
	127,330,000.00
Short term borrowings	
Liberty Water	7,430,000.00
Calpeco	27,200,000.00
Granite State	19,400,000.00
Energy North	69,500,000.00
Pine Bluff	3,500,000.00
White Hall Sewer	300,000.00
	127,330,000.00

Supplemental Response to MCC-014:

There is a single credit facility referenced in Mr. Pasioka’s testimony which provides Liberty access to a revolving line of credit with available aggregate availability of up to \$200 million (the “Credit Facility”). The participants and their respective credit commitments in the Credit Facility are set out in Liberty’s original response to MCC-014. Access to the Credit Facility is controlled by the corporate treasury staff which reside in Liberty Utilities Corp. (LUCo). The Credit Facility, in conjunction with Liberty’s centralized cash management system, is used to meet the ongoing cash needs of various Liberty subsidiaries. Under the cash management system, LUCo is required to satisfy the daily cash needs of every Liberty utility. Treasury works with the local finance teams to forecast short term cash requirements and monitors each utility’s account daily to ensure sufficient funds are available to meet its payment obligations. Subject to any regulatory constraints, generally if a utility requires funds a transfer is made from the Liberty Utilities central bank account to the individual utility’s bank account. The transfer is recorded as an intercompany transaction, debiting the cash account on the utility’s books and crediting a short term intercompany payable account. In turn, any excess cash at the individual utility is used to first repay the short term intercompany borrowing to LUCo. All cash movements are between the utilities and LUCo and do not flow directly between each of the individual utilities. LUCo draws on the Credit Facility to obtain additional funds when it anticipates the available cash will not satisfy the aggregate daily cash need of all the utilities, and pays down the Credit Facility when funds exceed the amount needed to satisfy the daily cash needs. Subsidiaries cannot draw on the credit facility, and do not direct how their daily cash

needs are satisfied. The LUCo Credit Facility is unsecured and hence each individual utility's assets are not pledged or encumbered in any way to support this facility.

MCC's data request presumes that draws from the Credit Facility have a specified "use" by each subsidiary. However, that is not the case, and Liberty is not able to provide a more specific breakdown of uses. Liberty's cash management system simply does not distinguish between the cash paid for capital investment and regular expenses. When satisfying the various daily cash requirements, LUCo presumes the requested expenditure is authorized and legitimate. The authorization and verification process (e.g. budgeting) take place separately from these daily inter-corporate fund transfers. Investment and expenses are carefully tracked and recorded on each utility's books, but do not tie back to ultimate source of the funds LUCo used to satisfy the cash needs on the particular day the payment for each expense is issued.

The original response provided the current balances in the various inter-corporate borrowing accounts and the relative contribution of the Credit Facility to these balances.

It is important to note, it does not, and Liberty cannot, show subsidiary draws from the Credit Facility, because they do not occur. Rather, the "Credit Facility Borrowings breakdown" table in response to MCC-014(c) shows the relative contribution of the Credit Facility to the aggregate balance on April 25, 2014 of the subsidiaries' liabilities to LUCo. The "short-term borrowings" table in Liberty's original response to MCC-014 reflects each subsidiary group's liability to LUCo, which on April 23, 2015, totalled roughly \$127 million. (This reflects the short term imbalance between cash taken in by each of the referenced groups and cash paid out.) The top portion of that same table reflects LUCo's source of the funds for those inter-corporate balances (e.g. \$81 million from the Credit Facility and the balance from Equity and long term debt).

CERTIFICATE OF SERVICE

I hereby certify that on ~~June 3~~, 2015, the foregoing Liberty Utilities Co. and Liberty WWH, Inc.'s Supplemental Response to Data Request MCC-014 was served via electronic and U.S. mail on:

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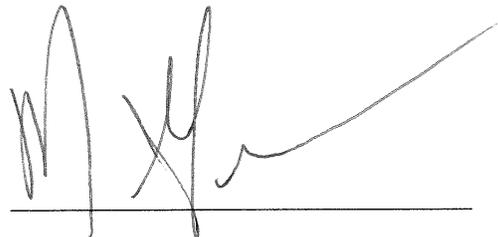
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A handwritten signature in black ink, appearing to read 'Gary M. Zadick', is written over a horizontal line.