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November 16, 2015

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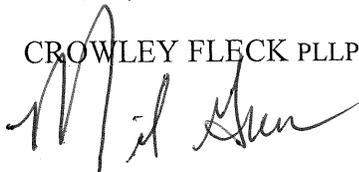
RE: Docket No. D2014.12.99

Dear Counsel:

Enclosed please find Liberty Utilities Co. and Liberty WWH, Inc.'s First Set of Data Requests to the Montana Consumer Counsel. Please contact our office should you have any questions.
Thank you.

Sincerely,

CROWLEY FLECK PLLP



Michael Green

cc: Service List

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

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

**LIBERTY UTILITIES CO. AND LIBERTY WWH, INC.'S FIRST SET OF
DATA REQUESTS TO THE MONTANA CONSUMER COUNSEL
(LIBERTY-053 THRU LIBERTY-087)**

DATA REQUESTS

Liberty-053 RE: Wilson's Economic Analysis, Wilson Testimony, page 5, lines 12-13.

Please identify all other instances over the past ten (10) years in which you have appeared before the Commission and submitted sworn testimony regarding "the financial features" of a proposed acquisition without reviewing the financial features of the proposed acquisition provided by joint applicants in response to data requests.

Liberty-054 RE: Workpapers and Source

Provide all John Wilson's work papers, notes and correspondence with MCC staff or counsel.

Liberty-055 RE: Wilson Testimony, pages 6-7
Witness: John Wilson

- a. What is your understanding of Mountain Water Company's existing capital structure in terms of debt and equity as approved by the Montana Public Service Commission?
- b. What is your understanding as to the amount of debt held by Mountain Water Company for regulatory purposes and what are the terms and conditions of such debt?
- c. What is Mountain Water Company's cost of debt approved by the Montana Public Service Commission? Please provide the basis for your answer.
- d. Admit that the Montana Public Service Commission does not have the authority to alter or change Mountain Water Company's approved cost of capital and/or capital structure outside of a full general rate case?
- e. Admit that if the Montana Public Service Commission altered or changed Mountain Water Company's capital structure or cost of capital as part of this approval docket,

such action would be equivalent to an acquisition adjustment in violation of Commission rules, laws and/or precedent.

Liberty-056 RE: Wilson Testimony, pages 6-7
Witness: John Wilson

On page 6-7 of your testimony, you state that “Because Carlyle’s equity capital has a Commission-authorized and ratepayer-funded cost of more than 16 percent (including income tax allowance, this acquisition financing will achieve a very large finance cost savings of about \$20 million per year for APUC.”

- a. What do you mean by “Commission authorized and rate payer funded cost of more than 16 percent? Please provide any and all documents supporting that statement and your answer.
- b. Provide any and all work papers supporting that statement, including spreadsheets, analyses and any and all other documents.
- c. Provide a copy of the regulatory decision where the Montana Public Service Commission approved the cost of equity capital of Carlyle at 16%?
- d. Admit that Mountain Water Company’s approved cost of equity is 9.75%. If you deny this request, explain in detail your denial.
- e. Admit that Mountain Water Company’s capital structure, cost of debt and cost of equity approved by the Montana PSC for utility plant used and useful in providing service does not change as a result of the Liberty acquisition financing. If you deny this request, please explain in detail the basis for your denial.

Liberty-057 RE: Acquisition-enabled Cost Savings, Wilson Testimony, page 7, lines 3-5; *see also* page 13, lines 7-11
Witness: John Wilson

On page 8 of your testimony, you state that “It is clearly Algonquin’s plan to fully recover the acquisition premium (and more) from Park Water’s rate payers, including Mountain Water customers in Montana.” Please explain exactly how Mountain Water Company would recover an acquisition premium paid by Liberty Utilities in a rate case before the Montana Public Service Commission.

- a. Admit that an acquisition premium would not be included in Mountain Water Company’s rate base in a future rate case. If you deny this request, please explain in detail the basis for your denial.
- b. Admit that Mountain Water Company’s approved capital structure and cost of capital is based on the capital structure and cost of capital used by Mountain Water Company in funding plant in service used by the Company in providing service to customers.

- c. Admit that the acquisition price to be paid by Liberty Utilities Co. is for the stock of Western Water Holdings. If you deny this request, please explain in detail your denial.
- d. Admit that the price paid for the stock of Western Water Holdings does not change the capital structure of Mountain Water Company or alter the cost of capital incurred by Mountain Water Company relating to plant in service. If you deny this request, please explain in detail the basis of your denial.

Liberty-058 RE: Acquisition-enabled Cost Savings, Wilson Testimony, page 7, lines 3-5; *see also* page 13, lines 7-11
Witness: John Wilson

Please identify all requirements under Montana law, including statutes, administrative regulations, or legal opinions that require acquisition-enabled cost savings to be passed through to ratepayers as a necessary condition to gain regulatory approval?

Liberty-059 RE: Acquisition Standards, Wilson Testimony, page 7, fn. 4
Witness: John Wilson

Please identify all Commission decisions in which it applied a net benefit standard analysis and/or relied upon local government official's "vehement opposition to the proposed acquisition."

Liberty-060 RE: Rate Increase, Wilson Testimony, page 8, lines 3-6
Witness: John Wilson

Please explain how the "burden" on rate payers will increase as a result of the proposed acquisition and without any subsequent rate case?

Liberty-061 RE: Limited Access, Wilson Testimony, page 9
Witness: John Wilson

Please describe information you believe has been denied to the commission as a result of APUC not being a party to this action.

Liberty-062 RE: Acquiring Entity, Wilson Testimony, page 9, line 17
Witness: John Wilson

Please define the term "real acquiring entity" as used in your testimony.

Liberty-063 RE: Fitness to Serve, Wilson Testimony, page 10, lines 11-15
Witness: John Wilson

Please specifically identify all instances in which the Commission has analyzed the "fitness to serve" of a non-party to a proposed acquisition.

Liberty-064 RE: Corporate Treasury, Wilson Testimony, page 10, lines 18-20
Witness: John Wilson

Please identify the basis for your statement that “Liberty is not the corporate treasury to which the [Mountain Water] will need to look for financial support from time-to-time.”

Liberty-065 RE: Corporate Treasury, Wilson Testimony, page 10, lines 18-20
Witness: John Wilson

Please produce all documents you relied upon in formulating your answer to the preceding data request.

Liberty-066 RE: Fitness to Serve, Wilson Testimony, page 11
Witness: John Wilson

Please describe other situations in Montana of which you are aware where the non-regulated parent or holding company is subject to regulatory jurisdiction of this commission.

Liberty-067 RE: Strategic Investment Agreement, Wilson Testimony, page 11, lines 7-13
Witness: John Wilson

Please specifically identify why the Strategic Investment Agreement is an “additional matter of concern to Montana ratepayers that must be fully evaluated by the Commission in addressing the merits of this proposed acquisition and fitness to serve issues in this case.”

Liberty-068 RE: Strategic Investment Agreement, Wilson Testimony, page 11, lines 7-20
Witness: John Wilson

Please identify any portion of Montana law, including statutes, administrative rules, or Commission decisions that would require an agreement between two non-parties to a proposed acquisition (such as the Strategic Investment Agreement) to be disclosed in order to create a “complete Application.”

Liberty-069 RE: Acquisition Financing, Wilson Testimony, page 13, lines 5-7.
Witness: John Wilson

Please define the term “central financial feature of the proposed acquisition” as used in your testimony.

Liberty-070 RE: Acquisition Financing, Wilson Testimony, page 13, lines 5-7.
Witness: John Wilson

Please identify any Montana law, including statutes, administrative rules, or Commission decisions that supports your answer to the preceding data request.

Liberty-071 RE: Financing Plan, Wilson Testimony, pages 15-16
Witness: John Wilson

Please explain the basis for your statement that Carlyle would have required regulatory approval to refinance its equity with the debt.

Liberty-072 RE: Financial Gain, Wilson Testimony, page 16, lines 6-9; *see also* page 17, lines 5-14
Witness: John Wilson

Please explain how Mountain Water consumers could ever pay a “higher cost” for their water utility without a rate case occurring first?

Liberty-073 RE: Financial Gain, Wilson Testimony, page 16
Witness: John Wilson

Please describe the basis for your assertion that ratepayers would receive the benefit of lower cost debt without a rate case?

Liberty-074 RE: Wilson’s Exhibits, Wilson Testimony, page 19, lines 12-14.
Witness: John Wilson

Please admit that Algonquin has not “extensively revealed and publicized the financial details of its acquisition analysis in other contexts.”

Liberty-075 RE: Acquisition Premium, Wilson Testimony, page 24
Witness: John Wilson

What is the basis for your assertion that Park Water/Mountain Water customers will pay the acquisition premium?

a. How does that violate rate regulation principles?

Liberty-076 RE: Acquisition Premium, Wilson Testimony, page 24, lines 10-19
Witness: John Wilson

Please admit that the rates Mountain Water consumers actually pay will not change as a result of the proposed acquisition.

Liberty-077 RE: Fitness to Serve, Wilson Testimony, page 29, line 12 to page 30, line 12
Witness: John Wilson

Please identify all other instances in which the Commission has determined that the proposed acquisition of a utility through a holding company created an issue concerning fitness to serve.

Liberty-078 RE: Fitness to Serve, Wilson Testimony, page 30
Witness: John Wilson

Please describe negative impacts of APUC's foreign corporate domicile you believe exists in this case.

Liberty-079 RE: Intermediate Holding Companies, Wilson Testimony, page 31
Witness: John Wilson

Please describe other situations of which you are aware regulated utilities are owned by intermediate holding companies and describe how the Liberty/APUC arrangement varies from that situation.

Liberty-080 RE: Fitness to Serve, Wilson Testimony, page 32
Witness: John Wilson

Please provide the basis for your statement that financial pressure on APUC could leave Liberty loaded with debt.

Liberty-081 RE: Entrepreneurial Risk, Wilson Testimony, page 32
Witness: John Wilson

Please define the term “unusual entrepreneurial risk” as used in your testimony.

Liberty-082 RE: Undisclosed Principal, Wilson Testimony, page 32, lines 11-19
Witness: John Wilson

Is it Dr. Wilson’s belief that all individuals or entities who hold stock in a parent company must submit to Commission jurisdiction when the parent company’s subsidiary acquires a utility?

- a. If the answer to this data request is anything but an unqualified denial, please provide the legal basis for Dr. Wilson’s belief, including but not limited to Montana statute, Montana administrative rule, or Commission decisions.

Liberty-083 RE: Variable Interest Entity, Wilson Testimony, page 34
Witness: John Wilson

Please describe the risk to future operations of Mountain Water you contend may be created by APUC's ownership of the VIE in Minnesota.

- a. Same question for Silverleaf and Red Lily.

Liberty-084 RE: Recourse Loans, Wilson Testimony, page 35
Witness: John Wilson

Please describe how the specific operating facility known recourse loans by other Liberty subsidiaries could impact the operations of Mountain Water post-closing.

Liberty-085 RE: APUC Financial Statements, Wilson Testimony, page 35, lines 1-13
Witness: John Wilson

Please produce copies of all “financial statements” referenced in this testimony.

Liberty-086 RE: Carlyle Group, Wilson Testimony
Witness: John Wilson

Please describe why The Carlyle Group's non-party status in the prior Mountain Water acquisition (Docket D2011.1.8) did not impact your ability to conduct an analysis in that case.

Liberty-087 RE: Fitness to Serve, Wilson Testimony, page 39, lines 4-8
Witness: John Wilson

Please identify all instances in which the Commission has denied an application because an applicant's parent company did not participate in the proceedings.

CERTIFICATE OF SERVICE

I hereby certify that on November 16, 2015, the foregoing Liberty Utilities Co. and Liberty WWH, Inc.'s Data Requests Liberty-053 through Liberty-087 was served via electronic and U.S. mail on:

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