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

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

REBUTTAL TESTIMONY

OF

PETER EICHLER

ON BEHALF OF

LIBERTY UTILITIES CO.

AND

LIBERTY WWH, INC.

December 10, 2015

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I. INTRODUCTION AND QUALIFICATIONS

Q. Please state your name and business address.

A. My name is Peter Eichler. My business address is 354 Davis Road, Oakville, ON L6J 2X1.

Q. By whom are you employed and in what capacity?

A. I am employed by Liberty Utilities (Canada) Corp. ("Liberty Utilities Canada"), which is the parent company for Liberty Utilities Co. ("Liberty Utilities"), a Delaware corporation. Liberty Utilities is an American corporation that owns and operates regulated gas, water, sewer and electric utilities in ten states—Arizona, Arkansas, California, Iowa, Illinois, Missouri, Georgia, Massachusetts, New Hampshire and Texas. I am employed as Vice President of Strategic Planning.

Q. Please describe your duties and responsibilities as Vice President of Strategic Planning.

A. My responsibilities include oversight for Regulatory Strategy, Customer Experience Strategy, and Operations Strategy. As part of my role, I regularly evaluate the regulatory environments within which Liberty Utilities operates and provide advice to Liberty's management teams about investment decisions.

Q. Have you held other positions with Liberty Utilities?

A. Yes. I was previously Manager of Financial Planning & Analysis. In that role I was in charge of financial planning, including ensuring overall accountability for rate cases. I was also responsible for analyzing regulatory related accounting and finance issues and

responding to related discovery issues. I have also held the positions of Director of Regulatory Strategy, in which my responsibilities included crafting strategies to enhance relationships with state regulatory agencies and develop mechanisms by which customers and utility owners alike can benefit. I have also held the position of Director, Liberty Services which was an unregulated affiliate of Liberty Utilities focused on providing hot water heater rentals, rooftop solar leases, and compressed natural gas initiatives. I have also represented Liberty Utilities interests as a board member in the Missouri Energy Developers Association ("MEDA").

Q. Please describe your professional and educational background.

A. Before joining Liberty Utilities, I spent four years at regulated electric utilities in Ontario, Canada, working in the areas of Corporate Finance, Ratemaking and Regulatory Affairs.

I am a designated accountant, having received the Certified Management Accountant (CMA) designation in Canada, which is now referred to as a Chartered Professional Accountant ("CPA, CMA"). That designation is similar to a Certified Public Accountant designation in the United States. In addition, I have completed a Masters of Business Administration degree from the University of Windsor in Ontario, Canada, and I have a Bachelor of Commerce degree with a specialization in Finance from Ryerson University in Toronto, Canada.

Q. Do you have any specialized training related to utility ratemaking?

A. In addition to my work experience, I completed NARUC's Utility School in November, 2009.

Q. Have you testified before this or any other public utilities commission?

A. I have not testified before this Commission; however, I have testified before many other commissions as outlined in Exhibit ___ (PE-1).

II. PURPOSE OF TESTIMONY

Q. What is the purpose of your testimony?

A. The purpose of this testimony is to address issues raised in the direct testimony offered by witnesses on behalf of the City of Missoula and Montana Consumer Counsel. Generally speaking, I address issues raised in the testimony presented by intervenors Montana Consumer Counsel ("MCC") and the City of Missoula ("City"), through their witnesses John Wilson (MCC), David Hayward (City) and Craig Close (City). Specifically, I address Mr. Hayward's concerns relating to the corporate structure of Liberty Utilities Co. and other issues relating to the proposed sale of Western Water stock to Liberty Utilities Co. I address Mr. Hayward's and Mr. Close's incorrect conclusions and assumptions on a variety of issues relating to this transaction. I also address issues raised by Dr. Wilson relating to Liberty's financing for the stock acquisition with Western Water. To say the least, Dr. Wilson's testimony is largely incorrect on those issues.

Q. What is your general impression of the testimony presented by the Intervenors?

A. Based on the underlying facts and record, the various issues raised by the intervenors are either incorrect or lack substance. Put simply, the City and MCC raise a variety of non-issues based on incorrect understandings of the underlying transaction. The City is

motivated by its public ownership agenda and the MCC is attempting to extract rate concessions as part of this proceeding. Both of those agendas should be rejected as part of this regulatory proceeding. All things considered, the intervenors have not raised any legitimate reason for the Commission to reject the sale of Western Water stock to Liberty.

Q. Please explain your responses to the testimony of David Hayward.

A. The primary focus of Mr. Hayward's testimony is that Mountain Water should be under public ownership. That issue is not relevant to this proceeding and should be disregarded entirely. In addition to that political agenda, Mr. Hayward raises certain other issues relating to Liberty's corporate structure, risk of ownership under Liberty and other issues in an effort to cast aspersions at Liberty. On those issues, Mr. Hayward's testimony is largely unsupported and speculative, and should be rejected.

III. FINANCING AND CORPORATE STRUCTURE

Q. Mr. Hayward suggests that Liberty's corporate structure is concerning because it is a drastic shift in Mountain Water's corporate structure as compared to its historical structure. Do you agree? Please explain why?

A. No. While Liberty's corporate structure contains more layers than the Mountain/Park historical corporate chart, from an operational perspective, Liberty's acquisition and integration will result in a very similar operational and financial structure to Mountain Water's historical model. It is my understanding that Mountain Water has never been a stand-alone utility, but rather has always been part of a larger utility operation. Since at

least the Park Water acquisition, Mountain Water has received centralized services and capital from its parent company. Under Liberty's ownership, the operational and financial characteristics of the corporate group will be very similar to the current Carlyle/Park/Mountain structure. Liberty expects to move eventually the centralized services Mountain Water receives from Park to Liberty Utilities, with any necessary capital financing coming from Liberty Utilities or the upstream publicly traded parent, APUC. Mr. Hayward largely ignores the benefits of this shared services model in this testimony, including benefits to both Mountain Water and its customers.

Q. Does the corporate structure impede the financial transparency that securities regulators and investors demand?

A. No. To the contrary, the applicable regulatory commissions in all ten states have reviewed and acknowledged the benefits of the Liberty Utilities ownership structure. Further, APUC and its Liberty Utilities family of companies are subject to extensive financial reporting and auditing requirements that facilitate transparent financial transactions.

Q. Please describe the public financial and regulatory reports APUC and Liberty affiliates file.

A. Each of our regulated utilities under the Liberty Utilities structure file utility reports with their respective regulatory commissions. APUC is publicly traded on the Toronto Stock Exchange (TSX) and files required reports under TSX and applicable Canadian financial requirements. Further, APUC is subject to reporting with the United States Securities

Exchange Commission (SEC) and the regulated utilities under the Liberty ownership structure are subject to compliance with Sarbanes Oxley and other similar reporting requirements. In addition, Liberty Utilities does its financial reporting in US GAAP and Liberty Utilities Co. is an entity that is audited quarterly and annually by its corporate auditors, Ernst & Young. APUC, Liberty Utilities Co, and its affiliates also comply and make filings with FERC.

Q. Has APUC or Liberty experienced difficulty raising necessary capital?

A. No. Liberty has substantial access to capital (both debt and equity) to fund utility operations, improvements and acquisitions. In fact, regulatory commissions in Liberty's other states have recognized access to capital as a substantial benefit of the Liberty structure. Liberty has access to equity capital as well as reasonable cost debt for utility operations and infrastructure. Further, Liberty Utilities maintains a corporate credit rating of BBB with Standard & Poors, which allows Liberty Utilities to access debt financing on favorable terms.

Q. Has Mr. Hayward raised any legitimate grounds for denying approval of the sale of stock to Liberty relating to these financing and corporate structure issues?

A. No. Mr. Hayward's testimony is primarily speculation and innuendo. As stated above, Liberty has a proven track record of operating regulated utilities in ten states and provides adequate and reliable gas, electric, water and sewer service to over 480,000 customers. The testimony presented by Leigh Jordan further demonstrates the flaws and errors in Mr. Hayward's testimony.

IV. LONG TERM COMMITMENT AND FITNESS TO SERVE

Q. Mr. Hayward has questioned Liberty's commitment to long term ownership. Can you describe Liberty's acquisition and ownership history of regulated utilities?

A. To put it bluntly, Mr. Hayward simply misstates Liberty's intent. During its existence, Liberty has never sold a regulated utility and Liberty's business plan is long term ownership and operation of all its regulated utilities. Since 2000, Liberty has acquired over 20 utilities. Liberty is in the business of buying, owning, operating and holding regulated utilities for the long-term. Liberty intends to invest capital in its utilities and serve the local communities where Liberty provides services. The assets and facilities we purchase need to be maintained to ensure that they will continue to be able to serve their communities. A perfect example of Liberty's long-term commitment involved one of our Arizona utilities entering a 100 year agreement with Central Arizona Project to recharge effluent in the aquifer. In no uncertain terms, Liberty is a long term owner and operator of regulated utilities and that is our business plan for Mountain Water Company. Mr. Hayward's insinuations to the contrary are not based on fact or reality.

Q. Several of the witnesses have raised concerns about Liberty's fitness to serve the customers of Mountain Water if this transaction is approved. Do you believe Liberty is a qualified and experienced operator?

A. Yes. As described in more detail by Greg Sorenson, Liberty has demonstrated its qualifications and experience by owning and successfully operating over 20 regulated utilities in ten states.

Q. Is Liberty financially able to meet the future operational and capital needs of Mountain Water?

A. Yes. Liberty's past activities demonstrate its ability to meet the ongoing needs of its operating utilities for operational funds and capital investment through active cash management within the organization and access to external capital as needed. As outlined above, Liberty has substantial access to capital (both debt and equity) to fund utility operations, improvements and acquisitions. The APUC family (including Liberty Utilities) has access to over $600M in credit facilities and, from 2010-2014, raised over $1.7 B in capital through the issuance of long term debt and equity.

Q. Is Liberty willing and able to make capital expenditures in excess of depreciation?

A. Yes. The capital expenditure budget for 2015 has $82-100M projected for Liberty Utilities with only $48M in depreciation expense. Liberty Utilities spent approximately $178 M in 2014 for cap ex with $46M in depreciation. Capital is categorized into Safety, Compliance, Infrastructure replacement and Growth categories. From 2010-2013, Liberty Utilities spent $171M in cap ex with $81M in depreciation. For 2014-2018, Liberty projects $837M in cap ex with $291M in depreciation. For Mountain Water, we plan on stepping into the existing capital plans that were created by Mountain Water as the starting point. Should additional capital be required, we will adjust accordingly. Capital for Mountain Water was historically based upon need with due consideration for rate impact. The state President and team will determine the local capital need and corporate provides the funding sources.

Q. Mr. Hayward testified that Liberty failed to provide "a clear financial picture of Mountain" as measured by NRRI criteria. (Hayward Testimony, p. 36, lns 4-10, and Response to Liberty-021) Does Liberty believe those criteria are relevant to its acquisition of Western Water?

A. No. The NRRI criteria cited by Mr. Hayward were proposed by NRRI in 1997 as potential tool for regulators to determine what water utilities might suffer future difficulties due to inadequate access to capital. Since Mountain Water is currently operated and will be acquired as part of a larger water utility group, and will be operated as part of a much larger diversified utility operation after closing, Liberty did not analyze and cannot offer financial data for that type of analysis. Moreover, analyzing Mountain Water's financial condition on a stand-alone basis has very limited value to Liberty or to the Commission's review in this matter, because Mountain Water will not be expected to access capital markets as a stand-alone utility.

Q. Did Liberty analyze the financial condition of Mountain Water in a manner consistent with its intended integration into Liberty's utility operations?

A. Yes. Liberty analyzed Mountain Water's current and forecast financial condition as part of Park Water and its expected condition as part of Liberty. Liberty was not in a position and did not have a need to analyze Mountain Water's financial condition on a stand-alone basis.

V. MOTIVATION AND OPPORTUNITIES

Q. Mr. Hayward suggests the "real motivation" for Liberty to acquire Western Water are the "perceived opportunities in California." Do you agree?

A. Once again, Mr. Hayward speculates without any basis in fact. Liberty acquired the California and Montana systems because they are strong and valuable utility companies. Liberty intends to integrate the Montana and California systems into the Liberty structure and operate those companies for the long term. Liberty has a significant existing presence in California, and a strong relationship with its regulators and a good understanding of their expectations for utilities. Liberty's knowledge about California's regulatory environment, and the potential for efficiencies and enhancements by incorporating Park Water's California operations provide substantial support for Liberty's decision to acquire Western Water. However, establishing a "beach head" in Montana presents another set of very real "motivations" for Liberty, which also contributed to its decision. We viewed Mountain Water as a sound company with strong local leadership and believe Mountain Water and its employees will fit perfectly in the Liberty family of companies.

Q. What opportunities does Liberty see in Montana?

A. As indicated previously, the opportunity to establish a "beach head" in Montana was also attractive to Liberty. Liberty has expanded its operations into new states through acquisitions several times, and welcomes the opportunity to continue to do so. In the past, once it established a presence in a new state, Liberty has found opportunities to expand its utilities through acquisitions of small private utilities, and even through acquisitions of struggling or failing municipal systems. An example of this can be found

in Liberty's recent acquisition of White Hall, Arkansas' water system, an add on distribution utility to the Pine Bluff, Arkansas water system that was purchased by Liberty in 2013.

VI. CAPITAL INVESTMENT

Q. The City's witnesses have suggested Liberty intends to divert capital from Mountain Water to the California utilities.Is that Liberty's plan?

A. No. As an initial matter, it is worth reiterating, that Liberty's financial model capital projections basically adopted the existing capital plans that were created by Park Water. It is my understanding that those capital plans were developed independently for each system, based on their particular needs. It is my understanding that Mountain Water's capital plans have been historically based on need with due consideration for rate impact. That is certainly Liberty's philosophy and the direction that will be provided to Mountain Water's management in developing their capital budgets in the future.

The needs of each Liberty system are evaluated separately and based on their particular needs. Liberty does not operate based on a limited amount of capital that can be diverted from one utility to another. Rather, each utility's capital needs are evaluated separately based on each utility's needs, finances, and regulatory requirements. The concerns raised by the City's witnesses on this point don't reflect how Liberty operates day-to-day.

More specifically, Mr. Bickell's suggestions on this issue reflect a misunderstanding of regulated utilities and how they operate. Liberty does not operate utilities in one state for the benefit of utilities in another state. Rather, under Liberty ownership, Mountain Water

will be integrated fully into the Liberty structure and will benefit from Liberty's shared services model. We do not operate utilities in the manner suggested by Mr. Bickell. Nor could we operate utilities in that fashion because Mountain Water's operations and rates will be reviewed in rate cases by the Commission.

Q. Both Messrs. Hayward and Close have suggested that additional capex of $66 to $96 million in the next 10 years will be required to bring the Mountain System up to industry standards. Is Liberty prepared to provide the level of capital that the City's witnesses suggest is necessary?

A. Liberty would be financially able to make $96 million of investment in excess of depreciation over the next 10 years if necessary, but believes it is inappropriate to commit to that level of capital spending at this time. As outlined in Mr. Sorensen's testimony, we do not believe this level of investment is necessary. Liberty relies on its local management to develop and implement capital projects, so is committed to pursuing the local management's capital plan as presented to Liberty during its due diligence. It is my understanding this plan was carefully developed based on management's analysis of local needs, cost impacts, and their understanding of the Commission's regulatory expectations. As expressed previously, Liberty believes that prudent capital investments require a careful and comprehensive analysis of the relative costs and benefits to ratepayers. Mr. Close acknowledged this same requirement in his response to Data Request Liberty-034. As a result, without identification of specific projects, and review of the information and data required to conduct the cost-benefit analysis for each specific project, and a better understanding of the Commission and MCC's view of the suggested

significant acceleration of capital investment, Liberty is not prepared to commit to a particular level of additional capital investment.

VII. RESPONSE TO WILSON AND CLOSE TESTIMONY

Q. **Please explain your responses to the testimony of MCC witness John Wilson?**

A. Below, I address Dr. Wilson's testimony relating his claim that a debt issuance by APUC will result in cost savings for APUC that should be passed through to Mountain Water rate payers. On these issues, I agree with the testimony presented by Leigh Jordan. Further, I address additional points below. To start, Dr. Wilson's claim that Mountain Water will realize cost savings from "financial features of this transaction" is just plain wrong--Mountain Water does not get any cost savings associated with how APUC will pay for the stock of Western Water. Dr. Wilson asserts that the financing for the acquisition of the stock of Western Water by Liberty will result in a substantial change to the cost of capital for Mountain Water that should lower Mountain Water's rates.

Q. What are your responses to that claim?

A. First and foremost, this proceeding is not a rate case. Any impacts on Mountain Water's future cost of capital under Liberty ownership should be addressed in future rate cases, not this regulatory proceeding. Further, Dr. Wilson's premise that APUC and/or Liberty is replacing Carlyle's equity with lower cost debt is erroneous. Carlyle is not refinancing anything; rather, it is selling the stock of Western Water to Liberty. In no uncertain terms, the appropriate time and place for determining whether Mountain Water's rates are still just and reasonable resulting from lower cost capital under Liberty is a future general

rate case after this transaction has closed. Until that happens, Dr. Wilson is suggesting that rates or costs be adjusted outside of a rate case and without any hard data on actual costs of capital applicable to Mountain Water. Further, the premise of Dr. Wilson's testimony is flawed. The price that APUC and/or Liberty ultimately pays for the stock of Western Water does not and cannot result in any immediate cost savings to Mountain Water Company. Mountain Water's regulatory capital structure and resulting rates are not tied to how Liberty finances the purchase of stock from Western Water, so any change as a result of this transaction will have no impact on the existing capital structure of Mountain Water. Whether APUC and/or Liberty pays that price with debt or equity, or a combination of both, does not change Mountain Water's regulatory capital structure as approved by the Montana Commission. Nor does Liberty achieve any cost savings—whether financed with debt or equity, Liberty still has to pay $327 million.

Q. Mr. Close and Dr. Wilson criticize Liberty's willingness to pay premium over rate base? Why is Liberty willing to do so? How will it recover? Is this consistent with other recent transactions?

A. On this issue, Mr. Close and Dr. Wilson fail to recognize that the purchase price for Western Water was agreed to pursuant to an open market, fully competitive auction process. Carlyle solicited bids from over 40 entities and there were four final bidders, all close to Liberty's final bid price. To put it simply, $327M represents fair market value for the stock of Western Water. Liberty agreed to the purchase because it represents fair market value and Liberty intends to be the long term owner and operator of the Montana and California water systems.

Q. **Wilson and Close both raise concerns about Park's and Mountain Water post closing debt levels. What debt will they have after the transaction?**

A. Liberty Utilities plans to capitalize the acquisition using a combination of debt and equity appropriate to operate the utility. At the operating entity level, we typically finance transactions using 55% equity and 45% debt. The debt/equity ratio used by Liberty in paying the acquisition price does not and cannot change Mountain Water's debt/equity ratio for utility operations.

Q. Mr. Close also indicates that he believes that in utility transaction including any premium over rate-base, the debt/equity ratio should not exceed 75/25. Does Liberty's acquisition meet that standard?

A. Yes.

Q. Dr. Wilson suggests that PSC must assert jurisdiction and regulatory authority over APUC. Do you agree?

A. Absolutely not. To say the least, Dr. Wilson's testimony on this issue is not supported by the Commission's current regulation of Mountain Water or Liberty's experience in other states.

Q. **Can you describe whether APUC is currently regulated by any commission in the US?**

A. APUC is a Canadian company and is not regulated by any regulatory commission in the U.S. APUC has not been involved as a party in any prior regulatory approval dockets

relating to Liberty's acquisition of regulated utilities in Arizona, Arkansas, California, Georgia, Iowa, Illinois, Massachusetts, Missouri, New Hampshire, and Texas.

Q. Has the lack of jurisdiction over APUC, or any other upstream corporate entity, prevented other regulatory commission's from scrutinizing the ability of a particular Liberty subsidiary utility to serve customers or evaluate costs in ratemaking.

A. No. APUC has not appeared as a party in any state utility regulatory matter. In acquisition dockets like this case, it is common for the specific purchasing entity and Liberty to appear. The Liberty entity that is a party to the docket provides information about the operation of the entire Liberty "family" including the access to capital through APUC. In rate cases, the utility seeking the rate change is the only entity involved. The utility provides the information required or sought by Commissions and intervenors regarding Liberty and any other relevant upstream entity. The testimony and supporting schedules establish the basis for all direct and common costs for which the utility seeks recovery. None of this is unusual – holding companies operating multiple utility systems through shared-services models are common across the United States.

Q. Dr. Wilson criticizes Liberty's use of debt to finance the acquisition of Carlyle's equity. Is Liberty acquiring any equity in Mountain Water that would justify an adjustment to rates as suggested by Dr. Wilson?

A. No. Unfortunately, Dr. Wilson's testimony is based on either confusion about or outright misrepresentation of the transaction under consideration. In acquiring Western Water,

Liberty is not purchasing any equity in Mountain Water. Rather, Liberty is purchasing the stock of Western Water for a price of $250M in cash, plus the assumption of $77M in debt. Liberty is not retaining "finance cost savings for its own benefit" as Dr. Wilson claims on page six of this testimony. Instead, Liberty is paying the fair market value for the stock of Western Water.

Q. Does Liberty anticipate changes to the Mountain capital structure as a result of this transaction?

A. No. Dr. Wilson's testimony is flawed because Liberty's financing of the acquisition of an upstream entity does not impact or change the capital structure of Mountain Water Company for regulatory purposes. In fact, any effort by the Commission to alter the capital structure of Mountain Water for ratemaking purposes outside of a rate case would be improper. Put simply, the existing plant and infrastructure used by Mountain Water in providing to service was previously funded by Mountain Water pursuant to its capital structure approved by the Montana Commission. Liberty's financing of the acquisition price for the stock of Western Water does not change how Mountain Water financed its used and useful plant.

Q. Is Dr. Wilson's testimony consistent with Liberty's experience in other acquisitions?

A. No. Dr. Wilson also is incorrect when he asserts that "in utility mergers and acquisitions, the acquisition enabled cost savings are passed through to ratepayers as a necessary condition to gain regulatory approval for the acquisition." That statement is not correct regarding Liberty's prior acquisitions of utilities in other states. That

statement also does not apply to the issue raised by Dr. Wilson relating to his allegation that Liberty is purchasing Carlyle's equity with lower cost debt.

Q. **On page eight of this testimony, Dr. Wilson alleges 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." Do you agree with that statement?**

A. No. As stated in its application, Liberty is not seeking approval of an acquisition adjustment in this docket or in a future rate case for Mountain Water. Any future rate increases paid by Mountain Water customers will result solely from plant and facilities used to provide service and increased operating expenses or other rate making issues, not the acquisition price paid by Liberty as part of the acquisition at issue here.

Q. Dr. Wilson indicates that APUC arranged and controls all the funding for the acquisition. Is that true? Has that been true for Liberty's other acquisitions?

A. Yes. APUC is the publicly traded parent corporation of the group to which Liberty belongs. APUC provided financing to Liberty for prior acquisitions.

Q. Dr. Wilson testified that APUC will achieve $20 million in "finance cost savings" as a result of this transaction. Do you agree?

A. No.

Q. Why Not?

A. Because Dr. Wilson's statements about the "Commission-authorized and ratepayer-funded cost" of equity are nonsensical. Dr. Wilson's $20 million value is premised on

the unsupported assertions that Carlyle has equity capital of $160 million on which it is recovering an ROE of 16%. First, Carlyle is not a rate regulated utility, and to the best of my knowledge has no regulatory authorized ROE. Second, the $160 million of equity Dr. Wilson identifies exceeds the aggregate value of the rate base of the three utilities at issue. As a result, under the most recent regulatory capital structures, the utilities are only allowed recover of their approved ROE on less than $144.4 million of rate base. For Dr. Wilson's assertions to be true, the relevant commissions would have had to authorize rates based on the recovery on equity in excess of their actual rate base. Finally, approved ROE's are allowed, not achieved rates, and therefore do not provide any basis for calculating actual cost savings.

Q. How does Liberty propose that any changes in capital structure or debt rates be addressed by the Commission.

A. Under traditional ratemaking, these issues must all be addressed in the context of a rate proceeding for Mountain Water, where all the changes to the utility's costs, rate base and capital structure can be considered and addressed. Dr. Wilson's suggestion of a single issue rate credit outside a rate case is completely inconsistent with the Commission's use of historical test years, and utility specific capital structures.

VIII. SUMMARY OF BENEFITS

Q. The Intervenors' witnesses suggested Mountain Water's customers will not benefit from Liberty's acquisition. Do you agree?

A. Absolutely not. MWC's customers will benefit from ownership by Liberty as a long-term, stable and experienced utility company. The City and its witnesses have publicly expressed a number of concerns about historic underinvestment and profit seeking through flipping the utility. While we strongly disagree with those characterizations of the current ownership or managements, we strongly dispute any attempts to apply those accusations against Liberty. As I and the other witnesses have repeatedly stated, Liberty intends to own and operate Mountain Water as a long term part of its national utility business, and to make prudent investments to ensure the system continues to provide safe, reliable and cost effective water service to its customers. Ultimately, customers will benefit under Liberty as a long-term owner and operator of Mountain Water.

Q. Does this conclude your testimony?

A. Yes it does. Thank you.

Docket No. D2014.12.99

Exhibit No. ____ (PE-1)

Eichler - Regulatory Testimony History

	Docket Type	Description	Year	Jurisdiction	Subject Matter Supported	Docket Number
1	Rate Case	In the matter of Rio Rico Utilities Inc. request for increase in rates	2009	Arizona Corporation Commission	Corporate allocations, accounting and tax matters, organizational structure, compliance	WS-20676A-09
2	Rate Case	In the Matter of Bella Vista Company, Northern Sunrise, and Southern Sunrise Company Joint Application for Rate Increase	2009	Arizona Corporation Commission	Corporate allocations, accounting and tax matters, organizational structure, compliance	W-02465A-09
3	Rate Case	In the matter of Tall Timbers Utilities Inc. Application for Rate Increase	2010	Texas Commission on Environmental Quality	Rate Increase, Revenue Requirement, Revenue Allocation, Cost Allocations, Capital Expenditures, etc.	20694
4	Eminent Domain	In the matter of the City of Tyler v Tall Timbers Utilities	2010	Special Judicial Subcommittee of the Texas Commission on	Utility valuation, operations	N/A
5	Acquisition	Joint Petition of Liberty Utilities and National Grid to acquire Granite State Electric Co. and EnergyNorth Natural Gas Inc.	2011	New Hampshire Public Utilities Commission	Corporate philosophy, financing, rates and ratemaking, corporate allocations	DG 11-040
6	Acquisition	Request to acquire Atmos Energy's Illinois assets	2011	Illinois Corporation Commission	Corporate philosophy, financing, rates and ratemaking, corporate allocations	IL 11-0559
7	Acquisition	Request to acquire Atmos Energy's Iowa assets	2011	Iowa Utilities Board	Corporate philosophy, financing, rates and ratemaking, corporate allocations	SPU-2011-0008
8	Acquisition	Request to acquire Atmos Energy's Missouri assets	2011	Missouri Public Service Commission	Corporate philosophy, financing, rates and ratemaking, corporate allocations	GM-2012-0037
9	Rate Case	In the matter of California Pacific Electric Company request for Rate Increase	2012	California Public Utilities Commission	Corporate allocations, accounting and tax matters, organizational structure, compliance	A-12-02-014
10	Financing	Request to enter in to an intercompany loan arrangement	2012	Illinois Corporation Commission	Approval of financing, merger of entities	IL 12-0326
11	Rate Case	In the matter of Granite State Electric request for Rate Increase	2013	New Hampshire Public Utilities Commission	Corporate allocations, accounting and tax matters, organizational structure, compliance	DE 13-063
12	Acquisition	Request to acquire United Water Arkansas	2013	Arkansas Public Service Commission	Corporate philosophy, financing, rates and ratemaking, corporate allocations	12-061-U
13	Acquisition	Request to acquire Atmos Energy's Georgia assets	2013	Georgia Public Service Commission	Corporate philosophy, financing, rates and ratemaking, corporate allocations	DN 36278
14	Acquisition	Request to acquire New England Gas Co.	2013	Massechusetts Department of Public Utilities	Corporate philosophy, financing, rates and ratemaking, corporate allocations, tax matters.	DPU 13-009