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

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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

DATA REQUESTS OF THE MONTANA CONSUMER COUNSEL TO JOINT APPLICANTS

MCC-019

Regarding: Service Adequacy
Witness: John Kappes

With reference to your rebuttal testimony at page 4, lines 5-7, you state: "…the appropriate forum for addressing system-related or service-related issues is in rate cases…" Do you agree that, even if the Commission agrees that these issues can be addressed in rate cases, they are also important in evaluating the capacity of new utility owners and their access to capital to make system improvements? Please explain your answer.

MCC-020

Regarding: Capital Structure
Witness: Leigh K. Jordan

In reference to your rebuttal testimony at page 9, lines 7-16, do you agree that, even if the methodology to calculate the utility's capital structure for ratemaking purposes has not changed for many years, if there is a significant reduction in a utility's capital costs as the result of a proposed change in utility ownership, a revision of the allowed compensation for capital costs can be accomplished as part of an acquisition approval proceeding? Please explain your answer in detail.

MCC-021

Regarding: Capital Attraction
Witness: Leigh K. Jordan

In reference to your rebuttal testimony at page 24, lines 16-18: "Mountain Water stated in its application that the transfer would "maintain or enhance access" to capital. Nowhere were there any statements that there would be improved capital attraction." Please explain in detail all differences in meaning between "enhanced access to capital" and "improved capital attraction."

MCC-022

Regarding: Shared Services Model
Witness: Peter Eichler

In your testimony at page 5, lines 7-8 you state: "Mr. Hayward largely ignores the benefits of this shared services model in this testimony, including benefits to both Mountain Water and its customers." Please provide a list of all the benefits, and the associated expected monetary value to actually be realized by customers, that Mr. Hayward has ignored in his testimony.

MCC-023

Regarding: Just and reasonable rates
Witness: Peter Eichler

Referring to your testimony at page 13, lines 15-21:

(a) Do you agree that acquisition-enabled cost savings should be passed through to ratepayers? Please explain your answer fully, including an explanation of how your view on this matter relates to the regulatory principle of cost of service rates.

(b) Is it your position that because a regulatory proceeding concerning a proposed utility acquisition is not a rate case, any cost savings that the acquisition enables should not be shared with ratepayers, until a future general rate case takes place? Please explain your answer fully.

(c) Are you aware of any utility acquisition or merger proceedings in which merger or acquisition enabled cost savings were shared with ratepayers as part of the regulatory approval process? If so, please identify and describe each of those cases.

(d) Are you aware of any utility acquisition or merger proceedings in which merger or acquisition enabled cost savings were not shared with ratepayers as part of the regulatory approval process? If so, please identify and describe each of those cases.

MCC-024

Regarding: Cost Savings
Witness: Peter Eichler

In reference to your testimony at page 17, lines 15-21, you state that passing cost savings to ratepayers has not been Liberty's experience in prior acquisitions of utilities in other states. Please identify each of the acquisitions in each state to which you are referring, and identify in detail the cost savings that Liberty realized in each of these cases that were not passed through to ratepayers.

MCC-025

Regarding: Cost Savings
Witness: Peter Eichler

In reference to your testimony at page 18, lines 1-2, you appear to state that Liberty is not purchasing Carlyle's equity with lower cost debt.

(a) Please explain how Liberty is not purchasing Carlyle's equity with lower cost debt as suggested in your response to Dr. Wilson's testimony.

(b) Has Liberty (or APUC) issued debt for the purpose of acquiring Carlyle's equity? If so, what is the cost of that debt?

MCC-026

Regarding: Cost Savings
Witness: Peter Eichler

With reference to your testimony at pages 13-19 concerning Liberty's acquisition capital to finance the acquisition of Carlyle's equity:

(a) Is Liberty aware of any role that Emera has played regarding the acquisition capital to finance the acquisition of Carlyle's equity?

(b) If so, please fully explain Emera's role as regards the acquisition capital to finance the acquisition of Carlyle's equity.

(c) Please provide copies of all agreements with Emera (either by Liberty or APUC) concerning Emera's provision of acquisition capital for the acquisition of Carlyle's equity.

(d) Please provide copies of any agreements that exist now or that have existed during the past two years with Emera (either by Liberty or APUC) concerning or limiting Emera's acquisition of APUC's or Liberty's equity capital.