

**PUBLIC SERVICE COMMISSION
STATE OF MONTANA**

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April 2, 2015

Thorvald A. Nelson
Nikolas S. Stoffel
Holland & Hart LLP
6380 South Fiddlers Green Circle
Suite 500
Greenwood Village, CO 80111

RE: PSC data requests in Docket D2014.12.99

Dear Messrs. Nelson and Stoffel:

Enclosed please find data requests of the Montana Public Service Commission to Liberty Utilities Co. and Western Water Holdings, LLC (numbered PSC-028 through PSC-038) in the above-referenced docket. Please begin the response to each new numbered data request on a new page. If you have any questions, please contact me at (406) 444-3056.

Sincerely,

Kate Whitney
Regulatory Division Administrator

Enclosure

cc: Service list

Service Date: April 2, 2015

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.,) REGULATORY DIVISION
Western Water Holdings, LLC, and)
Mountain Water Company for Approval of a) DOCKET NO. D2014.12.99
Sale and Transfer of Stock)

DATA REQUESTS PSC-028 THROUGH PSC-038 OF THE
MONTANA PUBLIC SERVICE COMMISSION TO
LIBERTY UTILITIES CO. AND WESTERN WATER HOLDINGS, LLC

PSC-028

Regarding: Wells Fargo bid solicitation process
Witness: Robert Dove

In response to PSC-027(c), Carlyle provided Wells Fargo's initial contact letter to prospective bidders regarding the sale of Western Water's equity interest in Park (WWH000657-659).

- a. What was the letter's date?
- b. Please provide the Confidential Information Memorandum that is referenced in the letter.
- c. Please provide in its entirety the "Indication" that was submitted by Algonquin/Liberty in response to the initial contact letter.
- d. Please provide a copy of Wells Fargo's "second round process letter."
- e. Please provide the final, binding proposal that was submitted by Algonquin/Liberty to Wells Fargo.

PSC-029

Regarding: Wells Fargo transaction process
Witness: Robert Dove

- a. Please provide an index of all of the materials in the virtual data room (referenced in the Wells Fargo initial contact letter).
- b. Please provide copies of all management presentations that were provided to bidders as part of the second round in the transaction process.

PSC-030

Regarding: Project Orchard summary fact sheet
Witness: Robert Dove

Included on page 2 of the summary fact sheet is the statement: "Over \$200 million of planned regulated capital investment through 2019E." Please list the projects and associated regulated capital investment amounts that Carlyle/Western Water planned through 2019E for Mountain Water.

PSC-031

Regarding: City of Missoula dealings
Witness: Robert Dove

- a. On pages 6-7 of your testimony, you state that Carlyle Infrastructure and Western Water conferred with outside experts as well as conducted internal analysis to evaluate the tax, bond indenture, and regulatory implications of a potential sale of Mountain to the City. Please provide any and all written evaluations provided to Carlyle and/or to Western Water that are associated with this external and internal evaluation process.
- b. Please explain fully the reasons that Carlyle and Western Water concluded "there would be a significant value degradation in our investment in Western Water if the City's offer was accepted." (Dove testimony, p. 7)
- c. Please provide copies of any written communications from Carlyle and/or Western Water to the City regarding the City's March and November offers to purchase Mountain, the City's December 2013 "ultimatum," and the City's January 2014 offer.

PSC-032

Regarding: Western Water sale process
Witness: Robert Dove

- a. Please explain fully how Carlyle and/or Wells Fargo developed the list of interested parties to whom the initial contact letter was sent.
- b. Please identify/list the interested parties to whom the initial contact letter was sent.

- c. Regarding your testimony on p. 10, was Algonquin/Liberty one of the entities that expressed unsolicited interest in purchasing Park Water prior to May 2014? If so, provide details of the means of expressing that interest and the details of the communication(s) to Carlyle, as well as Carlyle's response.
- d. Please disclose and produce any written or verbal agreements between Carlyle/Western Water/Park and Algonquin/Liberty Utilities that have not already been provided to the Commission.

PSC-033

Regarding: Western Water sale process

Witness: David Pasieka

- a. Explain your involvement, if any, in the sale process, including development of Liberty's non-binding and binding proposals and Liberty's due diligence efforts.
- b. Please provide the financial analysis that was done in conjunction with Algonquin's/Liberty's due diligence, including but not limited to projected financial results (e.g., income statements, balance sheets, cash flow).
- c. Please disclose and produce any written or verbal agreements between Carlyle/Western Water/Park and Algonquin/Liberty Utilities that have not already been provided to the Commission.

PSC-034

Regarding: Planned capital investments

Witness: David Pasieka

- a. Did Liberty review Western Water's planned \$200 million of regulated capital investments through 2019E (referenced in the Project Orchard summary fact sheet)?
- b. If the answer to (a) is yes, please indicate whether Liberty will follow Western Water's planned regulated capital investment plan for Mountain Water.
- c. Please identify the projects and associated capital investment amounts that Liberty plans to undertake in the Mountain Water service area through 2019E.

PSC-035

Regarding: Shared services model

Witness: David Pasieka

- a. Identify specifically which administrative support services that Liberty will provide centrally from the Liberty Utilities (or LABS or Liberty Utilities Canada) level to Park Water and to Mountain Water.

- b. Where is the central location from which Liberty will conduct shared services for Mountain once the transition from Park is completed?
- c. On p. 12 of your testimony, you indicate the senior management team provides supporting services such as customer care and billing, among other services. If Liberty acquires Mountain, will customer care and billing for Missoula customers continue to be provided by Mountain employees in Missoula in the future, even after the transition to Liberty is complete?
- d. On p. 16 of your testimony, you indicate that the centralized services now being provided by Park to Mountain will transition to Liberty “and/or performed by additional resources” at Mountain. Please provide examples that demonstrate instances where Liberty has acquired water utilities and rather than transition centralized services to a central Liberty location has instead moved them to or kept them at the local utility level.
- e. Please provide copies of all third-party-administered customer service surveys conducted for Liberty regarding its water utilities for the year 2014.

PSC-036

Regarding: Regulatory mechanisms
Witness: David Pasieka

Describe in detail the “regulatory mechanisms to facilitate investment in plant improvements” that you have developed in other states that you mention on p. 9 of your direct testimony.

PSC-037

Regarding: Rattlesnake and Miller creeks
Witness: David Pasieka

- a. Please detail the measures that Liberty will take to protect the wildlife that are dependent on Rattlesnake and Miller Creeks.
- b. Will Liberty guarantee that adequate water remains in the creeks to maintain healthy fish and bird populations, as well as recreational opportunities? Why or why not?

PSC-038

Regarding: Water quality and development
Witness: David Pasieka

- a. Will Mountain’s water resources be expanded in any way if the transaction is approved? For instance, will Liberty consider bottling and selling Missoula water? Please explain.

- b. What steps will Liberty take to assure that Missoula's water supply remains clean, healthful and plentiful?
- c. Will the proposed transfer of ownership have any effect on the water quality presently enjoyed by the customers of Mountain Water? Please explain.