

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 4<sup>th</sup> day of  
April, 2018.

In the Matter of Liberty Utilities (Missouri Water) LLC and )  
Ozark International, Inc., Concerning an Agreement to )  
Acquire the Assets of Bilyeu Ridge Water Company, LLC )  
Midland Water Company, Inc., Moore Bend Water Utility, ) **File No. WM-2018-0023**  
LLC, Riverfork Water Company, Taney County Water, LLC, )  
And Valley Woods Utility )

**ORDER APPROVING STIPULATION AND AGREEMENT AND GRANTING  
CERTIFICATES OF CONVENIENCE AND NECESSITY**

Issue Date: April 4, 2018

Effective Date: April 14, 2018

On September 14, 2017, Liberty Utilities (Missouri Water) LLC and Ozark International, Inc. filed a joint application with the Commission seeking authority for Liberty to purchase the franchise and operating assets of each of the following wholly-owned Ozark subsidiaries: Bilyeu Ridge Water Company, LLC; Midland Water Company, Inc.; Moore Bend Water Utility, LLC; Riverfork Water Company, LLC; Taney County Water, LLC; and Valley Woods Utility (the Ozark subsidiaries are collectively referred to as the “Ozark Utilities”). All of the companies to be acquired operate water systems. Valley Woods Utility also operates a sewer system.

The Commission issued notice of the joint application and set a deadline for intervention requests. The Missouri Department of Natural Resources applied to intervene and that request was granted.

The Commission’s Staff filed its Recommendation and Memorandum regarding the joint application on January 5, 2018. Staff recommended the joint application be granted,

subject to certain conditions. However, Staff recommended Liberty Utilities not be allowed to proceed with its proposal to consolidate the tariffed rules, regulations and rate schedules of the six Ozark Utilities into a single consolidated tariff.

Liberty Utilities and Ozark did not object to the conditions proposed by Staff, but did disagree with Staff's recommendation to deny consolidation of the tariffs of the subsidiaries. Because of the disagreement, the Commission set this matter for an evidentiary hearing to be held on March 22. On March 16, all parties filed a unanimous stipulation and agreement indicating their acceptance of all aspects of Staff's Recommendation, including the conditions proposed by Staff. By the terms of Staff's recommendation, which were incorporated into the stipulation and agreement, Liberty Utilities will adopt all rates, rules, and regulations in each of the Ozark Utilities' existing tariffs.

After reviewing the stipulation and agreement, the Commission independently finds and concludes that the stipulation and agreement is a reasonable resolution of the issues addressed by the stipulation and agreement and that such stipulation and agreement should be approved. Because of the unanimous agreement of the parties, this order will be made effective in ten days.

**THE COMMISSION ORDERS THAT:**

1. The Unanimous Stipulation and Agreement filed on March 16, 2018, is approved as a resolution of all issues. The signatory parties are ordered to comply with the terms of the stipulation and agreement. A copy of the stipulation and agreement is attached to this order.

2. Ozark is authorized to sell and transfer the regulated utility assets and its subsidiaries' certificates of convenience and necessity to Liberty Utilities, and Liberty Utilities is authorized to provide service in the Ozark service areas as requested.

3. To the extent any acquisition premium that may result from the purchase of Ozark's regulated utility assets by Liberty Utilities exists, any related acquisition adjustment shall be excluded from rate recovery in any future rate case.

4. Consistent with Staff's recommendation to adopt all rates, rules, and regulations in each of the Ozark Utilities' existing tariffs, Liberty Utilities is authorized to apply each of the Ozark Utilities' existing rates and rules on an interim basis immediately after closing on the assets, until an adoption notice tariff sheet becomes effective.

5. Liberty Utilities shall submit an adoption notice tariff sheet for the existing tariffs within ten days after closing on the assets and as a thirty-day tariff filing for the existing Ozark Utilities' tariffs.

6. The Ozark Utilities' existing depreciation and CIAC amortization rates for water utility plant accounts are approved to apply to their respective service areas' assets.

7. If closing on the water system assets does not take place within thirty days following the effective date of this order, Liberty Utilities or Ozark, or both, shall submit a status report within five days after this thirty day period regarding the status of closing, and shall submit additional status reports within five days after each additional thirty day period, until closing takes place, or until Liberty Utilities or Ozark determines that the transfer of the assets will not occur.

8. If Liberty Utilities or Ozark determines that a transfer of the assets will not occur, Liberty Utilities shall notify the Commission of such determination no later than the

date of the next status report, as addressed in ordered paragraph 7, after that determination is made.

9. Liberty Utilities shall, within ninety days after the effective date of this order authorizing the transfer of assets, correct its books and records to reflect the adjusted plant, depreciation reserve and Contributions in Aid of Construction balances reflected in Staff's Accounting Schedules.

10. Liberty Utilities shall develop and implement, with the review and assistance of Staff, comprehensive allocation procedures to allocate costs and investments between regulated and non-regulated operations and between the various regulated entities of Liberty Utilities' corporate parent consistent with the utility's current practices.

11. Liberty Utilities shall, upon closing of the sale, take physical possession of, and maintain pursuant to regulation, any and all books and records of each Ozark entity being acquired, including, but not limited to, all financial records, plant and depreciation reserve records, invoices, purchase orders and purchase agreements, all customer billing records and customer deposit records, all payroll and employee information, etc.

12. Liberty Utilities shall develop a comprehensive time reporting system specifically designed to identify time spent and cost incurred by its personnel on each of the Ozark Utilities and other Liberty Utilities entities. This time reporting shall be developed in time for use in Liberty Utilities' next rate cases.

13. Liberty Utilities shall, within ten days after closing on the assets, provide an example of its actual communication with customers of each of the Ozark Utilities regarding Liberty Utilities' acquisition and operations of the Ozark Utilities' water system assets, and how customers may reach Liberty Utilities regarding water matters.

14. Liberty Utilities shall include the Ozark Utilities' customers in its established monthly reporting to the Customer Experience Department (CXD) staff. Such reporting has previously been ordered by the Commission and is provided by both The Empire District Electric Company and Liberty Utilities. Liberty Utilities shall include metrics for the Ozark Utilities customers in whichever individual company customer service system – either The Empire District Electric Company or Liberty Utilities – may be serving the Ozark Utilities' customers. Such reporting shall include, but is not limited to, such metrics as: a) call center staffing; b) calls offered; c) average speed of answer; d) abandoned call rate; e) number of estimated bills; f) number of consecutive estimated bills; and g) calls answered by Integrative/Interactive Voice Response Unit. Liberty Utilities shall also include the Ozark Utilities' metrics in all future service quality reporting that may be provided to Staff by Liberty Utilities or The Empire District Electric Company, or both, which can be aggregated with service quality data reported to Staff for all affiliated companies.

15. Liberty Utilities shall distribute to Ozark Utilities' customers before the first billing from Liberty Utilities an informational brochure detailing the rights and responsibilities of the utility and its customers regarding its water and sewer service, consistent with the requirements of Commission Rule 4 CSR 240-13.040(3)(A-L).

16. Liberty Utilities shall provide to the CXD staff a sample of ten billing statements from each of the first three months of bills issued to the Ozark Utilities' customers within thirty days of such billing.

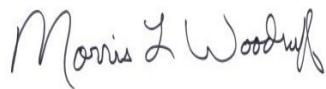
17. The Commission makes no finding that would preclude it from considering the ratemaking treatment to be afforded any matters pertaining to Liberty Utilities, including

expenditures related to the Ozark Utilities' certificated service areas and capacity adjustments, in any later proceeding.

18. This order shall be effective on April 14, 2018.

19. This file shall be closed on April 15, 2018.

**BY THE COMMISSION**

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff  
Secretary

Hall, Chm., Kenney, Rupp, Coleman, and  
Silvey, CC., concur.

Woodruff, Chief Regulatory Law Judge