

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

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IN THE MATTER OF the Investigation of) REGULATORY DIVISION
the Montana Public Service Commission)
into whether Mountain Water Company's) DOCKET NO. D2016.2.15
rates are Just and Reasonable)

**DATA REQUESTS OF THE MONTANA CONSUMER COUNSEL
TO MOUNTAIN WATER COMPANY**

MCC-001

Regarding: Response to PSC-009
Witness: John Kappes

In response to PSC-009(a) you stated that “Liberty Utilities paid \$250 million for the membership units of Western Water Holdings and assumed outstanding debt of Park Water (on a consolidated basis). The acquisition was financed with proceeds from a term credit facility issued on January 4, 2016 for \$235 million and cash on hand at Liberty of \$15 million. This term credit facility has an expiration date of July 4, 2017.” Please fully describe the \$235 million credit facility, all of its costs and anticipated costs and provide all documentation concerning it, including but not limited to prospectuses, offering letters and other communications with lenders or prospective lenders, security documents, registrations, filings and all reports to or communications with securities regulators.

MCC-002

Regarding: Response to PSC-009
Witness: John Kappes

In response to PSC-009 (b) you stated that: “APUC's Distribution Group (Liberty Utilities Co.) closed a ‘US \$160 million private placement of senior unsecured 30 year notes bearing a coupon of 4.13%. The proceeds will be used to partially fund the previously announced acquisition of the Park Water System occurring late in 2015, and for general corporate purposes.’ Unfortunately, the closing on the Western Water merger did not occur in 2015 and, as a result, Liberty Utilities used the \$160 million private placement of senior unsecured 30 notes for general corporate purposes...” Please fully describe in full detail (including dates) the disposition and use of this \$160 million and provide all documentation concerning the private placement, including but not limited to prospectuses, offering letters and other communications with lenders or prospective lenders, security documents, registrations, all reports to or communications with securities regulators, as well as any modifications and/or amendments to these documents concerning the changed use of funds.

MCC-003

Regarding: Investments by Emera
Witness: John Kappes

At page 55 of APUC’s 2014 Annual Report to its stockholders (as published in 2015) APUC states that:

"On December 2, 2014, the Corporation issued 3,316,583 subscription receipts of APUC at a purchase price of \$9.95 per subscription receipt for an aggregate subscription price of \$33.0 million. The investment was made under the Strategic Investment Agreement between Emera and APUC, in support of the acquisition by APUC of Park Water Company *in Montana* (the "Park Water Acquisition"). [emphasis added] The proceeds of the subscription are intended to be used by APUC to partially finance the Park Water Acquisition. Subject to the adjustments as provided in the applicable subscription agreement, Emera may convert the Subscription Receipts into common shares of APUC on a one-for-one basis on December 29, 2015 (the first anniversary of the closing of the subscription transaction) or the closing of the Park Water Acquisition, whichever is first to occur.

Conversion of the aforementioned Subscription Receipts into common shares is conditional on Emera's holdings not exceeding 25% of the outstanding common shares of APUC at the time of conversion.

As of March 15, 2015, in total, Emera owns 50,126,766 APUC common shares representing approximately 21.0% of the total outstanding common shares of the Company, and there are 12,024,753 subscription receipts currently held by Emera."

- a. Please provide a complete copy of the Strategic Investment Agreement between Emera and APUC, in support of the acquisition by APUC of Park Water Company in Montana (the "Park Water Acquisition"). This should include the original Agreement as well as all amendments and modifications, including a full explanation of whether (and, if so, why) the 25% limitation on Emera's holdings of APUC's common shares has been modified or eliminated. It should also include all filings and/or reports to securities regulators and/or to APUC's stockholders concerning the Agreement.
- b. Please also fully describe all other investments by Emera under this Strategic Investment Agreement.

MCC-004

Regarding: Capital Structure
Witness: John Kappes

Please provide Mountain Water's allocated debt capital as of December 31, 2015 following the presentation of Section 38.5.146 Statement F - Rate of Return and Section 38.5.147 Debt Capital as provided in Docket D2012.7.81