



345 Davis Road
Oakville, ON L6J 2X1
Tel: 905-465-4500
Fax: 905-465-4514

February 17, 2016

Ms. Kathryn Keenan, Esq.
Hearing Officer
Connecticut Department of Public Health
MS# 13PHO, Box 340308
Hartford, CT 06134-0308

Elin Swanson Katz, Esq.
Consumer Counsel
Office of Consumer Counsel
10 Franklin Square
New Britain, CT 06051

Honorable E. Patricia Llodra
First Selectman
Newtown Municipal Center
3 Primrose Street
Newtown, CT 06470

Mr. John Walsh
Vice President of Operations
Aquarion Water Company of CT
600 Lindley Street
Bridgeport, CT 06606

Stephen L. Savarese, Esq.
Law Offices of Stephen L. Savarese
103 South Main Street
Newtown, CT 06470

RE: Response to Order Dated January 26, 2016 Regarding Cedarhurst Association, Inc.

Liberty Utilities Co. (“Liberty”), an indirect wholly owned subsidiary of Algonquin Power & Utilities Corp and the holder of all of its regulated utility assets, is pleased to respond to a Connecticut Department of Public Health (“CT DPH”) request dated January 26, 2016 regarding Cedarhurst Association, Inc. Responses to CT DPH questions are attached.

Liberty notes that, at this time, it does not own and or operate regulated utility assets in the state of Connecticut. The company is actively pursuing acquisitions of and investments in regulated water and waste water utilities in the State.

Liberty believes that its ability to efficiently manage the Cedarhurst water system is limited and has responded to interrogatories accordingly.

Questions regarding this matter should be directed to
Christopher Thompson
VP, Intrastate Utility Planning Strategy
Liberty Utilities Co.
44 Bramble Lane
Riverside, CT 06878
Chris.thompson@libertyutilities.com
203-698-7819

Sincerely,

A handwritten signature in black ink, appearing to read "Christopher D. Thompson". The signature is fluid and cursive, with a long, sweeping tail.

Christopher D. Thompson
VP, Intrastate Utility Planning Strategy
Liberty Utilities Co.

Liberty Utilities Co. Response to Interrogatories Received From Connecticut Department of Public Health January 26, 2016

DPH-40. Describe Liberty's organizational structure. Please also provide the name and title of the person(s) who has the authority to enter into binding agreements on behalf of Liberty and the document that provides such authority.

Liberty Utilities Co. ("Liberty") is a Delaware corporation that is a wholly owned subsidiary of Algonquin Power & Utilities Corp ("Algonquin"). Algonquin is a publically listed Canadian corporation that owns and operates a portfolio of power generation assets consisting of primarily wind and solar plants and owns and operates 34 regulated utilities consisting of two electric, six gas, and 26 water and waste water utilities. Algonquin carries an investment grade rating on its senior debt and has approximately \$4.5 billion in assets.

All of Algonquin's utility assets are US based and owned by Liberty. The company operates utilities in 11 states and serves approximately 480,000 customers.

Authority to enter into binding agreements is dependent on the financial commitment associated with the agreement. The CEO of Algonquin is Ian Robertson, the president of Liberty is David Pasioka, and the VP of Business Development is Christopher Thompson. Each has authority to enter into binding agreements depending on the nature of the agreement. Ian Robertson has ultimate authority for binding the company to definitive agreements. The documentation supporting that authority can be provided if required.

Person responsible for response: Christopher Thompson

Liberty Utilities Co. Response to Interrogatories Received From Connecticut Department of Public Health January 26, 2016

DPH-41. Describe Liberty's geographical proximity to the Cedarhurst Association, Inc.'s ("Cedarhurst") water system in Newtown, Connecticut.

Algonquin owns and operates a 70 megawatt combined heat and power generating station in Windsor Locks, Connecticut. The facility has been in service since 1990 and employs 14 people. The power generating station is staffed on a 24/7 basis.

Liberty's closest regulated utility to Cedarhurst is currently New England Gas, a gas distribution utility serving customers in and around Fall River, Massachusetts. The company does not own any regulated utilities in Connecticut as of the date of this response.

The company is actively pursuing both the development and acquisition of regulated utilities in Connecticut.

Person responsible for response: Christopher Thompson

Liberty Utilities Co. Response to Interrogatories Received From Connecticut Department of Public Health January 26, 2016

DPH-42. Provide a brief description of Liberty's financial, managerial and technical resources to operate the Cedarhurst water system in a reliable and efficient manner and to provide continuous, adequate service to the persons served by the system.

Liberty has 1,200 employees dedicated to the ownership and operation of its regulated utilities. The company has dedicated professionals in all areas of utility operations including regulatory, financial, operations, finance, legal, billing, IT, and customer service. Liberty maintains a full complement of utility professionals in each of its regions as a means to bring its corporate values of efficiency, care and quality to all its operations.

Person responsible for response: Christopher Thompson

Liberty Utilities Co. Response to Interrogatories Received From Connecticut Department of Public Health January 26, 2016

DPH-43. Provide a summary of Liberty's experience acquiring and/or operating similar systems.

Liberty is a seasoned and experienced acquirer of both large and small utilities. It has a full team of transition professionals capable of addressing all areas of a utility transition.

Liberty recently closed on Park Water an approximately \$320 million acquisition of water utilities in California and Montana. The company recently announced the acquisition of Empire District Energy for \$2.4 billion. Empire is a large regulated utility based in Joplin, Missouri that owns and operates electric, gas and water utilities in Kansas and Missouri.

In 2015, Liberty successfully completed the acquisition of New Hampshire Gas (1,200 customer gas utility), the Village of Pittsburg, Missouri gas system (190 customer gas utility) and Yermo Water Co (200 customer water utility).

Person responsible for response: Christopher Thompson

**Liberty Utilities Co. Response to Interrogatories Received From
Connecticut Department of Public Health January 26, 2016**

DPH-44. After Liberty has inspected and done its due diligence on the Cedarhurst water system, describe how Liberty will provide water service to the customers of the Cedarhurst water system if Liberty was ordered to acquire it.

Please refer to FI-17

Person responsible for response: Christopher Thompson

**Liberty Utilities Co. Response to Interrogatories Received From
Connecticut Department of Public Health January 26, 2016**

DPH-45. Provide Liberty's current rate structure.

Liberty does not have a rate structure for Connecticut water customers. It would develop a rate structure in conjunction under the appropriate regulatory oversight using customary cost-of-service rate making principles that balance fixed and variable components as it does for all of its 34 utilities.

Person responsible for response: Christopher Thompson

**Liberty Utilities Co. Response to Interrogatories Received From
Connecticut Department of Public Health January 26, 2016**

DPH-46. After Liberty has inspected and done its due diligence on the Cedarhurst water system, provide an estimate of the monthly cost to provide water service and operate the Cedarhurst water system as described in interrogatory DPH-44 and the proposed monthly rate that Liberty would charge the current customers of the Cedarhurst water system if Liberty were ordered to acquire the system.

Please refer to FI-17

Person responsible for response: Christopher Thompson

**Liberty Utilities Co. Response to Interrogatories Received From
Connecticut Department of Public Health January 26, 2016**

EN-22. (CAPITAL IMPROVEMENTS). After Liberty has inspected and done its due diligence on the Cedarhurst water system, if Liberty is selected to own and operate the Cedarhurst water system, will it be operated as a satellite water system or will it be interconnected to the Liberty water system by a main extension? Provide the estimated cost(s) associated with the operation and maintenance of the Cedarhurst water system by each option.

Liberty would operate the Cedarhurst water system as a satellite system. Liberty has experience in acquiring utilities (i) that tuck-in to its existing operations and (ii) that it operates as satellite utilities with standalone rates and operations. Liberty notes that it also owns two water companies that are managed as satellite utilities and are operated by third-party O&M firms.

Person responsible for response: Christopher Thompson

**Liberty Utilities Co. Response to Interrogatories Received From
Connecticut Department of Public Health January 26, 2016**

EN-23. (CAPITAL IMPROVEMENTS) After Liberty has inspected and done its due diligence on the Cedarhurst water system, provide a list of capital improvements that will be needed to the Cedarhurst water system within the next five years. In addition, provide the following information:

- a. Identify the capital improvements, date(s) of completion and cost estimates.
- b. Identify which of the capital improvements are short-term or long term capital improvements to the Cedarhurst water system.

Not applicable.

Person responsible for response: Christopher Thompson

**Liberty Utilities Co. Response to Interrogatories Received From
Connecticut Department of Public Health January 26, 2016**

FI-17 (FINANCIAL) After Liberty has inspected and done its due diligence on the Cedarhurst water system, discuss the financial suitability of Liberty to takeover and operate the Cedarhurst water system. Does Liberty have a presence in Connecticut and would it have an interest in owning and operating the Cedarhurst water system? What are Liberty's sources of funds and managerial capabilities and would these funds and managerial resources be adequate to own and operate the Cedarhurst water system?

Liberty does not yet have a presence in Connecticut that would allow it to efficiently operate and maintain the Cedarhurst water system under a reasonable level of rates for this 17 customer system.

Liberty is actively pursuing the acquisition of water and waste water utilities in Connecticut.

Person responsible for response: Christopher Thompson

**Liberty Utilities Co. Response to Interrogatories Received From
Connecticut Department of Public Health January 26, 2016**

RA-14. (RATES) After Liberty has inspected and done its due diligence on the Cedarhurst water system, provide the base rate structure (before surcharge) that Liberty would charge the Cedarhurst customers if it is required to involuntarily acquire the Cedarhurst water system. Include unmetered and metered rates.

Please refer to FI-17

Person responsible for response: Christopher Thompson

**Liberty Utilities Co. Response to Interrogatories Received From
Connecticut Department of Public Health January 26, 2016**

RA-15. (RATES) In reference to the responses to interrogatories EN-22 and En-23, and post inspection, provide the following information.

- a. Provide a rate surcharge and revenue requirement over a 20, 25, and 40 year recovery period. Calculate the cost recovery at 100%, 75%, 60% and 50% of the cost over the specified time periods.**
- b. How would Liberty have the Cedarhurst customers pay for any necessary and required capital improvements if ordered to acquire the Cedarhurst water system?**
- c. What long-term surcharge would Liberty assess to the Cedarhurst customers to cover these expenses? Describe these surcharges, if any, and the time period they would be in place.**

Please refer to FI-17

Person responsible for response: Christopher Thompson