



**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

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Joint Application of Liberty Utilities Co., Liberty WWH, Inc., Western Water Holdings, LLC, Park Water Company (U 314 W), and Apple Valley Ranchos Water Company (U-346-W) for Authority for Liberty Utilities Co. to Acquire and Control Park Water Company and Apple Valley Ranchos Water Company.

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A.14-11-__

**JOINT APPLICATION OF LIBERTY UTILITIES CO.,
LIBERTY WWH, INC., WESTERN WATER HOLDINGS, LLC, PARK
WATER COMPANY (U 314 W), AND APPLE VALLEY RANCHOS
WATER COMPANY (U-346-W) FOR AUTHORITY FOR LIBERTY
UTILITIES CO. TO ACQUIRE AND CONTROL PARK WATER
COMPANY AND APPLE VALLEY RANCHOS WATER COMPANY**

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November 24, 2014

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Joint Application of Liberty Utilities Co., Liberty WWH, Inc., Western Water Holdings, LLC, Park Water Company (U 314 W), and Apple Valley Ranchos Water Company (U-346-W) for Authority for Liberty Utilities Co. to Acquire and Control Park Water Company and Apple Valley Ranchos Water Company.

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COMPANY AND APPLE VALLEY RANCHOS WATER COMPANY**

In accordance with Section 854(a) of the California Public Utilities Code¹ and Article 2 and 3.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), Liberty Utilities Co. (“Liberty Utilities”), Liberty WWH, Inc. (“Liberty WWH”), Western Water Holdings, LLC (“Western Water Holdings”), Park Water Company (“Park Water”), and Apple Valley Ranchos Water Company (“AVR”) (collectively, “Joint Applicants”) respectfully submit this joint application (the “Joint Application”) seeking the Commission’s authorization for Liberty WWH to merge with and into Western Water Holdings, and Liberty Utilities, as a consequence of such merger, to acquire Western Water Holdings and thus indirectly control Park Water and AVR.

Liberty Utilities is an indirect wholly owned subsidiary of Algonquin Power & Utilities Corp. (“Algonquin”) and Liberty Utilities is the entity that holds all of Algonquin’s

¹ All statutory references are to the Public Utilities Code unless otherwise specified.

regulated utility assets. Liberty WWH is a wholly owned subsidiary of Liberty Utilities created expressly for the purposes of this merger transaction.

Western Water Holdings is currently a wholly owned subsidiary of Carlyle Infrastructure Partners Western Water, L.P. (“CIP Western Water”), which, in turn, is wholly owned by a group of investment fund vehicles associated with Carlyle Infrastructure Partners, L.P. (collectively, “Carlyle Infrastructure”). Both Park Water and AVR are Class A water companies, incorporated in the State of California. They have each for many years provided public utility water service in California, subject to the Commission’s jurisdiction and regulation.

On September 19, 2014, Liberty Utilities, Liberty WWH, and Western Water Holdings executed a Plan and Agreement of Merger (the “Merger Agreement”), which is attached to this Joint Application as Exhibit A. Pursuant to the terms of the Merger Agreement, Liberty WWH and Western Water Holdings will merge and the surviving entity, Western Water Holdings, will become a direct wholly owned subsidiary of Liberty Utilities, as of the effective time of the merger (the “Effective Time”). Thus as of the Effective Time, Western Water Holdings will continue to be the direct parent company of Park Water and AVR; the only ownership change will be upstream of Western Water Holdings.

I. Overview of the Transaction and Similarities to the Carlyle Acquisition

The proposed Transaction is very similar to the transaction that the Commission approved in Decision 11-02-019 (“Carlyle Acquisition Decision”). In the Carlyle Acquisition Decision, the Commission approved the transfer of control of Park Water and AVR to its current owners, CIP Western Water and Carlyle Infrastructure. There are only two major differences between the acquisition by Carlyle and the proposed transaction involving affiliates of Algonquin.

First, in assessing the Carlyle acquisition, the Commission expressed a concern that the proposed purchasers are “previously unknown to the Commission.”² Furthermore, the Commission noted that the “relevant Carlyle entity would be dissolving” and thus that the Park Water and AVR “assets [that were being acquired] must either be disposed of or some other as of yet unformed Carlyle investment funds may acquire the assets.”³ The Commission accordingly imposed certain conditions on Carlyle with respect to its stated intent not to be a long-term owner and operator.⁴

In contrast, and as will be explained further, Algonquin is well known to this Commission. More importantly, Algonquin has demonstrated through its acquisition and operation of Liberty Utilities (CalPeco Electric) LLC (the “CalPeco Acquisition”)⁵ that it has the capability to (i) acquire and, on a transparent basis, take over operations of a relatively small Commission-regulated utility; and (ii) competently provide high-quality regulated services to its customers.

Second, and again in contrast to Carlyle, Algonquin’s business model through Liberty Utilities is to purchase and become the permanent owner and operator of regulated utilities. In particular, in the CalPeco Acquisition Decision the Commission highlighted the testimony of Ian Robertson, the Chief Executive Officer of Algonquin:

² *Re Western Water Holdings, LLC*, Decision (“D.”) 11-12-007, at 13.

³ *Re Western Water Holdings, LLC*, D.11-12-007, at 17.

⁴ *Id.* at 17-18, Conclusion of Law 5 at 22, Ordering Paragraph 4 at 23.

⁵ D.10-10-017 (“CalPeco Acquisition Decision”). As of the time of the acquisition, California Pacific Electric Company (“CalPeco”) was the name of the new California-only electric distribution company. By Advice Letter No. 28-E submitted on July 15, 2013, CalPeco notified the Commission of its formal change in name as of that date to Liberty Utilities (CalPeco Electric) LLC. As of the time of the acquisition, an affiliate of Emera Incorporated owned 49.999% of CalPeco and an affiliate of Algonquin owned the remainder. By D.12-06-005, the Commission approved Algonquin’s acquisition of Emera’s ownership interest in CalPeco. Thus as of December 21, 2012, Algonquin has been the 100 percent owner of CalPeco.

I believe we [i.e. Algonquin] have the ultimate track record of maintaining and holding our [utility] investments. I think we are the poster children for the buy-and-hold strategy of the assets that we ... own.⁶

The proposed Transaction will not affect either the Commission's authority to regulate Park Water and AVR or the day-to-day operations of either Commission-regulated utility. Nor will this transfer of ownership and control affect the policies of either Park Water or AVR with respect to customer service, capitalization, rates, or other matters relating to the public interest or to the utilities' operations. Accordingly, this Commission would be warranted in approving the proposed transaction based solely on its precedent in approving the Carlyle Acquisition; however, given the Commission's knowledge of Algonquin and Liberty Utilities, their joint success at acquiring and operating regulated utilities, and their stated intent to be long term owners and operators of utility assets, the grounds for approving the proposed transaction are even more compelling.

II. Description of Applicants and Related Entities.

An organization chart, showing the ownership and control relationships that are proposed to exist among the several Applicants and related entities once the proposed Transaction has been completed, is attached to this Joint Application as Exhibit B. In accordance with Rules 2.1(a), 2.2, and 3.6(a), the Applicants and related entities are identified and described below.

A. Liberty Utilities Co.

Liberty Utilities is a Delaware corporation with its principal place of business located at 15 Buttrick Road, Londonderry, New Hampshire 03053. Liberty Utilities' regulated utility assets include water distribution and wastewater collection and treatment utilities with

⁶ CalPeco Acquisition Decision, at 42, citing Tr. 87.

service territories within Arizona, Arkansas, Texas, Missouri and Illinois, electricity distribution utilities located in California and New Hampshire, and natural gas distribution utilities located in New Hampshire, Massachusetts, Missouri, Iowa, Illinois and Georgia. Liberty Utilities has \$1.8 billion in regulated assets with just under 500,000 connections to utility customers.

These utilities serve an aggregate of approximately 485,000 customers. Of these customers, just under 180,000 customers are served by Liberty Utilities' water utility systems.

Liberty Utilities provides its Articles of Organization as Exhibit C and its current Certificate of Qualification to conduct business in California as Exhibit D.

B. *Liberty WWH, Inc.*

Liberty WWH, Inc. is a newly-created Delaware corporation formed expressly for the purposes of this merger transaction, with its principal place of business located at 15 Buttrick Road, Londonderry, New Hampshire 03053. Upon completion of Liberty WWH's merger with Western Water Holdings, the surviving entity, Western Water Holdings, will become a subsidiary of Liberty Utilities.

The Articles of Organization of Liberty WWH, Inc. are set forth in Exhibit E. Its Certificate of Qualification to conduct business in California as Exhibit F.

C. *Algonquin Power & Utilities Corp.*

Algonquin owns and has interests in a diverse North America-wide portfolio of renewable power generation and sustainable infrastructure assets, including 45 renewable power generating facilities and 14 thermal power generating facilities, and 27 regulated utilities. Algonquin conducts its regulated utility businesses through Liberty Utilities, its wholly owned subsidiary, which is a Joint Applicant in this proceeding. With respect to its

unregulated businesses, Algonquin's affiliates own approximately 1,100 Megawatts of installed electric capacity and are in the process of acquiring or developing an additional 500 MW of capacity.

Algonquin, through Liberty Utilities, has a stated strategy and objective to grow its regulated utility business footprint through the acquisition of high-quality utility assets. As evidenced by the substantial growth over the past decade, Algonquin has been successful in executing this strategy. Central to this successful acquisition, ownership and operation of its portfolio of regulated utility assets is Liberty Utilities' demonstrated ability to provide customer-focused, reliable and high quality regulated utility services.

Importantly, Algonquin has, to date, never sold a regulated utility it has acquired, and has no plans to do so. Accordingly, the proposed purchase of Park Water and AVR fits within Algonquin's broader corporate strategy to acquire and own and operate, on a permanent basis, high-quality regulated utilities, particularly in states such as California which have offered a balanced and consistent regulatory climate.

Algonquin's common and preferred shares are traded on the Toronto Stock Exchange under the symbols AQN.TO and AQN.PR.A, respectively. Algonquin is not a formal applicant in this proceeding. It may be noted, however, that a copy of Algonquin's Articles of Arrangement were filed with the Commission on September 14, 2011, as Exhibit D to Application 11-09-012.

Within California, Algonquin currently has three business ventures.

As stated previously, in the CalPeco Acquisition Decision, the Commission authorized Algonquin to purchase the California portion of the service territory previously served by Sierra Pacific Power Company. During its ownership by Algonquin, Liberty Utilities (CalPeco Electric) LLC (U933-E) ("Liberty Utilities CalPeco") has achieved very strong

ratings in Customer Satisfaction Surveys. In its first year of operation (2011), its customers honored Liberty Utilities CalPeco with an 82% Overall Satisfaction rating (*i.e.*, this percentage of customers expressed that they were either “Very Satisfied” or “Somewhat Satisfied” with the service Liberty Utilities CalPeco is providing). In the most recent Customer Satisfaction Survey (for calendar year 2013) the Overall Satisfaction rating improved to 84%.

An indirect subsidiary of Algonquin also owns and operates the Sanger Cogeneration Project in the Fresno area. Sanger is a Qualifying Facility and sells its power generation and capacity under a power purchase agreement with Pacific Gas and Electric Company (“PG&E”).

Another indirect subsidiary of Algonquin (SKIC Solar, LLC) owns the 20 MW South Kern Solar Project (“South Kern Solar”) in the Bakersfield area. South Kern Solar is under construction and is intended to begin generating power in early 2015. South Kern Solar has a long term agreement to sell all of its RPS-qualified power generation to PG&E.

D. Western Water Holdings

Western Water Holdings is a limited liability company duly formed, validly existing, and in good standing under the laws of the State of Delaware, and qualified to do business in the State of California. Western Water Holdings is a special purpose entity created initially to facilitate Carlyle’s acquisition of Park Water and to hold Carlyle Infrastructure’s investments in such properties on an ongoing basis.

A copy of the Certificate of Formation of Western Water Holdings, LLC, and a copy of its Certificate of Registration to transact intrastate business in California were filed with the Commission on January 21, 2011, as Exhibit C to Application 11-01-019. Holdings’ principal place of business is 1001 Pennsylvania Avenue, N.W., Suite 2020 South, Washington, D.C. 20004.

E. Park Water Company

Park Water is a corporation duly formed, validly existing, and in good standing under the laws of the State of California. Park Water is a Class A water utility subject to the Commission's jurisdiction, with its principal office and place of business located at 9750 Washburn Road, Downey, California 90241. A certified copy of Park Water's Articles of Incorporation, as amended and restated and filed with the Secretary of State of California on December 19, 2011, was filed with the Commission on May 1, 2012, as Exhibit C to Application 12-05-001.

Park Water operates a public utility water system in the southeastern portion of Los Angeles County (the "Central Basin Division") serving a population of approximately 133,000 people, including the three separate service areas of Compton/Willowbrook ("Compton West"), Lynwood/Rancho Dominguez ("Compton East"), and Bellflower/Norwalk.

Park Water also operates as a parent company, holding 100% of the outstanding capital stock of two other water utilities: AVR, which also is a Class A water company subject to the Commission's jurisdiction, providing public utility water service to a population of approximately 61,000 people in and near the Town of Apple Valley in San Bernardino County, and Mountain Water Company, a Montana corporation that provides water service to a population of approximately 72,000 people within and around the community of Missoula, Montana, subject to the jurisdiction of the Montana Public Service Commission.

In accordance with Rule 3.6(e), Park Water's unaudited balance sheet as of June 30, 2014, together with its unaudited income statement for the first six months of calendar year 2014, are attached to this Joint Application as Exhibit G. Park Water's audited 2013 balance sheet and income statement were submitted as part of its Annual Report to the Commission for 2013, filed on or about March 31, 2014.

F. Apple Valley Ranchos Water Company

AVR is a corporation duly formed, validly existing, and in good standing under the laws of the State of California. AVR is a Class A water utility subject to the Commission's jurisdiction, with its principal office and place of business located at 21760 Ottawa Road Apple Valley, California 92307. AVR is a wholly owned subsidiary of Park Water. A certified copy of AVR's amended and restated Articles of Incorporation was filed with the Commission on January 2, 2014, as Exhibit H to Application 14-01-002.

AVR operates a public utility water system in and near the Town of Apple Valley, California in San Bernardino County, serving a population of approximately 61,000 people. A general description of AVR's property and its field of operation, the original cost of its property and equipment, by class, and the cost thereof, to AVR and the depreciation and amortization reserves applicable to such property and equipment, by class, are contained in AVR's Annual Reports to the Commission, and are incorporated here by reference.

In accordance with Rule 3.6(e), AVR's unaudited balance sheet as of June 30, 2014, together with an unaudited income statement for the first six months of calendar year 2014, are attached to this Joint Application as Exhibit H. AVR's audited balance sheet and income statement for 2013 were submitted as part of AVR's annual financial report to the Commission, filed on or about March 31, 2014.

III. Designated Contacts for Applicants.

In accordance with Rule 2.1(b), the following persons are designated for receipt of correspondence or communications regarding this Joint Application:

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IV. Description of the Proposed Change in Ownership and Control.

The Merger Agreement provides for Liberty Utilities to acquire indirect ownership and control of Park Water and AVR through a merger transaction by which Liberty WWH will merge with and into Western Water Holdings. Western Water Holdings will continue to own Park Water, which in turn, will continue to own AVR. Western Water Holdings will become a

direct, wholly-owned subsidiary of Liberty Utilities.⁷ The Purchase Price for the Transaction is \$327,000,000 and includes the assumption of \$77,000,000 in debt. The Transaction is subject to certain customary closing conditions, including that this Commission has provided the specified regulatory approval.⁸

V. Applicants' Reasons for the Proposed Transaction.

Rule 3.6(c) requires each Applicant to provide detailed reasons for entering into the proposed Transaction. Because Liberty WWH is an entity created to solely implement the merger, and because Park Water and AVR are owned by Western Water Holdings, Joint Applicants will respond to the requirements of Rule 3.6(c) by explaining the reasons Liberty Utilities and Western Water Holdings have each chosen to undertake the Transaction.

A. Liberty Utilities' Reasons for Entering into the Proposed Transaction

Liberty Utilities is implementing the overall Algonquin business strategy to invest in, own and operate a national portfolio of moderately sized electric, natural gas, water, and wastewater utility businesses that are located in regulatory jurisdictions like California that support Liberty Utilities' strong customer-focused approach and regional management strategies. The proposed acquisition of Park Water and AVR advances this business strategy and provides Liberty Utilities an opportunity to acquire a utility business with sound assets, capable management, and predictable and reasonable earnings.

As previously explained, Algonquin's business strategy is to seek long-term investment opportunities to add to Liberty Utilities' portfolio of regulated assets. Prior to the CalPeco Acquisition, Algonquin perceived the California regulatory environment as having exhibited a

⁷ Exhibit A (Merger Agreement), Section 2.1, at 10-11.

⁸ *Id.*, Section 6.5, at 35-36.

history of regulatory predictability and consistency. Algonquin and Liberty Utilities' experience thus far has reinforced its view that the California regulatory climate is receptive to utility owners who are committed to being customer- and local community-focused and who place the greatest priorities on safety and reliability. The companies are also attracted by the strong work force in place at Park Water and AVR and their capability to continue to run the operations.

B. Western Water Holdings' Reasons for Entering into the Proposed Transaction

Since acquiring Park Water in 2011, Western Water Holdings and its owners received numerous inquiries indicating interest in purchasing its interest in Park Water. In keeping with its fiduciary duty to its investors, Western Water Holdings gave due consideration to such inquiries. Consequently, in May 2014, Holdings decided to entertain offers for acquisition of its interest in Park Water and engaged Wells Fargo Securities to identify a buyer for its 100 percent equity interest in Park Water through a competitive auction process.

The proposed transaction eventually was structured as a merger involving Western Water Holdings, with Western Water Holdings continuing to own all equity shares of Park Water. The auction process involved two phases. In the first phase, Wells Fargo Securities identified a large number of potentially interested parties and sent confidential information about the business to each of them. Based on indications of interest received, a smaller number of bidders were selected to conduct additional due diligence on the business in the second phase. Multiple binding offers were received as a result of the two-phase competitive auction process. After evaluating those offers, Western Water Holdings entered into a definitive agreement with Liberty

Utilities on September 19, 2014, to complete a merger that would have the effect of transferring all of its equity interest to Liberty Utilities.

VI. Commission Authorization of the Proposed Acquisition of Ownership and Control Is in the Public Interest.

Section 854(a) requires Commission approval prior to acquisition by any person of direct or indirect control or ownership of a public utility.⁹ Authorization of an acquisition of control under Section 854(a) may be granted where the Commission finds the proposed transaction is in the public interest.¹⁰ The Commission has framed the applicable standard as a “ratepayer indifference standard’ (*i.e.*, a showing that no negative effects result from the change of control).”¹¹

While the Commission has found that Public Utilities Code Sections 854(b) and (c) “are not by their terms applicable to [a] proceeding involving a water utility... the Commission occasionally considers factors mentioned in those statutes even when, strictly speaking, the statutes do not apply, to determine if a proposed transaction is in the public interest.”¹² In particular, in the Carlyle Acquisition Decision, while the Commission approved the transaction based on the ratepayer indifference standard, it also addressed the broader Section 854(c) criteria. Accordingly, Joint Applicants will demonstrate that the proposed Transaction has no adverse effects with regard to each of the eight criteria enumerated in Section 854(c).

⁹ Sections 854(b) and 854(c) are relevant only to certain high dollar amount mergers, acquisitions or changes in control involving electric, gas or telephone utilities and are not, by their terms, applicable to the proposed Transaction.

¹⁰ See, e.g., *Re California-American Water Co., et al. (El Toro Water)*, D.07-11-034, 2007 Cal. PUC Lexis 658; *Re Verizon Communications, Inc. and MCI, Inc.*, D.05-11-029, 2005 Cal. PUC Lexis 217; *Re Lennar Corp., et al.*, D.04-01-051, 2003 Cal. PUC Lexis 646; *Re California-American Water Co., et al.*, D.02-12-068, 2002 Cal. PUC Lexis 909.

¹¹ *Re Western Water Holdings, LLC*, D.11-12-007, at 5-6; see, also, *Re Suburban Water Systems, et al.*, D.10-09-012, 2010 Cal. PUC Lexis 333; *Re Qwest Communications Corp., et al.*, D.00-06-079, 2000 Cal. PUC Lexis 645 (both applying the traditional “not adverse to the public interest” wording of the applicable standard); CalPeco Acquisition Decision, at 10-15.

¹² Carlyle Acquisition Decision, D.11-12-007, at 7.

In sum, the proposed Transaction will have no adverse effect on either Park Water's or AVR's continued ability to provide high quality public utility water service to their customers. It will also not result in any increase in rates to these customers. Specifically, neither utility will propose any increase in rate base to reflect the price paid by Liberty Utilities to acquire Park Water's capital stock, or any rate adjustment to recover or reflect any costs or expenses incurred by any parties in connection with the proposed Transaction.¹³ As demonstrated below, the proposed acquisition and control of Park Water and AVR by Liberty Utilities pursuant to the Merger Agreement will have no adverse effects and thus is in the public interest and should be approved.

A. *The Proposed Transaction Will Maintain or Improve the Financial Condition of the Affected Public Utilities.*

The Transaction can be expected to maintain Park Water or AVR's ability to raise capital. Accordingly, the Transaction will not adversely affect their costs of capital or operations, their assets or liabilities, or their revenue requirements.

B. *The Proposed Transaction Will Maintain the Quality of Service to the Customers of Park Water and AVR.*

The proposed Transaction will not negatively affect the quality or reliability of either Park Water's or AVR's service to customers.

Both water utilities and their new upstream owners will remain committed to serving their customers with the same high-quality level of service as before. Liberty Utilities is committed to have Park Water and AVR continue after the Effective Time to operate on a

¹³ See Exhibit I, paragraph 20.

“business as usual” basis.¹⁴ In sum, the proposed transfer of ownership and control will have no negative impact on the respective utility’s quality of service.

C. *The Proposed Transaction Will Maintain the Quality of Management of the Affected Public Utilities.*

After completion of the Transaction, Park Water and AVR will continue to possess the technical competence and experience and labor force necessary to operate and maintain a California public water utility providing high quality service with affordable rates..

As a result of the Transaction, Park Water and AVR will join a growing family of water and energy utilities owned and overseen by Liberty Utilities and Algonquin, providing an additional basis for confidence that Park Water and AVR will have the financial strength and technical expertise to meet any challenges their future operations may present.

D. *The Proposed Transaction Will Be Fair and Reasonable to Affected Public Utility Employees.*

The Merger Agreement obligates the purchaser to compensate continuing employees at salary and wage levels at least equal to those to which they have received from the current owners. The Merger Agreement further promises the benefits and terms of employment for retained employees will be substantially equivalent to those they currently enjoy.¹⁵ Accordingly, neither Park Water’s nor AVR’s employees will be adversely affected as a direct consequence of the Transaction.

Liberty Utilities is also committed to retaining the operational headquarters for Park Water and AVR in California.¹⁶

¹⁴ See *California-American Water Co.*, D. 02-12-068, *supra*, at 8 (the Commission found that the purchasing utility would provide benefits to ratepayers by committing to operate the acquired utility on a “business as usual” basis).

¹⁵ See generally Exhibit A (Merger Agreement), Section 6.8, at 39-40.

¹⁶ See Exhibit I, paragraph 18.

E. The Proposed Transaction Will Be Fair and Reasonable to All Affected Public Utility Shareholders.

Carlyle selected Algonquin and Liberty Utilities as the winning bidder after it conducted a fair, transparent and comprehensive bidding process. The Transaction was then negotiated at arms-length between a willing buyer and a willing seller, both of them sophisticated and knowledgeable investors, and is thus fair and reasonable to all affected shareholders.

F. The Proposed Transaction Will be Beneficial on an Overall Basis to State and Local Economies, and to the Communities Served by the Affected Public Utilities.

This Commission has long recognized the important public interest in allowing financial markets to function efficiently, without unnecessary regulatory interference. The plan for Liberty Utilities to obtain ownership and control over Park Water and AVR is a substantial financial transaction, which will strengthen California's economy and encourage future investment in California's regulated water utility sector. As best stated by the Commission:

[I]t is in the public interest to foster a business climate in California that is hospitable to utility investment.¹⁷

Furthermore, as the Commission found in approving the current ownership arrangements for Park Water and AVR, "the new owners bring a strong financial basis to the operation and the utilities will therefore continue to serve the local communities."¹⁸

G. The Proposed Transaction Will Preserve the Jurisdiction of the Commission and the Capacity of the Commission to Effectively Regulate and Audit Public Utility Operations in the State.

The Commission will retain full authority over Park Water's and AVR's public utility water services for the protection and benefit of their ratepayers and the public interest.

¹⁷ *California-American Water Co.*, D.02-12-068, *supra*, at 36.

¹⁸ Carlyle Acquisition Decision, D.11-12-007, at 9.

Any proposed future changes in the utilities' rates will continue to be subject to the Commission's prior approval. The Transaction will have no impact on the Commission's current abilities to oversee and govern Park Water's and AVR's utility operations.

Joint Applicants are fully aware of the rules governing water utilities' affiliate transactions that the Commission adopted by Decision 10-10-019 in the Affiliate Transactions rulemaking, R.09-04-012. Liberty Utilities and Western Water Holdings specifically acknowledge and agree, after the Effective Time, to comply fully with those rules to the full extent they apply to Park Water, AVR, or any of their affiliates.

Currently Park Water provides shared services to both the Park Water and AVR entities and these utilities are allowed to seek rate recovery for their payments for shared services in accordance with Commission precedents and policies. After the Effective Time, Liberty Utilities will provide shared services to the two operating utilities in accordance with the applicable Affiliate Transaction Rules for water utilities. Accordingly, after the Effective Time, Park Water and AVR will continue to be obligated to demonstrate in their respective rate proceedings that any payments or allocations either makes to an affiliate are just and reasonable, are in accordance with Commission precedents and policies, and otherwise warrant rate recovery.

Liberty Utilities and Western Water Holdings are also aware that as part of the Carlyle Acquisition, the Carlyle entities agreed to certain "Conditions of Approval" as part of the settlement reached with ORA. Liberty Utilities and Western Water Holdings have reviewed the Carlyle Conditions of Approval and have identified those which remain

relevant.¹⁹ Park Water, AVR and their affiliates agree to comply fully with the “Additional Regulatory Commitments” set forth in Exhibit I and which have been derived from the Carlyle Conditions of Approval.

H. The Proposed Transaction Need Not Provide Mitigation Measures to Prevent Significant Adverse Consequences.

The last of the requirements of Section 854(c) is to identify any mitigation measures which may be necessary to prevent significant adverse consequences which may result from the proposed Transaction. As demonstrated above, the proposed Transaction will have no adverse consequences. Thus, the Commission need not require any mitigation measures.

VII. CEQA Compliance.

Under the California Environmental Quality Act (“CEQA”), environmental review is required whenever an agency is contemplating approval of a discretionary “project.”²⁰ A “project” is “an activity that may cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment”²¹

CEQA’s environmental review requirement does not apply where a proposed activity will not result in a direct or reasonably foreseeable indirect change in the environment.²² Here, the change in ownership and control of Park Water and AVR will not result in either type of impact. These longstanding water utilities will continue to operate consistent with current conditions. No expansion or alteration of existing physical facilities or

¹⁹ Certain of the Carlyle Conditions of Approval relate to financial and consulting arrangements between the prior owner of Park Water and AVR and the current owners of those entities. These conditions are not germane to Liberty Utilities’ intended purchase and proposed ownership and operation of Park Water and AVR.

²⁰ Cal. Pub. Res. Code, Section 21080(a).

²¹ Cal. Pub. Res. Code, Section 21065; *see also* 14 Cal. Code Regs. (“CEQA Guidelines”), Section 15378.

²² *See Re Pacific Gas and Electric Co.*, 78 Cal. P.U.C. 2d 684 (1998); *Re Pacific Gas and Electric Co.*, 78 Cal. P.U.C. 2d 413 (1998).

water resources will occur, nor will new facilities be constructed or new water resources employed, as a result of the Transaction. No change in the use of Park Water's or AVR's facilities or resources is proposed.

The Commission has found that "a change of ownership does not cause any *direct* physical change in the environment unless construction is required as a condition of sale."²³ Accordingly, since no construction will result from the change of ownership and control of Park Water and AVR, approval of this Application will not cause a direct environmental impact.

The Commission and the California Court of Appeal have acknowledged that no *indirect* change to the environment occurs – and no environmental review pursuant to CEQA is required – where property will be used in the same manner as before the approval and an applicant does not propose a change in use. For example, in a case involving the sale of a utility street lighting system to a municipality, the Commission stated, "[b]ecause the Streetlight System will be used in the same manner as previously, and neither applicant nor City seeks authority from the Commission for a change in the existing use of the Streetlight System, there is no substantial evidence of any indirect change to the environment, and no CEQA review is required."²⁴ Likewise, the Court of Appeal has held that a transfer of property is not a project subject to environmental review where the transfer does not involve a change in use.²⁵

²³ *Re Pacific Gas and Electric Co.*, 78 Cal. P.U.C. 2d 684 (1998); *Re Pacific Gas and Electric Co.*, 78 Cal. P.U.C. 2d 413 (1998).

²⁴ *Re Pacific Gas and Electric Co. and City of Oroville*, D.98-03-024, 1998 Cal. PUC Lexis 244, at *5; see also, *Re Pacific Gas and Electric Co. and City of Cupertino*, D.98-02-026, 1998 Cal. PUC Lexis 1024, at *5.)

²⁵ *Simons v. City of Los Angeles* (1976), 63 Cal.App.3d 455, 465-66.

In *Re MCI Communications Corporation, et al.*, the Commission found that a proposed change in control of several California telecommunications carriers would not have an adverse effect on the environment because no change in use of physical assets was proposed: “We conclude that the proposed transfer will have no adverse effect or impact on the environment because the transaction involves only the transfer of outstanding shares of MCI stock for BT [shares] and cash.”²⁶ More recently, in a proceeding very similar to the present one, the Commission concluded that the proposed transfer of a 50% interest in the holding company of a natural gas corporation was exempt from the environmental review requirements of CEQA, pursuant to Section 15061(b)(3) of the CEQA Guidelines.²⁷ Likewise, in past decisions authorizing transfers of ownership or control of water utilities, the Commission concluded that the proposed transactions qualified for exemption from CEQA pursuant to CEQA Guidelines Section 15061(b)(3).²⁸

Here, consistent with Commission and judicial precedent, because the proposed Transaction will not result in any physical changes and, therefore will not cause a direct or reasonably foreseeable indirect change to the environment, CEQA does not apply to the Application. Alternatively, based on CEQA Guidelines Section 15061(b)(3) and Commission decisions applying that regulation, because it can be seen with certainty that the proposed

²⁶ D.97-07-060, 1997 Cal. PUC Lexis 557, at *74.

²⁷ Section 15061(b)(3) of the CEQA Guidelines provides that “CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.” *Re Lodi Gas Storage, L.L.C.*, D.05-12-007, 2005 Cal. PUC Lexis 527, at *22.

²⁸ *Carlyle Acquisition Decision*, D.11-12-007, at 19; *see also Suburban Water Systems, et al.*, D.10-09-012 (Conclusion of Law 3); *Lennar Corp., et al.*, D.05-08-017 (Conclusion of Law 9); *CalPeco Acquisition Decision*, at 51, 59 (Finding of Fact 40), 62 (Ordering Paragraph 17).

Transaction will not have a significant effect on the environment, the Transaction is exempt from CEQA environmental review.

Accordingly, as it did when it approved the nearly identical Carlyle Acquisition in 2011 as well as when it approved the CalPeco Acquisition in 2010, the Commission should conclude that the proposed Transaction qualifies for an exemption from CEQA pursuant to § 15061(b)(3) of the CEQA guidelines, inasmuch as it can be seen with certainty that the “project” will have no significant impact upon the environment.²⁹ The Commission does not need to perform further environmental review of this Joint Application.

VIII. Categorization, Issues to be Considered and Proposed Schedule.

Rule 2.1(c) requires applicants to specify the proposed category for the proceeding, the need for hearing, the issues to be considered, and a proposed schedule. These requirements are addressed below.

A. Categorization.

This Joint Application does not “clearly fit” into any of the categories defined in Commission Rule 1.3: Adjudicatory, Ratesetting, or Quasi-legislative. Accordingly, consistent with Rule 7.1(e)(2), the Joint Applicants request that this proceeding be conducted in accordance with the rules applicable to ratesetting proceedings.

Hearings are not necessary in this proceeding. Joint Applicants respectfully submit that the information set forth in this Joint Application provides the Commission with a sufficient basis for determining that authorization of the proposed Transaction, including

²⁹ See D.10-10-017, at 62 (Conclusion of Law 17) (finding that “the proposed transfer qualifies for an exemption from CEQA pursuant to the CEQA guidelines [§15061(b)(3)] and so additional environmental review is not required”).

particularly the acquisition and control of Park Water and AVR by Liberty Utilities, a wholly owned subsidiary of Algonquin, is consistent with and not adverse to the public interest.

B. Issues to be Considered.

The issues to be considered in this proceeding are:

- (1) Whether authorization of the proposed acquisition by Liberty Utilities of ownership and control of Park Water and AVR pursuant to the Merger Agreement are consistent with and not adverse to the public interest; and
- (2) Whether CEQA applies to the proposed Transaction and, if so, whether the exemption from CEQA specified in CEQA Guidelines Section 15061(b)(3) applies.

C. Proposed Schedule.

This Joint Application presents no novel issues of law or policy. The issues presented here are closely comparable to those the Commission has addressed and resolved, without adverse effects, in prior decisions authorizing changes of ownership or control of other Class A water utilities, including D.10-09-012, authorizing a transfer of control over Suburban Water Systems, and D.11-12-007, authorizing the previous transfer of control over Park Water and AVR to Western Water Holdings. The Commission's adoption of uniform Affiliate Transaction Rules for Class A and B water utilities further diminishes the need for the Commission to engage in speculation about potentially inappropriate future conduct by an acquiring company.³⁰

Accordingly, Joint Applicants believe the Commission will be able to address and resolve the present Joint Application on a timely basis without a need for evidentiary hearings. Joint Applicants' expectations are consistent with their interest in closing the Transaction

³⁰ See generally D.10-10-019, *supra*.

without unnecessary delay.³¹ Therefore, Applicants propose the following schedule for this

Joint Application:

Joint Application Filed	November 24
Notice of Joint Application in Commission's Daily Calendar	December 4
Due Date for Protests or Responses	January 5
Due Date for Applicants' Reply	January 15
Status Conference (if necessary)	February 5
Draft Decision (if no protest filed) or Proposed Decision (if protest filed)	April 6
Final Decision	May 7

³¹ See CalPeco Acquisition Decision, D.10-10-017, Findings of Fact 18 at 62:

This decision [approving CalPeco's acquisition of the former Sierra Pacific California service territory] should be effective to minimize business uncertainty for the parties and all affected by the transfer of Sierra's California [electric utility assets] to CalPeco.

IX. Compliance with Procedural Requirements.

The cross-references provided below demonstrate Joint Applicants' compliance with all Commission rules applicable to this Joint Application:

Rule 2.1: Contents	Introduction; Section I
Rule 2.1(a): Applicants	Section II
Rule 2.1(b): Designated Contact Persons	Section III
Rule 2.1(c): Proposed Category, Issues, and Schedule	Section VIII
Rule 2.2: Organization and Qualification to Transact Business	Section II; Exhibits C, D, E and F
Rule 2.4: CEQA Compliance	Section VII
Rule 3.6: Transfers and Acquisitions	Section IV; Conclusion
Rule 3.6(a): Business and Territory Served by Each Applicant	Section II
Rule 3.6(b): Description of Property Involved in the Transaction	Sections I and IV; Exhibit A
Rule 3.6(c): Reasons for Each Applicant's Entry Into the Transaction	Sections I, II, V, and VI
Rule 3.6(d): Agreed Purchase Price and Terms for Payment	Sections I and IV; Exhibit A
Rule 3.6(e): Balance Sheets and Income Statements	Exhibits G and H
Rule 13.7: Exhibits	Exhibits A through I

X. Conclusion.

Based on the foregoing, the Applicants respectfully request that the Commission issue an order that will:

- (1) Determine that the proposed acquisition of ownership and control over Park Water Company and Apple Valley Ranchos Water Company, by Liberty Utilities Co. pursuant to the Merger Agreement, is consistent with and not adverse to the public interest; and
- (2) Determine that CEQA does not apply to the proposed acquisition of ownership and control or, if it does, that the exemption from CEQA specified in Title 14 of the California Code of Regulations, Section 15061(b)(3), applies; and
- (3) Authorize the proposed acquisition and control of Park Water Company and Apple Valley Ranchos Water Company, by Liberty Utilities Co. pursuant to the Merger Agreement; and
- (4) Be effective on the date thereof.

Respectfully submitted,

WESTERN WATER HOLDINGS, LLC

By: /S/ ROBERT DOVE
Robert Dove

Its: Chairman

LIBERTY UTILITIES CO.

By: /S/ GREG SORENSEN
Greg Sorensen

Its: President

PARK WATER COMPANY

By: /S/ CHRISTOPHER SCHILLING
Christopher Schilling

Its: President / Chief Executive Officer

LIBERTY WWH, INC.

By: /S/ GREG SORENSEN
Greg Sorensen

Its: Chief Financial Officer, Secretary
and Treasurer

APPLE VALLEY RANCHOS WATER
COMPANY

By: /S/ LEIGH JORDAN
Leigh K. Jordan

Its: Executive Vice President

Approved as to Form:

NOSSAMAN LLP

/S/ MARTIN MATTES
Martin A. Mattes

50 California Street, 34th Floor
San Francisco, California 94111-4707
Tel.: (415) 398-3600
Fax: (415) 398-2438
E-mail: mmattes@nossaman.com

Attorneys for APPLICANTS, PARK
WATER COMPANY and APPLE
VALLEY RANCHOS WATER
COMPANY

November 24, 2014

DAVIS WRIGHT TREMAINE LLP

/S/ STEVEN GREENWALD
Steven F. Greenwald

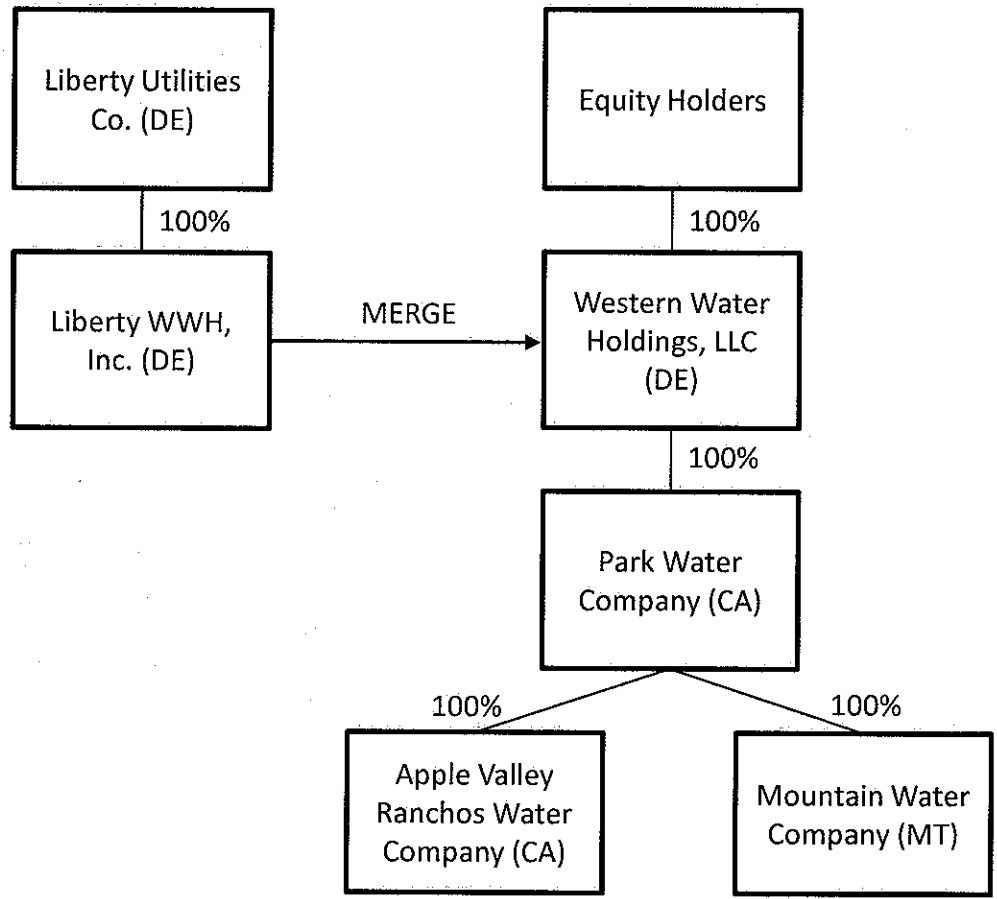
505 Montgomery Street, Suite 800
San Francisco, California 94111-6533
Tel.: (415) 276-6500
Fax: (415) 276-6599
E-mail: stevegreenwald@dwt.com

Attorneys for APPLICANTS, LIBERTY
UTILITIES CO. and LIBERTY
WWH, INC.

Exhibit A

(Provided Separately)

Exhibit B



After Merger:

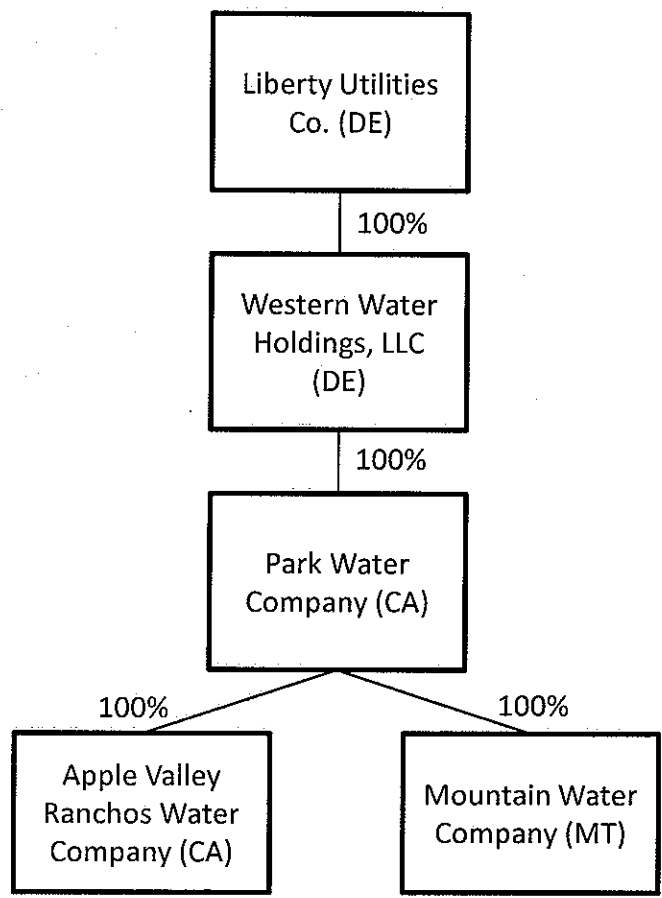


Exhibit C

Delaware

PAGE 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "LIBERTY UTILITIES CO.", FILED IN THIS OFFICE ON THE TWENTY-FOURTH DAY OF JULY, A.D. 2013, AT 3:25 O'CLOCK P.M.

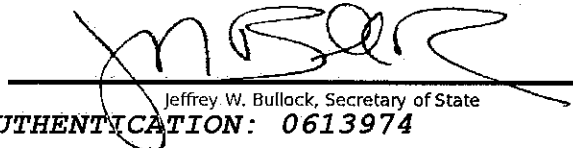
A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.



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You may verify this certificate online
at corp.delaware.gov/authver.shtml


Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 0613974

DATE: 07-25-13

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
LIBERTY UTILITIES CO.

Liberty Utilities Co. (the "Corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of the Corporation, by unanimous written consent of its members, filed with the minutes of the Board of directors, adopted a resolution proposing and declaring advisable the following amendment to the Certificate of Incorporation of the Corporation:

RESOLVED, that the Board of Directors deems it to be in the best interest of the Corporation to amend Article Four of the Corporation's Certificate of Incorporation, as amended (the "Charter"), to read in its entirety as follows:

"The aggregate number of shares that the Corporation shall have authority to issue is fifty thousand (50,000), all of which shares shall be of a single class, and each of such shares shall have a par value of \$0.01."

SECOND: that in lieu of a meeting and vote of the stockholders, the sole stockholder of the Corporation has given unanimous written consent to said amendment in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware, as amended.

THIRD: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Section 242 and 228 of the General Corporation Law of the State of Delaware, as amended.

IN WITNESS WHEREOF, Liberty Utilities Co. as caused this certificate to be signed by its duly authorized officer as of July 24, 2013.

LIBERTY UTILITIES CO.

By: 
Name: David Bronicheski
Title: Secretary

Delaware

PAGE 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "LIBERTY UTILITIES CO.", FILED IN THIS OFFICE ON THE TWENTY-NINTH DAY OF JUNE, A.D. 2011, AT 6:50 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

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Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 8874254

DATE: 06-30-11

State of Delaware
Secretary of State
Division of Corporations
Delivered 06:52 PM 06/29/2011
FILED 06:50 PM 06/29/2011
SRV 110778719 - 4908532 FILE

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
LIBERTY UTILITIES CO.

Liberty Utilities Co. (the "Corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of the Corporation, by unanimous written consent of its members, filed with the minutes of the Board of Directors, adopted a resolution proposing and declaring advisable the following amendment to the Certificate of Incorporation of the Corporation:

RESOLVED, that the Board of Directors deems it to be in the best interest of the Corporation to amend Article Four of the Corporation's Certificate of Incorporation, as amended (the "Charter"), to read in its entirety as follows:

"The aggregate number of shares that the corporation shall have authority to issue is ten thousand (10,000), all of which shares shall be of a single class, and each of such shares shall have a par value of \$.01."

SECOND: That in lieu of a meeting and vote of stockholders, the sole stockholder of the Corporation has given unanimous written consent to said amendment in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware, as amended;

THIRD: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Section 242 and 228 of the General Corporation Law of the State of Delaware, as amended.

IN WITNESS WHEREOF, Liberty Utilities Co. has caused this certificate to be signed by its duly authorized officer as of December 27, 2010.

LIBERTY UTILITIES CO.

By: 
Name: Ian Robertson
Title: President

Delaware

PAGE 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "LIBERTY UTILITIES CO.", FILED IN THIS OFFICE ON THE NINTH DAY OF DECEMBER, A.D. 2010, AT 4:19 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.



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You may verify this certificate online
at corp.delaware.gov/authver.shtml


Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 8416385

DATE: 12-10-10

CERTIFICATE OF INCORPORATION

OF

LIBERTY UTILITIES CO.

1. The name of the corporation is:

Liberty Utilities Co.

2. The address of its registered office in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

3. The nature of the business or purpose to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the "DGCL").

4. The total number of shares of stock which the corporation shall have authority to issue is one thousand (1,000) shares of common stock, \$0.01 par value per share.

5. The name and mailing address of the incorporator is as follows:

Michael J. Perlowski
71 South Wacker Drive
Chicago, Illinois 60606

6. The corporation is to have perpetual existence.

7. In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized to make, adopt, alter, amend or repeal the by-laws of the corporation of the corporation (the "By-laws").

8. Meetings of the stockholders may be held within or without the State of Delaware, as the By-laws may provide. The books of the corporation may be kept (subject to any provision contained in the DGCL) outside the State of Delaware at such place or places as may be designated from time to time by the board of directors of the corporation or in the By-laws of the corporation. Elections of directors of the corporation need not be by written ballot unless the By-laws of the corporation shall so provide.

9. The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by the DGCL, and all rights conferred upon stockholders herein are granted subject to this reservation.

10. (A) Directors of the corporation shall have no personal liability to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent now or hereafter required by law.

(B) The corporation shall indemnify, to the fullest extent permitted from time to time by the DGCL or any other applicable laws as presently or hereafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including, without limitation, an action by or in the right of the corporation, by reason of the fact that he is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise (and the corporation, in the discretion of the board of directors, may so indemnify a person by reason of the fact that he is or was an employee or agent of the corporation or is or was serving at the request of the corporation in any other capacity for or on behalf of the corporation or was serving at the request of the corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise), against any liability or expense actually and reasonably incurred by such person in respect thereof; provided, however, the corporation shall be required to indemnify a director or officer of the corporation in connection with an action, suit or proceeding initiated by such person only if such action, suit or proceeding was authorized by the board of directors of the corporation. Such indemnification is not exclusive of any other right to indemnification provided by law or otherwise. The right to indemnification conferred by this paragraph shall be deemed to be a contract between the corporation and each person referred to herein.

(C) No amendment to or repeal of the provisions of this Article 10 shall apply to or have any effect on the liability or alleged liability of any person for or with respect to any acts or omissions of such person occurring prior to such amendments.

I, THE UNDERSIGNED, being the incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the DGCL, do make this Certificate of Incorporation, hereby declaring and certifying that this is my act and deed and the facts stated herein are true, and accordingly, have hereunto set my hand this 9th day of December, 2010.



Michael J. Perlowski

Exhibit D

State of California
Secretary of State

CERTIFICATE OF QUALIFICATION

I, DEBRA BOWEN, Secretary of State of the State of California, hereby certify that on the 17TH day of OCTOBER 2014, LIBERTY UTILITIES CO., a corporation organized and existing under the laws of DELAWARE, complied with the requirements of California law in effect on that date for the purpose of qualifying to transact intrastate business in the State of California, and that as of said date said corporation became and now is qualified and authorized to transact intrastate business in the State of California, subject however, to any licensing requirements otherwise imposed by the laws of this State.

IN WITNESS WHEREOF, I execute
this certificate and affix the Great Seal
of the State of California this day of
October 20, 2014.



Debra Bowen

DEBRA BOWEN
Secretary of State

S&DC-S/N Statement and Designation by Foreign Corporation

To qualify a corporation from another state or country to transact intrastate business in California, fill out this form, and submit for filing along with:

- A \$100 filing fee (for a foreign stock corporation) or \$30 filing fee (for a foreign nonprofit corporation), and
- A certificate of good standing, issued within the last six (6) months by the agency where the corporation was formed. Note: If the corporation is a nonprofit, the certificate of good standing also must indicate the corporation is a nonprofit or nonstock corporation.
- A separate, non-refundable \$15 service fee also must be included, if you drop off the completed form.

Important! Corporations in California may have to pay a minimum \$800 yearly tax to the California Franchise Tax Board. For more information, go to https://www.ftb.ca.gov.

FILED DR/MS Secretary of State State of California OCT 17 2014

IPC

This Space For Office Use Only

For questions about this form, go to www.sos.ca.gov/business/ba/filing-tips.htm.

Corporate Name (List the exact name of the corporation, as shown in the certificate of good standing. If the name of the corporation is not available for use in the State of California, the corporation must qualify under an assumed name. E.g., "[list the exact name] which will do business in California as [list the proposed assumed name].") For general corporate name requirements and restrictions in California, go to www.sos.ca.gov/business/ba/name-availability.htm.)

1 Liberty Utilities Co.

Corporate History

2 State or foreign country where this corporation was formed: Delaware

Service of Process (List a California resident or a California registered corporate agent that agrees to be your agent to accept service of process in case your corporation is sued. You may list any adult who lives in California. You may not list your own corporation as the agent. Do not list an address if the agent is a California registered corporate agent as the address for service of process is already on file.)

3 a. CT Corporation System Agent's Name

b. Agent's Street Address (if agent is not a corporation) - Do not list a P.O. Box City (no abbreviations) State Zip CA

The corporation named in item 1 above irrevocably consents to service of process directed to it upon the agent designated above, and to service of process on the California Secretary of State if that agent or that agent's successor is no longer authorized to act or cannot be found at the address given.

Corporate Addresses

4 a. 15 Buttrick Road Londonderry NH 03053 Street Address of Principal Executive Office - Do not list a P.O. Box City (no abbreviations) State Zip

b. 933 Eloise Ave. South Lake Tahoe CA 96150 Street Address of Principal Office in California, if any - Do not list a P.O. Box City (no abbreviations) State Zip

c. Mailing Address of Principal Executive Office, if different from 4a or 4b City (no abbreviations) State Zip

Read and sign below: This form must be signed by an officer of the foreign corporation.

Signature of Gregory S. Sorensen

Gregory S. Sorensen Print your name here

President Your officer title

Make check/money order payable to: Secretary of State Upon filing, we will return one (1) uncertified copy of your filed document for free, and will certify the copy upon request and payment of a \$5 certification fee. By Mail: Secretary of State, Business Entities, P.O. Box 944260, Sacramento, CA 94244-2600 Drop-Off: Secretary of State, 1500 11th Street, 3rd Floor, Sacramento, CA 95814

Delaware

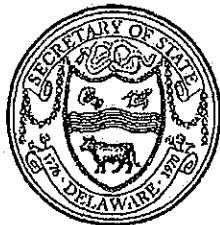
PAGE 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "LIBERTY UTILITIES CO." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE SEVENTEENTH DAY OF OCTOBER, A.D. 2014.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

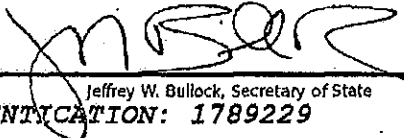
AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE BEEN PAID TO DATE.



4908532 8300

141305551

You may verify this certificate online
at corp.delaware.gov/authver.shtml


Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 1789229

DATE: 10-17-14



**Secretary of State
Business Programs Division**

Business Entities, 1500 11th Street, 3rd Floor, Sacramento, CA 95814

Welcome to California

Congratulations on the registration of your corporation with the California Secretary of State. California law requires corporations to keep their public record updated by filing information with the California Secretary of State.

Required Statement of Information

Required Filing Timelines

Domestic (formed in California) stock corporations must file a complete Statement of Information (Form SI-200) within the first 90 days of filing the Articles of Incorporation, and then each year after that before the end of the month of incorporation.

Domestic (formed in California) nonprofit corporations must file a complete Statement of Information (Form SI-100) within the first 90 days of filing the Articles of Incorporation, and then every 2 years after that before the end of the month of incorporation. In addition, any nonprofit corporation formed to manage a common interest development under the Davis-Stirling Common Interest Development Act or the Commercial and Industrial Common Interest Development Act also must file a Statement by Common Interest Development Association (Form SI-CID) with their Statement of Information.

Foreign (formed outside of California) corporations must file a complete Statement of Information (Form SI-350) within the first 90 days of filing the Statement and Designation by Foreign Corporation and then each year after that before the end of the month of the California registration date.

Filing Services

For fastest service, the required Statement of Information for most corporations can be submitted using our online filing service at <https://businessfilings.sos.ca.gov/>. Payment must be made by credit card (Visa® or MasterCard®) when filing online. A free PDF copy of the submitted Statement of Information will be returned electronically following confirmation of payment, if an email address is provided.

Statements of Information submitted on paper can be mailed or delivered in person (drop off) to the Sacramento office, but the processing time is longer. Current processing times for paper documents may be found at www.sos.ca.gov/business/be/processing-times.htm.

Additional information regarding Statements of Information, including forms, instructions and current fees are available at www.sos.ca.gov/business/be/statements.htm.

Reverse Side

Please see reverse side of this document for important information regarding your newly registered corporation.

Stock Corporations

Filing Articles of Incorporation pursuant to California Corporations Code section 200 does not of itself authorize the use of a corporate name in California in violation of the rights of another who may have acquired rights to the use of the name by reason of the following laws:

- Federal Trademark Act
(United States Code, Title 15, section 1051 et seq.)
- California Model State Trademark Law
(Business and Professions Code section 14200 et seq.)
- California Fictitious Business Name Law
(Business and Professions Code section 17900 et seq.)
- Common law rights, including rights to a trade name

If you have any questions regarding such rights, please consult a private attorney.

Nonprofit Corporations

Nonprofit corporations in California are not automatically exempt from paying California franchise tax or income tax every year. For information about tax requirements and/or applying for tax exempt status, please contact the appropriate taxing agency, listed below. If you are a domestic nonprofit public benefit corporation our office has forwarded a copy of your Articles of Incorporation to the Office of the Attorney General in compliance with California Corporations Code section 5120(d).

Other Business Information and Resources

All business entities are subject to state and federal tax laws. You may wish to contact the following agencies to assist you with these issues:

- Internal Revenue Service – www.irs.gov or call (800) 829-1040 for forms and issues concerning Federal tax, employer identification numbers, subchapter S elections
- Franchise Tax Board – www.ftb.ca.gov or call (800) 852-5711 for forms and issues concerning franchise tax and state income tax requirements
- State Board of Equalization – www.boe.ca.gov or call (916) 445-6464 for forms and issues concerning sales taxes or use taxes

Please refer to www.sos.ca.gov/business/be/resources.htm for a list of other agencies you may need to contact to ensure proper compliance with the laws of the State of California. Please be aware that the California Secretary of State does not license corporations. For licensing requirements, please contact the California city and/or county where the principal place of business is located and/or the state agency, or board with jurisdiction over the activities of the corporation in California.

Exhibit E

Delaware

PAGE 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "LIBERTY WWH, INC.", FILED IN THIS OFFICE ON THE FIFTEENTH DAY OF SEPTEMBER, A.D. 2014, AT 10:53 O'CLOCK A.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

5603051 8100

141176809

You may verify this certificate online
at corp.delaware.gov/authver.shtml




Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 1696259

DATE: 09-15-14

CERTIFICATE OF INCORPORATION
OF
LIBERTY WWH, INC.

ARTICLE I

The name of the Corporation is Liberty WWH, Inc.

ARTICLE II

The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the city of Wilmington, county of New Castle, Delaware, 19801. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE IV

The total number of shares that the Corporation shall have the authority to issue is 10,000 shares of common stock, \$0.01 par value per share.

ARTICLE V

The name and mailing address of the incorporator are as follows:

<u>Name of Incorporator</u>	<u>Mailing Address</u>
Vickie Sims	Husch Blackwell LLP 4801 Main St. Kansas City, MO 64112

ARTICLE VI

The Board of Directors is authorized to adopt, amend, or repeal the Bylaws of the Corporation, but the stockholders may adopt additional Bylaws and may amend or repeal any Bylaws whether adopted by them or otherwise.

ARTICLE VII

The Corporation is to have perpetual existence.

ARTICLE VIII

The number of directors of the Corporation shall be fixed by, or in the manner provided in, the Bylaws of the Corporation.

ARTICLE IX

The Corporation reserves the right to amend, alter, change, or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

ARTICLE X

To the fullest extent permitted by law, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the General Corporation Law or any other law of the State of Delaware is amended after the filing of this Certificate of Incorporation with the Delaware Secretary of State to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law as so amended.

IN TESTIMONY WHEREOF, the undersigned, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, does make, file, and record this Certificate, and does declare and certify that the facts herein stated are true, and has accordingly hereunto set her hand this 15th day of September, 2014.

By: Vickie Sims
Name: Vickie Sims
Title: Incorporator

Exhibit F

State of California
Secretary of State

CERTIFICATE OF QUALIFICATION

I, DEBRA BOWEN, Secretary of State of the State of California, hereby certify that on the 17TH day of OCTOBER 2014, LIBERTY WWH, INC., a corporation organized and existing under the laws of DELAWARE, complied with the requirements of California law in effect on that date for the purpose of qualifying to transact intrastate business in the State of California, and that as of said date said corporation became and now is qualified and authorized to transact intrastate business in the State of California, subject however, to any licensing requirements otherwise imposed by the laws of this State.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of October 20, 2014.



Debra Bowen

DEBRA BOWEN
Secretary of State

S&DC-S/N Statement and Designation by Foreign Corporation

To qualify a corporation from another state or country to transact intrastate business in California, fill out this form, and submit for filing along with:

- A \$100 filing fee (for a foreign stock corporation) or \$30 filing fee (for a foreign nonprofit corporation), and
- A certificate of good standing, issued within the last six (6) months by the agency where the corporation was formed.
- A separate, non-refundable \$15 service fee also must be included, if you drop off the completed form.

Important! Corporations in California may have to pay a minimum \$800 yearly tax to the California Franchise Tax Board. For more information, go to https://www.ftb.ca.gov.

FILED DR/NG
Secretary of State
State of California
OCT 17 2014

IPC

This Space For Office Use Only

For questions about this form, go to www.sos.ca.gov/business/be/filing-tips.htm.

Corporate Name (List the exact name of the corporation, as shown in the certificate of good standing. If the name of the corporation is not available for use in the State of California, the corporation must qualify under an assumed name. E.g., [list the exact name] which will do business in California as [list the proposed assumed name]. For general corporate name requirements and restrictions in California, go to www.sos.ca.gov/business/be/name-availability.htm.)

1 Liberty WWH, Inc.

Corporate History

2 State or foreign country where this corporation was formed: Delaware

Service of Process (List a California resident or a California registered corporate agent that agrees to be your agent to accept service of process in case your corporation is sued. You may list any adult who lives in California. You may not list your own corporation as the agent. Do not list an address if the agent is a California registered corporate agent as the address for service of process is already on file.)

3 a. CT Corporation System

Agent's Name

b.

Agent's Street Address (if agent is not a corporation) - Do not list a P.O. Box City (no abbreviations) State Zip

The corporation named in item 1 above irrevocably consents to service of process directed to it upon the agent designated above, and to service of process on the California Secretary of State if that agent or that agent's successor is no longer authorized to act or cannot be found at the address given.

Corporate Addresses

4 a. 933 Eloise Ave. South Lake Tahoe CA 96150

Street Address of Principal Executive Office - Do not list a P.O. Box City (no abbreviations) State Zip

b. 933 Eloise Ave. South Lake Tahoe CA 96150

Street Address of Principal Office in California, if any - Do not list a P.O. Box City (no abbreviations) State Zip

c. Mailing Address of Principal Executive Office, if different from 4a or 4b City (no abbreviations) State Zip

Read and sign below: This form must be signed by an officer of the foreign corporation.

Handwritten signature

Sign here

Gregory S. Sorensen

Print your name here

CFO

Your officer title

Make check/money order payable to: Secretary of State
Upon filing, we will return one (1) uncertified copy of your filed document for free, and will certify the copy upon request and payment of a \$5 certification fee.

By Mail
Secretary of State
Business Entities, P.O. Box 94260
Sacramento, CA 94244-2600

Drop-Off
Secretary of State
1500 11th Street, 3rd Floor
Sacramento, CA 95814

Delaware

PAGE 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "LIBERTY WWH, INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE SEVENTEENTH DAY OF OCTOBER, A.D. 2014.


AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE NOT BEEN ASSESSED TO DATE.



5603051 8300

141305526

You may verify this certificate online
at corp.delaware.gov/authver.shtml


Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 1789211

DATE: 10-17-14



**Secretary of State
Business Programs Division**

Business Entities, 1500 11th Street, 3rd Floor, Sacramento, CA 95814

Welcome to California

Congratulations on the registration of your corporation with the California Secretary of State. California law requires corporations to keep their public record updated by filing information with the California Secretary of State.

Required Statement of Information

Required Filing Timelines

Domestic (formed in California) stock corporations must file a complete Statement of Information (Form SI-200) within the first 90 days of filing the Articles of Incorporation, and then each year after that before the end of the month of incorporation.

Domestic (formed in California) nonprofit corporations must file a complete Statement of Information (Form SI-100) within the first 90 days of filing the Articles of Incorporation, and then every 2 years after that before the end of the month of incorporation. In addition, any nonprofit corporation formed to manage a common interest development under the Davis-Stirling Common Interest Development Act or the Commercial and Industrial Common Interest Development Act also must file a Statement by Common Interest Development Association (Form SI-CID) with their Statement of Information.

Foreign (formed outside of California) corporations must file a complete Statement of Information (Form SI-350) within the first 90 days of filing the Statement and Designation by Foreign Corporation and then each year after that before the end of the month of the California registration date.

Filing Services

For fastest service, the required Statement of Information for most corporations can be submitted using our online filing service at <https://businessfilings.sos.ca.gov/>. Payment must be made by credit card (Visa® or MasterCard®) when filing online. A free PDF copy of the submitted Statement of Information will be returned electronically following confirmation of payment, if an email address is provided.

Statements of Information submitted on paper can be mailed or delivered in person (drop off) to the Sacramento office, but the processing time is longer. Current processing times for paper documents may be found at www.sos.ca.gov/business/be/processing-times.htm.

Additional information regarding Statements of Information, including forms, instructions and current fees are available at www.sos.ca.gov/business/be/statements.htm.

Reverse Side

Please see reverse side of this document for important information regarding your newly registered corporation.

Stock Corporations

Filing Articles of Incorporation pursuant to California Corporations Code section 200 does not of itself authorize the use of a corporate name in California in violation of the rights of another who may have acquired rights to the use of the name by reason of the following laws:

- Federal Trademark Act
(United States Code, Title 15, section 1051 et seq.)
- California Model State Trademark Law
(Business and Professions Code section 14200 et seq.)
- California Fictitious Business Name Law
(Business and Professions Code section 17900 et seq.)
- Common law rights, including rights to a trade name

If you have any questions regarding such rights, please consult a private attorney.

Nonprofit Corporations

Nonprofit corporations in California are not automatically exempt from paying California franchise tax or income tax every year. For information about tax requirements and/or applying for tax exempt status, please contact the appropriate taxing agency, listed below. If you are a domestic nonprofit public benefit corporation our office has forwarded a copy of your Articles of Incorporation to the Office of the Attorney General in compliance with California Corporations Code section 5120(d).

Other Business Information and Resources

All business entities are subject to state and federal tax laws. You may wish to contact the following agencies to assist you with these issues:

- Internal Revenue Service – www.irs.gov or call (800) 829-1040 for forms and issues concerning Federal tax, employer identification numbers, subchapter S elections
- Franchise Tax Board – www.ftb.ca.gov or call (800) 852-5711 for forms and issues concerning franchise tax and state income tax requirements
- State Board of Equalization – www.boe.ca.gov or call (916) 445-6464 for forms and issues concerning sales taxes or use taxes

Please refer to www.sos.ca.gov/business/be/resources.htm for a list of other agencies you may need to contact to ensure proper compliance with the laws of the State of California. Please be aware that the California Secretary of State does not license corporations. For licensing requirements, please contact the California city and/or county where the principal place of business is located and/or the state agency, or board with jurisdiction over the activities of the corporation in California.

Exhibit G

Park Water Company
(Unaudited)
Balance Sheet as of June 30, 2014

Exhibit G
Page 1 of 2

ASSETS AND OTHER DEBITS

Utility Plant at Cost	94,588,595
Depreciation Reserve	(25,016,488)
Intercompany Investments and Receivables	18,670,956
Current and Accrued Assets	7,078,927
Deferred Debits	<u>11,912,611</u>
TOTAL	<u><u>107,234,601</u></u>

LIABILITIES AND OTHER CREDITS

Capital Stock and Surplus Profit	(16,209,613)
Long Term Debt	66,000,000
Intercompany Advance and Payable	19,862,589
Current and Accrued Liabilities	21,200,237
Deferred Credits	8,283,595
Advances for Construction	1,146,617
Contributions in Aid of Construction	<u>6,951,176</u>
TOTAL	<u><u>107,234,601</u></u>

Park Water Company
(Unaudited)
Income Statement
Six Months ending June 30, 2014

Exhibit G
Page 2 of 2

Operating Revenue	14,379,709
Less	
Operating Expenses	9,686,410
Depreciation	1,203,266
Taxes Other Than Income	<u>588,440</u>
Net Operating Revenue	2,901,593
Other Income (Deductions)	<u>(2,764,293)</u>
Net Income (Loss) Before Taxes	137,300
Estimated Income Taxes (1)	<u>(56,293)</u>
Net Income After Income Taxes	<u><u>81,007</u></u>

(1) Internal financial reporting estimates the Income Tax Provisions at 41% of Net Income

Exhibit H

Apple Valley Ranchos Water Company
(Unaudited)
Balance Sheet as of June 30, 2014

Exhibit H
Page 1 of 2

ASSETS AND OTHER DEBITS

Utility Plant at Cost	122,257,398
Depreciation Reserve	(32,354,422)
Intercompany Investments and Receivables	1,058,825
Current and Accrued Assets	2,565,608
Deferred Debits	<u>9,768,015</u>
TOTAL	<u><u>103,295,424</u></u>

LIABILITIES AND OTHER CREDITS

Capital Stock and Surplus Profit (Deficit)	54,708,385
Long Term Debt	0
Intercompany Advance and Payable	352,395
Current and Accrued Liabilities	3,759,998
Deferred Credits	14,179,898
Advances for Construction	28,106,137
Contributions in Aid of Construction	<u>2,188,611</u>
TOTAL	<u><u>103,295,424</u></u>

Apple Valley Ranchos Water Company
(Unaudited)
Income Statement
Six Months ending June 30, 2014

Exhibit H
Page 2 of 2

Operating Revenue	9,165,682
Less	
Operating Expenses	5,369,103
Depreciation	1,345,817
Taxes Other Than Income	<u>386,009</u>
Net Operating Revenue	2,064,753
Other Income (Deductions)	<u>8,225</u>
Net Income (Loss) Before Taxes	2,072,978
Estimated Income Taxes (1) Benefit	<u>(849,921)</u>
Net Income After Income Taxes	<u><u>1,223,057</u></u>

(1) Internal financial reporting estimates the Income Tax Provisions at 41% of Net Income

Exhibit I

EXHIBIT I

Regulatory Commitments

1. The proposed transaction shall have no effect on the Commission's authority over the provision of public utility service to the public by Park Water Company ("Park Water") and Apple Valley Ranchos Water Company ("AVR").

2. Park Water and AVR shall comply with all applicable California and federal laws and administrative regulations.

3. Park Water and AVR shall each continue to be held in separate legal entities. Affiliates of Liberty Utilities own and operate a non-utility cogeneration power plant in the Fresno area ("Sanger Cogeneration"). Affiliates of Liberty Utilities also own, are constructing and intend to operate a solar generation facility project in the Bakersfield area ("South Kern Solar"). There shall be no overlapping of employees or responsibilities between the operations of Sanger Cogeneration and/or South Kern Solar and Park Water and/or AVR.

4. Affiliates of Liberty Utilities own and operate Liberty Utilities (CalPeco Electric) LLC, ("Liberty Utilities CalPeco") (U-933), which is an electric distribution public utility regulated by the California Public Utilities Commission. With respect to the relationships between Liberty Utilities CalPeco and Park Water and/or AVR.

- a. The assets of Park Water and AVR shall be held in legal entities separate from Liberty Utilities CalPeco; and
- b. The capitalization and financing for Park Water and AVR and for Liberty Utilities CalPeco shall be separate.

5. Park Water and/or AVR shall not provide financing or guarantees for, extend credit to, or pledge utility assets in support of Liberty Utilities CalPeco, Liberty Utilities, Western Water Holdings, LLC (“Western Water Holdings”), Sanger Cogeneration or South Kern Solar or any of their affiliates except as permitted by the Affiliate Transaction Rules. Liberty Utilities CalPeco, Liberty Utilities, Western Water Holdings, Sanger Cogeneration, and South Kern Solar each shall finance and fund their respective other business activities independently of Park Water and AVR.

6. To the extent that Liberty Utilities, Liberty Utilities CalPeco, Western Water Holdings, Sanger Cogeneration, or South Kern Solar shall finance its respective business activities other than Park Water and AVR’s respective provision of public utility water service, any such financing shall provide the financing parties no recourse to either Park Water’s and/or AVR’s assets.

7. Park Water and AVR shall not transfer any physical assets owned by Park Water or AVR and used to provide regulated utility services to their respective customers to either Liberty Utilities, Western Water Holdings, or Liberty Utilities CalPeco or any of their respective affiliates without first obtaining the necessary approvals from the Commission

8. Park Water and AVR shall each hold all of their respective assets in their own name, and will maintain adequate capital and have access to sufficient employees and other personnel to perform their respective public utility responsibilities.

9. Park Water and AVR shall be provided adequate capital to fulfill all of their public utility service obligations. The term “capital” encompasses “money and property with which a company carries on its corporate business; a company’s assets, regardless of source, utilized for the conduct of the corporate business and for the purpose of deriving gains and profits; and a company’s working capital,” and is not limited to mean only “equity capital,

infrastructure investment, or any other term that does not include, simply, money or working cash.” (Decision 02-01-039, Findings of Fact 5 and 6. 2002 Cal. PUC LEXIS 5 *57.)

10. Park Water and AVR shall be provided the capital necessary to provide safe and reliable utility standard water service.

11. Park Water and AVR will notify the Commission of any dividends and distributions to Western Water Holdings or other affiliates in their Annual Reports to the Commission (filed on or about March 31 of each year).

12. Neither Park Water nor AVR shall issue long-term debt or guarantee any debt of any of their affiliates without prior approval by the Commission.

13. Neither Park Water nor AVR shall sell, transfer, or encumber any utility assets necessary or useful to provide utility service, including water rights, without prior approval by the Commission.

14. Park Water and AVR shall continue to maintain their books and records in accordance with all Commission rules. Park Water's and AVR's books and records shall be maintained and be available in California. With respect to any charge or allocation from an affiliate for which Park Water or AVR seeks rate recovery, the documents necessary to support and substantiate the charge shall be available to the Commission.

15. The transfer of ownership and control will not adversely affect Park Water's or AVR's provision of regulated water service to customers, or practices relating to operations, financing, accounting, capitalization, rates, depreciation, maintenance, or other matters relating to the public interest or utility operations.

16. Customer service to Park Water's and AVR's customers will not be affected by the transaction. Park Water's and AVR's commitment to high quality public utility water service and community involvement shall be maintained.

17. Park Water and AVR shall maintain their current operational headquarters in California and shall maintain local offices as appropriate to maintain the high quality of customer service and community involvement.

18. The proposed transaction shall not adversely affect any of the outstanding debt owed and recorded as liabilities on the regulated books of Park Water and AVR. There shall be no increase in Park Water's or AVR's cost of service or reduction in quality of service resulting from the proposed transaction. Credit extended by Western Water Holdings or any of its affiliates to Park Water or AVR will be at rates and upon terms no less advantageous than those otherwise available to Park Water and AVR from unaffiliated third parties for similar transactions.

19. The utility customers of Park Water and AVR shall not incur, directly or indirectly, any transaction costs or other liabilities or obligations arising from the proposed transaction. In particular, any expenses incurred by Park Water or AVR due to the proposed transaction or the related Commission proceeding in which the parties to the transaction are seeking Commission approval for the transaction (such as outside legal expense and travel costs) shall be accounted for as non-utility expense and shall not be included in the recorded base of any account included in the calculation of revenue requirement for future rate cases.

20. Park Water and AVR shall not incur any additional indebtedness, issue any additional securities, or pledge any assets to finance any part of the proposed transaction.

21. Affiliates of Park Water and Western Water Holdings shall take no actions that would impair Park Water's or AVR's ability to fulfill their public utility obligations to serve and to operate in a prudent and efficient manner.

22. Any activities or actions directed at enhancing or increasing Western Water Holdings' investment in Park Water or AVR will require Commission approval for reflection of such investment in rates.

23. Affiliates of Park Water, including Western Water Holdings, shall not require Park Water or AVR to take any action inconsistent with AVR's rights under the terms of the Mojave Basin Adjudication (City of Barstow v. City of Adelanto, Riverside Superior Court Case No. 208568) and the Judgment After Trial, entered January 10, 1996, as amended December 5, 2002, in that case.

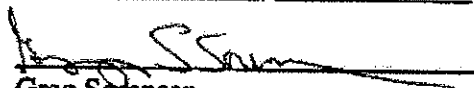
24. Park Water and AVR, and Western Water Holdings as the parent of Park Water, shall comply with the Affiliate Transaction Rules adopted by the Commission in Rulemaking 09-04-012, Decision No. 10-10-019 as modified in D. 11-10-034 and D. 12-01-042.

VERIFICATION OF JOINT APPLICATION

I, Greg Sorensen, hereby declare that I serve as President of Liberty Utilities Co. ("Liberty Utilities") and as Chief Financial Officer, Secretary and Treasurer of Liberty WWH, Inc. ("Liberty WWH"); that I have read the foregoing Joint Application; and that the information set forth therein concerning Liberty Utilities and Liberty WWH is true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 24 day of November, 2014, at Avondale, AZ.



Greg Sorensen
Liberty Utilities
President - Arizona
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392

VERIFICATION OF JOINT APPLICATION

I, Robert Dove, hereby declare that I serve as President of Western Water Holdings, LLC.; that I have read the foregoing Joint Application; and that the information set forth therein concerning that company and related entities within The Carlyle Group is true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 24th day of November, 2014, at Washington, D.C..



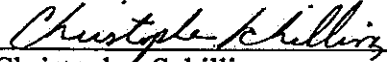
Robert Dove
President
Western Water Holdings, LLC
1001 Pennsylvania Avenue, N.W.,
Suite 2020 South
Washington, D.C. 20004

VERIFICATION OF JOINT APPLICATION

I, Christopher Schilling, hereby declare that I am President and Chief Executive Officer of Park Water Company ("Park Water"); that I have read the foregoing Joint Application; and that the information set forth therein concerning Park Water is true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 24 day of November, 2014, at Downey, California.



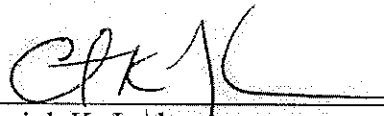
Christopher Schilling
President and Chief Executive Officer
Park Water Company
9750 Washburn Road
P.O. Box 7002
Downey, CA 90241-7002

VERIFICATION OF JOINT APPLICATION

I, Leigh K. Jordan, hereby declare that I am Executive Vice President of Apple Valley Ranchos Water Company ("AVR"); that I have read the foregoing Joint Application; and that the information set forth therein concerning AVR is true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 24 day of November, 2014, at Downey, California.



Leigh K. Jordan
Executive Vice President
Apple Valley Ranchos Water Company
9750 Washburn Road
P.O. Box 7002
Downey, CA 90241-7002