

**BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI**

In the Matter of the Application of The Empire District)
Electric Company, The Empire District Gas Company,)
Liberty Utilities (Midstates Natural Gas) Corp., and) **Case No. AO-2018-0179**
Liberty Utilities (Missouri Water) LLC)
for an Affiliate Transactions Rule Variance.)

**THE OFFICE OF THE PUBLIC COUNSEL’S REPLY
TO THE STAFF AND APPLICANTS’
RESPONSE TO ORDER DIRECTING FILING**

COMES NOW the Office of the Public Counsel and replies to the Commission’s Staff and the Applicants’ *Response to Order Directing* Filing as follows:

In their response to the Commission’s direction, the Commission’s Staff and the Applicants offer proposed language. While the Office of the Public Counsel agrees with the concepts of conditions which (1) precisely identify the costs to be compared for determining whether an applicant may borrow from the money pool, (2) ensure “that LUCo doesn’t benefit financially from the applicants’ participation in the fund,” and (3) ensure that “applicant utilities may not borrow from the money pool if the applicant utility could have borrowed at a lower cost directly from outside banks or other third party financial institutions,” as the Commission’s Staff and the Applicants state, the Office of the Public Counsel does not agree that their proposed language is sufficient to effectuate any of those concepts.

The Office of the Public Counsel views that (1) the cost comparison should consider all costs, (2) LUCo should not recover “availability fees” for access to credit that the applicant does not need and to which it does not have unfettered access, and (3) the only practical way to assure that borrowings from third-parties is not lower cost is by competitive bidding.

Respectfully,

/s/ Nathan Williams

Nathan Williams
Chief Deputy Public Counsel
Missouri Bar No. 35512

Office of the Public Counsel
Post Office Box 2230
Jefferson City, MO 65102
(573) 526-4975 (Voice)
(573) 751-5562 (FAX)
Nathan.Williams@ded.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 19th day of July 2019.

/s/ Nathan Williams