

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

In the Matter of the Joint Application of)
Algonquin Water Resources of Missouri, LLC,)
d/b/a Liberty Water and KMB Utility Corporation)
for Authority for Liberty Water to Acquire) File No. _____
Certain Assets of KMB Utility Corporation)
and, in Connection Therewith, Certain Other)
Related Transactions.)

**JOINT APPLICATION AND,
IF NECESSARY, MOTION FOR WAIVER**

COME NOW Algonquin Water Resources of Missouri, LLC d/b/a Liberty Water (Liberty Water) and KMB Utility Corporation (KMB) and, pursuant to Section 393.190, RSMo, 4 CSR 240-3.310 and 4 CSR 240-3.605, state the following to the Missouri Public Service Commission (Commission) as their Joint Application and, If Necessary, Motion for Waiver:

BACKGROUND INFORMATION

1. Liberty Water is a Missouri limited liability company with its principal office and place of business at 16623 FM 2493, Suite E, Tyler, TX 75703. Liberty Water is a Missouri LLC in good standing. A certified copy of Liberty Water’s certificate of good standing was submitted in Case No. WO-2011-0328. A copy of a certificate from the Missouri Secretary of State indicating that Liberty Water is a registered fictitious name of Algonquin Water Resources of Missouri, LLC was submitted in Case No. WO-2011-0328. Both documents are incorporated herein by reference and made a part hereof for all purposes in accordance with 4 CSR 240-060(1)(G). Liberty Water currently provides water service to approximately 771 connections in Jefferson, Stone and Taney Counties, Missouri. Liberty Water provides sewer service to approximately 267 connections in Jefferson, Stone and Taney Counties, Missouri. Liberty Water

is a “water corporation,” a “sewer corporation” and a “public utility” as those terms are defined in Section 386.020 RSMo. 2000, and is subject to the jurisdiction and supervision of the Commission as provided by law. Liberty Water has no overdue Commission annual reports or assessment fees. There is no pending action or final unsatisfied judgment or decision against Liberty Water from any state or federal agency or court which involves customer service or rates, which action, judgment or decision has occurred within three years of the date of this Joint Application.

2. KMB Utility Corporation is a Missouri corporation with an office and place of business at 5108 Dulin Creek Road, House Springs, Missouri 63052. A certified copy of KMB’s certificate of good standing was submitted in Case No. SO-2009-0174 and is incorporated herein by reference and made a part hereof for all purposes in accordance with 4 CSR 240-060(1)(G). KMB currently provides water and sewer service to the public in parts of Cape Girardeau, Franklin and Jefferson County, Missouri. As of December 31, 2010, KMB provided water service to approximately 548 customers and sewer service to approximately 192 customers. KMB is a “water corporation,” “sewer corporation” and “public utility” as those terms are defined in Section 386.020 RSMo, and is subject to the jurisdiction and supervision of the Commission as provided by law. KMB has no overdue Commission annual reports or assessment fees. There is no pending action or final unsatisfied judgment or decision against KMB from any state or federal agency or court which involves customer service or rates, which action, judgment or decision has occurred within three years of the date of this Joint Application.

3. Communications in regard to this Application should be addressed to:

Peter Eichler
Liberty Water Co.
Manager, Financial Planning & Analysis

2845 Bristol Circle
Oakville, Ontario L6H 7H7
905-465-4574
905-465-4514 (Fax)
peter.eichler@libertywater.com

Ann Rudy, President
KMB Utility Corporation
5108 Dulin Creek Road
House Springs, MO 63052

THE TRANSACTION

4. Liberty Water and KMB have entered into an Asset Purchase Agreement dated March 18, 2011 (Agreement), a copy of which is attached as **Appendix A** and incorporated herein by reference. Pursuant to the Agreement, Liberty Water proposes to purchase substantially all of the water and sewer assets of KMB, as specifically described in the Agreement under the terms and provisions further described in the Agreement, including its certificates of convenience and necessity.

5. Because KMB is a water corporation and sewer corporation doing business in the State of Missouri, it is subject to the provisions of Section 393.190.1, RSMo, which states, in pertinent part, that “no . . . water corporation or sewer corporation shall hereafter sell, assign, lease, transfer, mortgage or otherwise dispose of or encumber the whole or any part of its franchise, works or system, necessary or useful in the performance of its duties to the public . . . without having first secured from the Commission an order authorizing it so to do.”

ADDITIONAL INFORMATION

6. Liberty Water’s Verification of Authority concerning the purchase of the subject assets and related transactions contemplated by the Agreement is attached as **Appendix B**. A copy of the resolutions of the Shareholders and the Board of Directors of KMB authorizing the

sale of the subject assets and related transactions contemplated by the Agreement are attached as **Appendix C1 and C2.**

7. A balance sheet and income statement with adjustments showing the results of the acquisition of the property for Liberty Water are attached as **Appendix D1 and Appendix D2.**

8 The sale of assets should have no impact on the tax revenues of relevant political subdivisions as both Liberty Water and KMB are private entities.

9. Liberty Water proposes to serve the customers of KMB utilizing the existing rates, the rules and regulations of KMB, until such time as the rates or rules and regulations may be modified according to law.

PUBLIC INTEREST

10. The proposed acquisition of the specified assets of KMB and the related transactions are not detrimental to the public interest and, in fact, will be consistent with and will promote the public interest. The assets of KMB would be acquired by Liberty Water, a Missouri public utility, and remain subject to the jurisdiction of the Commission. Liberty Water has expertise and experience in providing water and sewer utility services to residents of the State of Missouri and is fully qualified, in all respects, to own and operate the systems currently being operated by KMB and to otherwise provide safe, reliable and affordable service.

CONTINGENT REQUEST FOR WAIVER

11. This case is not likely to be a contested case within the meaning of Commission rule 4 CSR 240-4.020(2) because previous applications addressing the same issues presented in this filing have generally not become contested proceedings. However, in the event that the Commission nevertheless concludes that the filing of this Joint Application is likely to be a contested case, Applicants request a waiver of the sixty (60) day notice for good cause shown as

permitted by Commission rule 4 CSR 240-4.020(2)(A).

12. The reason for this request relates to the nature of an asset purchase negotiation as that which resulted in the execution of the subject Agreement and the filing of this Joint Application. Sixty days prior to the filing, the parties did not have an agreement. This Joint Application has been filed as soon as possible after the execution of the Agreement. It would serve no purpose to wait additional time before filing the application for Commission approval. Accordingly, to the extent that the Commission may find it to be applicable, the parties request a waiver from the provisions of Commission Rule 4 CSR 240-4.020(2) to allow for the filing of this Joint Application.

WHEREFORE, Algonquin Water Resources of Missouri, LLC d/b/a Liberty Water and KMB Utility Corporation respectfully request that the Commission issue its order:

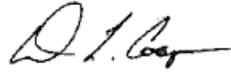
(A) authorizing KMB Utility Corporation to sell and Liberty Water to acquire the assets identified herein of KMB, to include the certificates held by KMB or, in the alternative a certificate to provide water and sewer service in the areas now served by KMB;

(B) authorizing Liberty Water to enter into, execute and perform in accordance with the terms described in the Agreement attached to this Joint Application and to take any and all other actions which may be reasonably necessary and incidental to the performance of the acquisition; and,

(C) granting such other relief as may be deemed necessary and appropriate to accomplish the purposes of the Agreement and the Joint Application and to consummate related

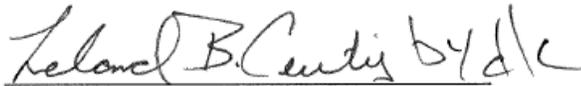
transactions in accordance with the Agreement.

Respectfully submitted,



Dean L. Cooper MBE#36592
BRYDON, SWEARENGEN & ENGLAND P.C.
312 E. Capitol Avenue
P. O. Box 456
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(573) 635-3847 facsimile
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ATTORNEYS FOR ALGONQUIN WATER
RESOURCES OF MISSOURI, LLC D/B/A
LIBERTY WATER



Leland B. Curtis MBE# 20550
CURTIS, HEINZ, GARRETT & O'KEEFE, P.C.
130 S. Bemiston, Suite 200
Clayton, MO 63105
(314) 725-8788
(314) 725-8789 (Fax)
lcurtis@lawfirmemail.com

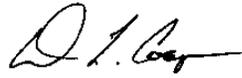
ATTORNEYS FOR KMB UTILITY
CORPORATION

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail or by U.S. Mail, postage prepaid, on April 22, 2011, to the following:

Office of the General Counsel
Governor Office Building
Jefferson City, MO 65101
rachel.lewis@psc.mo.gov

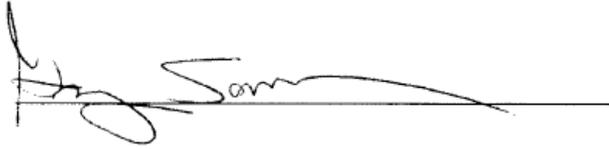
Office of the Public Counsel
Governor Office Building
Jefferson City, MO 65101
opcservice@ded.mo.gov



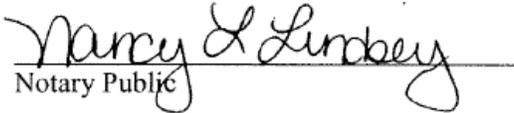
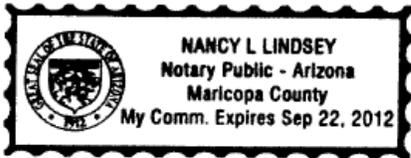
AFFIDAVIT

State of Arizona)
) ss
County of Maricopa

I, Greg Sorensen, having been duly sworn upon my oath, state that I am a Director of Algonquin Water Resources of Missouri, LLC d/b/a Liberty Water, that I am duly authorized to make this affidavit on behalf of the Company, that the matters and things stated in the foregoing Joint Application and appendices thereto are true and correct to the best of my information, knowledge and belief.



Subscribed and sworn before me this 21st day of April, 2011.



Notary Public

APPENDICES

- Appendix A** Asset Purchase Agreement between KMB Utility Corporation and Ms. Ann Rudy and Algonquin Water Resources of Missouri, LLC, d/b/a Liberty Water, dated March 18, 2011
- Appendix B** Verification of Authority of Algonquin Water Resources of Missouri, LLC d/b/a Liberty Water
- Appendix C1/C2** Resolutions of the Shareholders and the Board of Directors of KMB
- Appendix D1/D2** Pro Forma Balance Sheet and Income Statement for Algonquin Water Resources of Missouri, LLC d/b/a Liberty Water