

**Before the Public Service Commission  
of Kentucky**

**Rebuttal Testimony**

**of**

**Peter Eichler**

**on behalf of**

**Liberty Utilities Co.**



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**LIBERTY UTILITIES CO.**  
**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

**CASE NO. 2021-00481**

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ON BEHALF OF LIBERTY UTILITIES CO.  
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**CASE NO. 2021-00481**

1     **I.     INTRODUCTION**

2     **Q.     PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.**

3     A.     My name is Peter Eichler, and my business address is 354 Davis Road, Oakville, Ontario,  
4            Canada.

5     **Q.     ARE YOU THE SAME PETER EICHLER WHO FILED DIRECT TESTIMONY**  
6            **IN THIS CASE?**

7     A.     Yes.

8     **Q.     WHAT IS THE OVERALL PURPOSE OF YOUR REBUTTAL TESTIMONY?**

9     A.     The purpose of my rebuttal testimony is to introduce Liberty’s rebuttal witnesses and to  
10            respond to certain arguments raised by witnesses Lane Kollen and Stephen J. Baron who  
11            submitted testimony on behalf of the Office of the Attorney General of the Commonwealth  
12            of Kentucky (the “Attorney General”) and the Kentucky Industrial Utility Customers, Inc.  
13            (“KIUC”). Specifically, I will address why the transaction should be approved, and why  
14            Witnesses Kollen’s and Baron’s standards proposed in their testimony cannot be met by  
15            any utility and are inconsistent with Kentucky law on the standard for transfer of control.  
16            I explain the benefits that Liberty will bring to Kentucky customers, including Liberty’s  
17            commitment to provide significant quantifiable customer benefits including the deferral of  
18            the Big Sandy Decommissioning Rider (“BDSR”) and \$40 million in bill reductions to help  
19            offset high fuel costs. Combined, these commitments will bring over \$135 million of much  
20            needed rate relief to customers of Kentucky Power. I also discuss the conditions raised by

1 intervenors to which Liberty is agreeable to the benefit of Kentucky customers and  
2 regulatory stakeholders. I also provide input on why the transaction, as presented, is in  
3 the public interest. Finally, I rebut Mr. Kollen's view on Liberty's affiliate agreements that  
4 form the basis for its shared services model.

5 **Q. PLEASE INTRODUCE LIBERTY'S REBUTTAL WITNESSES.**

6 A. In addition to my testimony, Liberty is submitting rebuttal testimony from:

7 **Jill Schwartz, Liberty's Director of Regulatory Shared Services**, who explains why Mr.  
8 Kollen's arguments regarding Liberty's analysis of shared services savings do not reflect  
9 the analytical work Liberty undertook in this area, and that Mr. Kollen ignores a number  
10 of shared services that will be provided by Liberty's corporate organization to Kentucky  
11 Power.

12 **Michael Mosindy, Liberty's Director, Treasury**, who testifies that Liberty's decision to  
13 eliminate factoring of receivables is beneficial to customers, despite Mr. Kollen's  
14 assertions.

15 **Michael McCuen, Liberty's Director, U.S. Tax Planning and Strategy**, whose  
16 testimony addresses why elimination of AEP's tax allocation agreement is not harmful to  
17 Kentucky Power's customers and that AEP has acknowledged that the current form of  
18 agreement must change.

19 **Dmitry Balashov, Liberty's Senior Director of Grid Modernization**, who showcases  
20 the gaps in Mr. Kollen's analysis that estimates a 5-10% cost increase due to the loss of  
21 scale economies driven by disassociation from AEP, identifies multiple flaws in Mr.  
22 Kollen's statements and supposed evidence of past capital underinvestment, and discusses

1 the equipment spares and supply chain resources that Liberty's other electric subsidiaries  
2 can make available to Kentucky Power.

3 **Steven R. Herling, Charles River Associates**, and the former Vice President of Planning  
4 at P.J.M. Interconnection, L.L.C., who testifies regarding Mr. Baron's recommendation  
5 that Kentucky Power Company create its own zone within PJM.

6 **Jeff Plewes, Charles River Associates**, who rebuts Mr. Baron's and Mr. Hoatson's  
7 testimony regarding options available to Kentucky Power for ensuring resource adequacy  
8 into the future.

9  
10 **II. THE ATTORNEY GENERAL AND KIUC IGNORE THE MERGER STANDARD**  
11 **AND ATTEMPT TO IMPOSE UNTENABLE CONDITIONS**  
12

13 **Q. PLEASE SUMMARIZE THE ATTORNEY GENERAL AND KIUC'S**  
14 **TESTIMONY**

15 A. Witnesses for the Attorney General and KIUC testify that AEP should be required to leave  
16 behind hundreds of millions of dollars and that Liberty does not have the technical  
17 capability because a Transition Services Agreement ("TSA") is utilized. This equates to an  
18 opposition to the very nature of acquisitions because it creates a standard that no transacting  
19 companies could or should be expected to meet. While these type of extreme intervenor  
20 positions in testimony may provide for good headlines, they should not distract the  
21 Commission from its application of the statutory standard. Nevertheless, both these items  
22 and rebuttals thereto are discussed further and extensively in the Joint Applicants rebuttal  
23 testimonies.

1 **Q. HOW DO YOU RESPOND TO MR. KOLLEN’S ASSERTION THAT LIBERTY**  
2 **LACKS THE TECHNICAL CAPABILITY BECAUSE IT IS RELYING ON A**  
3 **TRANSITION SERVICE AGREEMENT (“TSA”)?**

4 A. The argument that Liberty does not have the technical capability is based on the false  
5 premise that a TSA is only required when the acquiring utility does not have the ability to  
6 provide services to its new customers. In reality, the use of TSA is focused on a seamless  
7 transition for customers and a time of adjustment for employees. In fact, the largest and  
8 most sophisticated utilities use TSAs in the context of acquisitions to transition existing  
9 utility functions to new owners in a manner that ensures that customers don’t feel any  
10 impact from the transaction. Suggesting that a company does not have the technical  
11 capability on account of a TSA is a red herring and ignores the rightful focus on customers  
12 in the transition. The TSA is a normal and responsible course of action and to advocate  
13 otherwise ignores the realities of how a utility that is in a holding system operates. Later  
14 in my rebuttal testimony, I provide examples of recent transactions that utilized TSAs  
15 which demonstrate that this is a common practice. In this case, Mr. Kollen ignores the fact  
16 that Kentucky Power has been in operation for over 100 years and has been highly  
17 intertwined in AEP’s operating structure since 1922. Later in my rebuttal testimony, I  
18 provide examples of recent transactions that utilized TSAs which demonstrate that this is  
19 a common practice.

20 **Q. WHAT ABOUT THE ATTORNEY GENERAL’S AND KIUC’S PROPOSED \$578**  
21 **MILLION PENALTY TO AEP?**

22 A. Forcing any entity to pay a penalty of such a magnitude associated with a transaction is  
23 punitive and unfair. It is also unreasonable to assume that any seller would agree to sell a

1 company on this basis; it effectively becomes a “poison pill” that would kill any  
2 transaction. Each of these items individually create a standard far different than the one  
3 contemplated by Kentucky statute or rational merger and acquisition practices, and  
4 collectively, the combination of these assertions and recommendations make a standard  
5 that is untenable and unable to be met by any utility company.

6 **Q. HOW DO YOU RESPOND TO INTERVENOR WITNESS STATEMENTS THAT**  
7 **THE \$578 MILLION IS TO COMPENSATE FOR THE “HARM” CAUSED BY**  
8 **THE TRANSACTION?**

9 A. The supposed “harm” that adds up to the \$578 million lacks factual basis and should be  
10 outright rejected. As described further in my testimony, the testimony of Dmitry Balashov,  
11 and the testimony of Stephan Haynes, the totality of the alleged harm appears to represent  
12 a reverse engineered exercise to assert harms to get as close as possible to the perceived  
13 premium paid by Liberty in the transaction. To get there, the intervenor witnesses allege  
14 that there has been chronic under investment in the Kentucky Power system and assert that  
15 features of AEP’s business model (of which KIUC and the AG have a history of being  
16 highly critical) are now somehow benefits, which, if lost, would cause harm to the  
17 customers in eastern Kentucky. Simply put, to accept these assertions of harm, the  
18 Commission would have to find the following:

- 19 • Kentucky Power’s capital and operating expenses through the period of the  
20 supposed under investment should have pushed Kentucky Power to invest more,  
21 and thus have even higher rates than already exist. The Commission would also  
22 need to ignore arguments historically advanced by the Attorney General and

1 KIUC to keep rates and capital investment down. This is described further in the  
2 testimonies of Stephan Haynes and Dmitry Balashov.

- 3 • A business model that provides for more local control and relies less on shared  
4 services cannot have other local benefits or be as efficient as a large  
5 conglomerate; and the basis of this assertion would need to be confirmed solely  
6 on Mr. Kollen's unsupported assertion that it is "his experience" that costs under  
7 Liberty's model of operation would be 5-10% higher. This argument is  
8 debunked in the testimonies of Jill Schwartz and Dmitry Balashov.
- 9 • Only by providing services in a similar manner to how it is currently provided,  
10 through factoring receivables, shared inventory agreements, and tax allocation  
11 agreements can a utility company not create harm.

12 The motivation of the intervenor witnesses' testimony is obvious: the testimony is  
13 meant to establish a penalty (a word that Mr. Baron uses) as a result-oriented attempt to  
14 capture the falsely assumed premium AEP will receive in the transaction. While the  
15 positions proffered by the Attorney General and KIUC run far afield from the statutory  
16 standard intended for review by the Commission in an acquisition, the collective rebuttal  
17 of the Joint Applicants will focus on the standard and demonstrate why the transaction is  
18 in the public interest and should be approved.

19 **III. THERE ARE SIGNIFICANT TANGIBLE BENEFITS THAT WOULD BE**  
20 **BROUGHT TO EASTERN KENTUCKY THROUGH LIBERTY'S OWNERSHIP**  
21 **OF KENTUCKY POWER WHICH THE ATTORNEY GENERAL AND KIUC**  
22 **IGNORE.**  
23

24 **Q. THE KOLLEN AND BARON TESTIMONIES ARE HIGHLY CRITICAL OF THE**  
25 **TRANSACTION, ARGUING THAT IT WILL CAUSE FINANCIAL HARM TO**



1           **KENTUCKY POWER’S CUSTOMERS. DO YOU AGREE WITH THEIR**  
2           **ARGUMENT?**

3    A.    Not at all, in fact, even prior to the additional commitments made later in my testimony  
4           there are significant tangible benefits that Liberty will bring to the customers of Kentucky  
5           Power. It is obvious from reading Mr. Kollen’s and Mr. Baron’s testimonies that they have  
6           longstanding concerns about the operations and costs of Kentucky Power that bear no  
7           relation to Liberty’s proposed acquisition of Kentucky Power. For example, Mr. Kollen is  
8           highly critical of Kentucky Power’s rates, the status of its distribution system, some of its  
9           commercial arrangements with unregulated AEP affiliates, and Kentucky Power’s partial  
10          ownership of the Mitchell Plant and arrangement to procure capacity from Rockport.  
11          Similarly, Mr. Baron is highly critical of AEP for not taking action to reduce transmission  
12          rates charged to Kentucky Power customers. Both Mr. Kollen and Mr. Baron now want to  
13          lay at Liberty’s doorstep alleged harms that have nothing to do with its proposed  
14          ownership, and they ignore the benefits that Liberty will bring to Kentucky Power and  
15          eastern Kentucky, such as upwards of 100 jobs to an economically depressed area.

16   **Q. PLEASE PROVIDE EXAMPLES OF THE ATTORNEY GENERAL AND KIUC**  
17   **WITNESSES CONFLATING PAST CONCERNS WITH KENTUCKY POWER**  
18   **WITH LIBERTY’S ABILITY TO SERVE EASTERN KENTUCKY CUSTOMERS.**

19   A.    On page 12 of his testimony, Mr. Kollen laments that “[a]ll of the Mitchell Plant jobs, coal  
20          industry jobs and tax revenue belong to West Virginia. Just like all of the Rockport jobs  
21          and taxes belong to Indiana.” It appears that Mr. Kollen would favor local investment in  
22          jobs and tax support based on this argument. Yet, Mr. Kollen conveniently glosses over  
23          an essential element of this transaction that provides exactly what he seeks: a long-term

1 commitment to the eastern Kentucky economy. Liberty has unequivocally stated its plan  
2 to bring upwards of 100 jobs to eastern Kentucky. Presumably, such a substantial  
3 commitment to an economically depressed part of the state would be welcomed by the  
4 Attorney General. However, that is not reflected in Mr. Kollen's testimony. Ironically, if  
5 Mr. Kollen would have it his way, Kentucky Power would continue to operate with most  
6 functions performed out-of-state by a large conglomerate instead of by members of the  
7 local community.

8 **Q. IN ADDITION TO THE NEW JOBS THAT LIBERTY WILL BRING TO**  
9 **EASTERN KENTUCKY, ARE THERE OTHER COMMITMENTS THAT**  
10 **LIBERTY HAS MADE THAT WOULD BENEFIT THE LOCAL ECONOMY AND**  
11 **KENTUCKY POWER CUSTOMERS?**

12 A. Yes. As indicated in my Direct Testimony, Liberty has made many other commitments  
13 that are expressly focused on maintaining a local focus, which we believe necessarily will  
14 benefit the local economy and customers:

- 15 • A long-term commitment to keeping Kentucky Power's headquarters in its  
16 service territory
- 17 • The commitment to re-open a customer service center in Ashland and in  
18 one other community in the service territory so that customers can meet in  
19 person with someone who lives and works in the same community to pay  
20 their bill and discuss their utility service;
- 21 • Establishing and maintaining a Kentucky Power Company board of  
22 directors comprised of a majority of independent non-management  
23 members with at least one seat reserved for a business and/or community

1 leader from Kentucky Power's service territory who can speak to local  
2 needs at the highest levels of the organization;

- 3 • A commitment to continue economic development activities in eastern  
4 Kentucky and bring fresh ideas based on Liberty's successful economic  
5 development work in its other jurisdictions. As Mr. Swain explained in his  
6 Direct Testimony, in neighboring Missouri, Liberty has had real success  
7 partnering with local businesses to increase their load and remain pillars of  
8 the local economy;

- 9 • A commitment to continue partnering with local and state governmental  
10 entities, collaborative relationships that are especially important in small  
11 communities. Since the date Liberty's proposed acquisition of Kentucky  
12 Power was announced in October 2021, we have met with 43 local county  
13 judge executives and Mayors, 20 legislators, and multiple business groups.  
14 As the owner of Kentucky Power, Liberty will remain in close touch with  
15 all stakeholders.

16 Further, I will describe additional financial commitments that Liberty will pledge in  
17 demonstration of a commitment to the customers of Kentucky Power.

18 **Q. ARE THERE OTHER BENEFITS THAT LIBERTY WILL BRING TO**  
19 **CUSTOMERS IN KENTUCKY?**

20 A. Yes. I understand that Kentucky Power customers currently face significant challenges  
21 associated with fuel expense from high commodity prices, as well as from the current  
22 design of the fuel adjustment charge. Liberty is not only committed to working with the  
23 Commission and regulatory stakeholders to contribute to a solution to levelize fuel expense

1 for customers but also to seek creative financing mechanisms like securitization to mitigate  
2 the bill impact of high-cost fuel events. Liberty was the first utility in Missouri to rely on  
3 new securitization legislation enacted to help mitigate the impact of high fuel costs in  
4 extraordinary situations. We would welcome the opportunity to partner on securitization  
5 legislation so that Kentucky Power customers could have this tool available to mitigate the  
6 impact its recent high fuel costs.

7 Liberty also has significant experience in delivering energy efficiency programs to  
8 its electric and gas customers, helping customers weatherize their homes, installing energy  
9 efficient lighting and appliances, and implementing creative “pay as you go” financing on  
10 customer bills to make the cost of installation of energy efficiency measures more  
11 affordable. In 2021 alone, our New Hampshire electric customers’ participation in energy  
12 efficiency programs resulted in projected annual savings of 11,041 MWH and lifetime  
13 savings of 129,841 MWH. We would welcome the opportunity to share this expertise with  
14 Kentucky customers which could be particularly beneficial given the high prevalence of  
15 electric heat in the Kentucky Power territory.

16 **Q. CAN THE PARTIES PROPOSE A QUANTIFIABLE BENEFIT IN THIS**  
17 **REGARD TO HELP KENTUCKY POWER CUSTOMERS?**

18 A. Yes. In order to assist Kentucky Power customers, the Joint Applicants are committing to  
19 provide a \$40 million Eastern Kentucky Fuel Relief Fund available to assist customers with  
20 their bills should the acquisition be approved. We recognize that this is a tough time for  
21 customers in light of high fuel expense and volatile swings in fuel prices, and we want to  
22 demonstrate to customers that there would be immediate value to them from the  
23 transaction. For clarity, these amounts would be utilized to offset high fuel charges and

1 would effectively act as a credit to customer bills, resulting in an approximate \$242 credit  
2 per customer.

3 **Q. ARE THERE ADDITIONAL IMMEDIATE SAVINGS CUSTOMERS CAN**  
4 **EXPECT IF THE TRANSACTION IS APPROVED?**

5 A. Yes. We are also aware that there is significant interest in the state in the securitization of  
6 generation costs, and Liberty is committed to being part of the solution to that issue. As  
7 an additional benefit of this transaction, Liberty is prepared to actively pursue securitization  
8 that will directly lower customer monthly bills. If the transaction is approved, Liberty will  
9 commit to securitizing the ongoing costs associated with the Big Sandy Decommissioning  
10 Rider (“BSDR”) and the remaining costs of the retiree Mitchell Plant, should enabling  
11 legislation that is palatable to bond issuers be approved.

12 **Q. SECURITIZATION COULD TAKE TIME, HOW WILL THIS NEW LIBERTY**  
13 **CUSTOMER BENEFIT ASSIST CUSTOMERS IN THE NEAR TERM, IF THE**  
14 **TRANSACTION IS APPROVED?**

15 A. Liberty will be focused on interacting with customers and building strong relationships as  
16 it partners with eastern Kentucky for long-term success for everyone, and the road to  
17 securitization will be the same. To provide near term relief to customers, while we work  
18 on appropriate securitization legislation, we are proposing to defer the collection of the Big  
19 Sandy Decommissioning Rider for three years. Liberty would continue to accrue the  
20 carrying charge but would defer collection of the monthly surcharge from customers of the  
21 BSDR costs until three years after the transaction closes. To the average residential  
22 customer utilizing 1,300 kWh per month, this provides an immediate reduction of \$8.04  
23 per month, or 5.05% of the customers’ bills, upon close of the transaction. This “rate

1 holiday” is an indication of Liberty’s plan to partner with our customers and propose near-  
2 term benefits in the public interest as we pave a brighter future for long-term success  
3 together. Over the course of three years, customers will defer \$80.7 million more in rates  
4 than they otherwise would have to pay with the BSDR in the absence of this commitment.  
5 At the end of the three-year period, assuming the enactment of securitization legislation,  
6 with reasonable parameters such as an interest rate of 3.5% and a 20-year term, the annual  
7 collections from customers would reduce from the current levelized charge of \$26.9 million  
8 to approximately \$19.6 million, thereby allowing further savings of \$7.2 million per year  
9 to inure to the benefit of customers from year four forward. If securitization legislation is  
10 not feasible within 3 years, the current levelized charge of \$26.9 million will be reinstated  
11 until the balance of the regulatory asset is extinguished.

12 **Q. WHAT ARE THE TOTAL REDUCED COSTS CUSTOMERS WILL PAY WITH**  
13 **YOUR PROPOSAL?**

14 A. The total reduced costs to customers of the deferral holiday, combined with lower annual  
15 payments thereafter, is \$95.1 million. When combined with the Eastern Kentucky Fuel  
16 Relief Fund, the total customer benefit of these two items is **\$135.1 million**.

17 **Q. DOES LIBERTY HAVE EXPERIENCE IN THE UTILITY INDUSTRY WITH**  
18 **SECURITIZATION?**

19 A. Yes. In fact, Liberty’s prior involvement in securitization efforts in Missouri is part of the  
20 financial, managerial, and technical expertise Liberty brings to benefit customers and is a  
21 good example of how the acquisition satisfies the statutory standard. Liberty recently filed  
22 for securitization of Winter Storm Uri costs and has filed a notice of intent to file for the

1 securitization of costs related to the retirement of its Asbury coal plant. Liberty was the  
2 first utility in Missouri to take advantage of new securitization legislation, all in an effort  
3 to mitigate rate impacts for its customers. This experience in being on the forefront of  
4 securitization in Missouri and our commitment to be that same leader in Kentucky is a clear  
5 benefit of this transaction.

6 **Q. IS LIBERTY PROPOSING NEAR TERM RELIEF THROUGH A “RATE**  
7 **HOLIDAY” OF BIG SANDY DECOMMISSIONING COSTS AND LONG TERM**  
8 **RELIEF THROUGH SECURITIZATION AS ONE OPTION AND THE FUEL**  
9 **COST CREDIT TO CUSTOMERS AS A DIFFERENT OPTION IF THE**  
10 **TRANSACTION IS APPROVED?**

11 A. No, Liberty is offering both items as customer benefits to further the public interest related  
12 to the approval of this transaction. Further in my testimony, I will provide more specifics  
13 on how both the Fuel Charge credit and the BDSR deferral could work to save customers  
14 money. In addition, I provide a list of all of Liberty’s commitments which contain many  
15 other benefits to be provided.

16 **Q. PLEASE EXPLAIN HOW THE EASTERN KENTUCKY FUEL RELIEF FUND**  
17 **AND THE BDSR RELIEF WILL WORK?**

18 A. Each mechanism is explained below:

19 1) The Eastern Kentucky Fuel Relief Fund: The Eastern Kentucky Fuel Relief Fund is a  
20 pre-funded \$40 million relief fund that will provide a credit on customer bills to offset any  
21 charges resulting from when the Fuel Adjustment Clause adjustment factor is positive. It  
22 will remain in place until the full \$40 million is depleted. In order to ensure that the funds

1 go to those who need it most, we propose to allocate the amounts in the fund by customer  
 2 classes as follows:

|  | Total         |
|--|---------------|
|  | Credits       |
|  | Provided      |
| Residential - Heat                     | \$ 21,587,124 |
| Residential - Non-Heat                 | \$ 8,412,876  |
| General Service                        | \$ 6,000,000  |
| Large General Service (MW, SL and LGS) | \$ 2,000,000  |
| Industrial (IGS and IRP)               | \$ 2,000,000  |
| Total                                  | \$ 40,000,000 |

3  
 4 This fund is provided by shareholders, and no customer contributions of any kind will be  
 5 intermingled with the fund.

6 2) BSDR Relief: The BSDR relief is intended to provide a pathway to securitization while  
 7 at the same time providing immediate rate relief to customers of eastern Kentucky. Rather  
 8 than paying the BSDR, customers' bills will immediately be reduced for a period of up to  
 9 3 years or when securitization is accomplished, whichever comes first. From Kentucky  
 10 Power's perspective, the balance in the BSDR regulatory asset will continue to build and  
 11 accrue interest at the currently authorized rate until securitization is enacted. Once  
 12 securitization is enacted and a securitization bond can be issued, future rates will be  
 13 established on the terms of the bond, which is expected to yield customer rates lower than  
 14 those in place today. **Exhibit PE-R1** provides an overview of the customer savings and  
 15 regulatory asset buildup under this approach. In the event that securitization legislation  
 16 cannot be enacted or is in a form unacceptable to bond issuers, the current levelized deferral  
 17 amount will be reinstated until the regulatory asset is drawn to zero.

18



1 **Q. WHAT IS THE RATE IMPACT OF THESE INITIATIVES?**

2 A. A summary of the rate impacts are in the table below:

| <b>Eastern Kentucky Fuel Relief Fund</b>   |                |                 |                  |                      |            |
|--|----------------|-----------------|------------------|----------------------|------------|
| Generally Applied when Fuel Adjustment Factor > 0  |                |                 |                  |                      |            |
| Estimate based upon Actual Data for the Year Ended February 2022, Credits would last 12 Months   |                |                 |                  |                      |            |
|  | Feb-22         | Credit          | 12               | Total                |            |
|  | Customers      | per Customer    | Monthly          | Credits              | Provided   |
|  |                |                 | Credits          |                      |            |
| Residential - Heat   | 84,297         | \$ 256          | \$ 21            | \$ 21,587,124        |            |
| Residential - Non-Heat   | 49,278         | \$ 171          | \$ 14            | \$ 8,412,876         |            |
| General Service  | 30,816         | \$ 195          | \$ 16            | \$ 6,000,000         |            |
| Large General Service (MW, SL and LGS)   | 644            | \$ 3,106        | \$ 259           | \$ 2,000,000         |            |
| Industrial (IGS and IRP)   | 65             | \$ 30,769       | \$ 2,564         | \$ 2,000,000         |            |
| <b>Total</b>   | <b>165,100</b> |                 |                  | <b>\$ 40,000,000</b> |            |
| <b>Big Sandy Decommissioning Rider Payment Holiday for 3 Years</b>   |                |                 |                  |                      |            |
|  | Feb-22         | Annual Credit   | Monthly          | Annual               |            |
|  | Customers      | per Customer    | Credits          | Credits              | Provided   |
|  |                |                 |                  |                      |            |
| Residential - Heat   | 84,297         | \$ 107          | \$ 9             | \$9,055,477          |            |
| Residential - Non-Heat   | 49,278         | \$ 82           | \$ 7             | \$4,049,565          |            |
| Outdoor Lighting   |                |                 |                  | \$491,372            |            |
| General Service  | 30,816         | \$ 166          | \$ 14            | \$5,114,334          |            |
| Large General Service (MW, SL and LGS)   | 644            | \$ 5,110        | \$ 426           | \$3,290,563          |            |
| Industrial (IGS and IRP)   | 65             | \$ 75,444       | \$ 6,287         | \$4,903,852          |            |
| <b>Total</b>   | <b>165,100</b> |                 |                  | <b>\$ 26,905,163</b> |            |
| <b>Summary - Based on 12 Month Average Bills*</b>  |                |                 |                  |                      |            |
|  | Current        | Decommissioning | Eastern Kentucky | Reduced              | %          |
|  | Average        | Rider           | Fuel Relief      | Bill                 | Savings    |
|  | Bill           | Holiday         | Fund**           |                      |            |
| Residential - Heat   | \$193          | \$ 9            | \$ 21            | \$163                | <b>16%</b> |
| Residential - Non-Heat   | \$148          | \$ 7            | \$ 14            | \$127                | <b>14%</b> |
| General Service  | \$268          | \$ 14           | \$ 16            | \$238                | <b>11%</b> |
| Large General Service (MW, SL and LGS)   | \$8,430        | \$ 426          | \$ 259           | \$7,745              | <b>8%</b>  |
| Industrial (IGS and IRP)   | \$182,347      | \$ 6,287        | \$ 2,564         | \$173,496            | <b>5%</b>  |
| *Savings subject to Commission approval  |                |                 |                  |                      |            |
| ** Savings are average indicative savings based on average bills for the year ended February 2022 bill; exact savings will depend on the level of the Fuel Adjustment Clause |                |                 |                  |                      |            |

3

1 **Q. ALL TOLD, HOW MUCH BENEFIT WILL CUSTOMERS RECEIVE AS A**  
2 **RESULT OF THE TRANSACTION?**

3 A. Between the Eastern Kentucky Fuel Relief Fund and the BSDR Relief, an average  
4 residential customer will save \$21 per month or 14% per month while both initiatives are  
5 active and an average residential electric heat customer will save \$30 per month or 16%  
6 per month during the pendency of both initiatives. These are the largest savings on a per  
7 customer basis that have ever been offered in Kentucky for the acquisition of a utility.

8 **Q. IS THERE ANY OTHER PROPOSAL BEING OFFERED BY LIBERTY THAT**  
9 **YOU WANT TO HIGHLIGHT?**

10 A. Yes. We are aware that these are difficult times for customers and that they need to know  
11 that their utility has a laser focus on customers' concerns and issues of interest to them. To  
12 that end, Liberty will hire a Vice President of Customer Advocacy as part of our Kentucky  
13 Power team, who will be part of our local management team. This advocate will have  
14 customers' interests at the forefront of all Kentucky Power decisions at all times and will  
15 be accessible to work with customers to help address any concerns they may have.

16 **Q. ARE THERE OTHER ASPECTS OF MR. KOLLEN'S TESTIMONY ABOUT**  
17 **ALLEGED HARMS WITH WHICH YOU DISAGREE?**

18 A. Yes. Mr. Kollen argues that customer rates will be impacted negatively by the transaction.  
19 That is plainly incorrect. First, aside from decreases expected from the Eastern Kentucky  
20 Fuel Relief Fund and the BSDR Relief, customer base rates will remain the same after the  
21 transaction. As Mr. Kollen is aware, Kentucky Power's general distribution rates cannot  
22 change until January 1, 2024, a year and a half after the transaction is proposed to close.

1 Second, Liberty has committed that it will not charge customers for any acquisition  
 2 premium that it paid, or any one-time transaction or one time transition costs that are  
 3 incurred. Further, Mr. Kollen argues, without any supporting analysis, that Kentucky  
 4 Power's rates will increase 5-10% by the mere fact of its dis-affiliation with AEP. As  
 5 witnesses Jill Schwartz and Dmitry Balashov discuss, this is based on circular reasoning,  
 6 false assumptions, and no true analysis of Liberty's cost structure. The Commission should  
 7 look askance on all of Mr. Kollen's arguments and see them for what they are – an effort  
 8 to see harm where there is or will be none and to actively ignore benefits to customers and  
 9 the local economy that would result from the transaction.

10 **IV. THE STANDARD FOR THE TRANSFER OF CONTROL**

11  
 12 **Q. IS KENTUCKY LAW CLEAR ON THE STANDARD FOR APPROVAL OF THE**  
 13 **TRANSFER OF CONTROL OF A REGULATED UTILITY?**

14 A. Yes. While I am not a lawyer, I am advised that KRS 278.020 (6) and (7) provide that:

15 (6) No person shall acquire or transfer ownership of, or control, or  
 16 the right to control, any utility under the jurisdiction of the  
 17 commission by sale of assets, transfer of stock, or otherwise, or  
 18 abandon the same, without prior approval by the commission. The  
 19 commission shall grant its approval if the person acquiring the utility  
 20 has the financial, technical, and managerial abilities to provide  
 21 reasonable service.

22  
 23 (7) No individual, group, syndicate, general or limited partnership,  
 24 association, corporation, joint stock company, trust, or other entity  
 25 (an "acquirer"), whether or not organized under the laws of this  
 26 state, shall acquire control, either directly or indirectly, of any utility  
 27 furnishing utility service in this state, without having first obtained  
 28 the approval of the commission. . . . The commission shall approve  
 29 any proposed acquisition when it finds that the same is to be made  
 30 in accordance with law, for a proper purpose and is consistent with  
 31 the public interest. . . .  
 32

1 My understanding is that if Liberty demonstrates that it has the financial, technical, and  
2 managerial abilities to provide reasonable service to Kentucky Power's customers, that the  
3 transaction is in accordance with the law, for a proper purpose, and consistent with the  
4 public interest, then the transaction should be approved by the Commission.

5 **Q. HAS ANY WITNESS CONTESTED LIBERTY'S FINANCIAL, TECHNICAL OR**  
6 **MANAGERIAL ABILITY TO PROVIDE REASONABLE SERVICE TO THE**  
7 **CUSTOMERS OF KENTUCKY POWER?**

8 A. No witness contested Liberty's financial or managerial abilities to provide reasonable  
9 service to Kentucky Power's customers. Mr. Kollen was the only witness to challenge  
10 Liberty's technical ability, arguing that Liberty should be disqualified solely because it will  
11 rely on a transition services agreement with AEP to provide some services post-closing  
12 until Liberty has built out its full complement of employees.

13 **Q. DO YOU AGREE WITH MR. KOLLEN?**

14 A. Absolutely not. First, Liberty provided substantial testimony on its experience owning and  
15 operating utilities. For example, I testified about Liberty's extensive experience owning  
16 and operating utilities serving approximately 1.2 million customers, including its service  
17 to 309,300 electric customers in California, New Hampshire, Missouri, Kansas, Oklahoma,  
18 Arkansas, and Bermuda, as well as its ownership and operation of generating assets with  
19 an installed capacity of over 2.0 GW. I explained Liberty's track record of closing multiple  
20 utility acquisitions and financing of large utility projects thereby demonstrating that Liberty  
21 is a highly professional and experienced organization in all aspects of utility finance – from  
22 raising capital in debt and equity markets, ensuring efficient day to-day cash management,  
23 and ensuring detailed expense tracking to facilitate compliant reporting and reconciliation

1 for ratemaking purposes. Mr. Landoll, an engineer, testified about Liberty's ownership  
2 and operation of over 2,200 MW of electric generation assets comprised of combined cycle  
3 natural gas, natural gas/fuel oil, simple cycle natural gas, coal, hydroelectric and wind  
4 facilities; 1,262 transmission line miles; and 8,768 of distribution line miles, all in service  
5 to over 309,000 electric customers across three electric utilities, and all subject to integrated  
6 resource planning requirements. Mr. Swain testified about Liberty's local model where it  
7 operates customer walk in centers in the communities it serves in order to provide local  
8 focused customer service, a managerial structure with utility boards of directors with local  
9 community representatives, and demonstrated success in fostering local economic  
10 development projects, among others. Our testimony demonstrated our longstanding and  
11 significant experience owning and operating electric, gas and water utilities, which has not  
12 been refuted by a single witness. We are proud of this experience, and are ready to bring  
13 all our collective years of experience to the customers of Kentucky Power.

14 **Q. SHOULD LIBERTY BE DISQUALIFIED AS A BUYER SOLELY BECAUSE THE**  
15 **TRANSACTION REQUIRES A TRANSITION SERVICES AGREEMENT?**

16 A. No. In fact, transition services are quite common where the utility being acquired is part  
17 of a large utility holding company. At Liberty, we have completed many utility  
18 acquisitions over the years, and we have found that transition service agreements are  
19 customary in the context of transactions where the acquired company is embedded in a  
20 larger conglomerate, and it is necessary in this very instance. For example, transition  
21 services were provided when Liberty acquired EnergyNorth Natural Gas and Granite State  
22 Electric from National Grid in 2012. These two utilities were small holdings relative to  
23 National Grid's ownership of utilities in Massachusetts and New York and, like this

1 transaction, many key functions were performed on a centralized basis by the seller. For  
2 example, customer service was provided by National Grid in large, centralized out-of-state  
3 call centers far removed from the New Hampshire service territory. A TSA was necessary  
4 in that transaction so that Liberty could hire local customer service representatives, just as  
5 we propose here. Our most recent acquisition of New York American Water is another  
6 similar example. We currently are operating under a transition services agreement given  
7 that nearly all customer service functions are performed by American Water on a  
8 centralized basis outside of the New York Water service territory. Just as would be the  
9 case here, New York Water under Liberty's ownership will restore customer service  
10 functions to the local service territory, creating jobs and benefits to the local economy.  
11 Naturally, it takes time to hire and train new employees to provide this critical function,  
12 and thus putting in place a TSA is not harmful as Mr. Kollen argues; rather, it is protective  
13 of customers. The Commission should not discard Liberty as technically qualified because  
14 it has responsibly and thoughtfully planned the transition of Kentucky Power's ownership.

15 **Q. ARE YOU AWARE OF ANY OTHER COMPANIES THAT HAVE RELIED ON**  
16 **TRANSITION SERVICE AGREEMENTS WHEN ACQUIRING UTILITIES?**

17 A. Yes. Attached to my testimony is Exhibit PE-R2 which provides a list of recent  
18 transactions in the United States where transition services agreements have been relied  
19 upon by the acquiring entity. These companies include NextEra Energy, which has  
20 approximately 14,900 employees throughout the United States and Canada, that entered  
21 into a 24-month transition services agreement when it acquired Gulf Power, an electric  
22 utility that operated in the same state as NextEra Energy's largest utility holding, Florida  
23 Power and Light. PPL, which owns Kentucky's largest electric utilities and is acquiring

1 Narragansett Electric from National Grid, has entered into a transition service agreement  
2 lasting 6 to 24 months where PPL has more than 5,600 employees in the United States. In  
3 the recent case of a financial buyer, the transition services agreement was for even longer  
4 (18 to 30 months) for Balfour Beatty Infrastructure Partners when it acquired Upper  
5 Peninsula Power Company. In sum, TSAs are a typical part of utility mergers and  
6 acquisitions, relied upon by companies large and small. To entertain the theory that a  
7 company does not have the technical ability because of reliance on a TSA would create an  
8 impossible standard that no company could meet and ignores the practical reality of  
9 transitioning the operations of a 100-year old company to new ownership and keeping the  
10 customer experience as the priority. It would be a fallacy to conclude that Liberty does not  
11 have the requisite financial, technical, and managerial experience to own and operate  
12 Kentucky Power based on the existence of a TSA. In fact, the use of TSA is actually  
13 evidence of Liberty's managerial experience and sophistication in transitioning utilities to  
14 new ownership.

15 **Q. COULD ANY COMPANY ACQUIRE KENTUCKY POWER COMPANY**  
16 **WITHOUT A TRANSITION SERVICES AGREEMENT?**

17 A. It is highly unlikely that any company could step into Kentucky Power's operations  
18 immediately upon closing without some form of a TSA. As Mr. Kollen himself  
19 acknowledges, Kentucky Power is highly intertwined with AEP and receives a significant  
20 array of services from AEPSC. *See* Kollen Direct Testimony, pp. 20-44. It is hard to  
21 imagine how any company could have all of these functions ready to go as of the date of  
22 closing an acquisition of the utility for two reasons. First, a company such as AEP requires  
23 a significant amount of time to isolate, identify, and deploy the resources required to

1 separate a subsidiary's operations from its own. Second, even if a complete separation  
2 could magically occur overnight, it would require that the buyer hire employees or integrate  
3 into its existing utility and effectively begin operating the utility even before the regulatory  
4 approvals had been granted and the transaction had been consummated such that on the  
5 first day of ownership all functions could be performed seamlessly. Not only is that  
6 unrealistic from a practical perspective, I am advised that it would be illegal under federal  
7 antitrust law, which requires that parties to a merger or acquisition remain separate and  
8 independent entities until the transaction is consummated. Thus, Mr. Kollen's conclusion  
9 that the existence of a TSA automatically disqualifies Liberty is tantamount to concluding  
10 that any buyer would be disqualified.

11 **Q. ARE THERE OTHER ASPECTS OF THE KOLLEN AND BARON TESTIMONIES**  
12 **THAT EVISCERATE THE STANDARD FOR TRANSFER OF CONTROL OF A**  
13 **UTILITY?**

14 A. Yes. As I discussed earlier in my testimony, Mr. Kollen and Mr. Baron both argue that the  
15 Commission should require AEP to pay the acquisition premium to Kentucky Power in the  
16 form of a penalty based on allegations that Kentucky Power has failed to sufficiently invest  
17 in its distribution system over the years, that it has not acted to reduce transmission  
18 expense, and that operation under Liberty's ownership will be more expensive. While  
19 Dmitry Balashov and AEP witnesses Haynes and West address this point in more detail, it  
20 is a far stretch to conclude that the Commission has the authority to seize any acquisition  
21 premium on behalf of customers on the basis that doing so is "consistent with the public  
22 interest." Should this become the standard in Kentucky for utility acquisitions, no  
23 jurisdictional utility would ever be sold, and Kentucky's reputation of being open for



1 business for out of state investors would be materially harmed, which ironically, would be  
2 *inconsistent* with the public interest.

3 **Q. IS THERE ANY DISPUTE THAT THE TRANSACTION IS IN ACCORDANCE**  
4 **WITH THE LAW AND FOR A PROPER PURPOSE?**

5 A. No. No party to the proceeding has provided any evidence that the transaction does not  
6 meet this standard, and in Liberty’s Direct Testimony, the Company demonstrated that  
7 these requirements are amply met. See Direct Testimony of Peter Eichler, pp. 44, 47-48.

8 **V. AFFILIATE AGREEMENTS**

9 **Q. MR. KOLLEN’S TESTIMONY CRITICIZES THE JOINT APPLICANTS FOR**  
10 **NOT PROVIDING “DRAFTS OF ESSENTIAL INTERCOMPANY**  
11 **AGREEMENTS.” DO YOU HAVE A RESPONSE TO HIS CRITIQUE?**

12 A. Yes. In my Direct Testimony in this case, I explained that while our focus is on the local  
13 provision of services to the greatest extent practicable, Liberty does centralize some  
14 services for its utilities.<sup>1</sup> I explained that all costs would be allocated based on Algonquin  
15 Power & Utilities Corp.’s Cost Allocation Manual (“CAM”) and that the CAM had  
16 recently been audited by PricewaterhouseCoopers who found it to be reasonable and  
17 consistent with NARUC and FERC guidance. A copy of the CAM was provided in  
18 response to Office of the Attorney General Data Request 1-40. Mr. Kollen has been critical  
19 of Liberty for not providing the form of affiliate service agreements that would be  
20 implemented post-closing that carryout out what is in the CAM. Copies of those  
21 agreements are attached to my testimony as **Exhibit PE-R3**.

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<sup>1</sup> See Eichler Direct Testimony at pp. 23-24.

1 **Q. IS THIS COMMISSION'S APPROVAL OF THE AFFILIATE SERVICE**  
2 **AGREEMENTS REQUIRED?**

3 A. I do not believe it is. KRS 278.2207(1)(a) provides that "[s]ervices and products provided  
4 to the utility by an affiliate shall be priced at the affiliate's fully distributed cost but in no  
5 event greater than market or in compliance with the utility's existing USDA, SEC, or FERC  
6 approved cost allocation methodology." The charges under the CAM and the affiliate  
7 agreements attached as Exhibit PE-R2 are based on fully distributed cost, and as I indicated  
8 earlier in my testimony, PricewaterhouseCoopers has found the CAM consistent with  
9 FERC guidance on cost allocation.

10 **Q. WHAT IS THE STATUS OF THE OTHER AGREEMENTS REFERENCED IN**  
11 **MR. KOLLEN'S TESTIMONY?**

12 A. AEP witness Alex Vaughan addresses the Bridge PCA, and Liberty witness Mr. McCuen  
13 addresses the tax allocation agreement and why that also is not a concern.

14 **VI. THE TRANSACTION IS CONSISTENT WITH THE PUBLIC INTEREST**  
15

16 **Q. MR. KOLLEN AND MR. BARON ARGUE THAT OVERALL, THE**  
17 **TRANSACTION IS NOT IN THE PUBLIC INTEREST UNLESS SIGNIFICANT**  
18 **CONDITIONS ARE PLACED ON IT. DO YOU AGREE?**

19 A. No. There are many reasons why Liberty's proposed ownership and commitments are  
20 consistent with the public interest, which have been described in our direct and rebuttal  
21 testimony. To point out just a few, Liberty has significant experience owning and operating  
22 electric utilities and delivering high quality service to its customers, a critical foundation  
23 to success. Liberty will bring many utility functions back to eastern Kentucky that had  
24 previously been performed elsewhere, which alone will be an investment in the local

1 economy as those employees purchase homes, shop for goods and services, and become  
2 important contributors to the fabric of the communities in Kentucky Power's service  
3 territory. Liberty is committed to working in Kentucky in partnership with stakeholders  
4 and others to find creative solutions to address customer needs, just as it has in Missouri  
5 when it was the first utility to seek securitization to reduce the impact of extraordinary fuel  
6 expense from Winter Storm Uri on customers. Liberty has a long history of providing  
7 award-winning energy efficiency services to help our electric and gas customers weatherize  
8 their homes and achieve important demand side reductions. While this list is not  
9 exhaustive, these are just a few examples of benefits that Liberty ownership will bring.

10 **Q. ARE THERE OTHER BENEFITS THAT WOULD RESULT FROM THE**  
11 **TRANSACTION?**

12 A. Yes. In a demonstration of its commitment to Kentucky Power customers, Liberty has  
13 agreed to a number of conditions over and above those described in the Stock Purchase  
14 Agreement and Liberty's Direct Testimony in this proceeding. Attached to my testimony  
15 as **Exhibit PE-R4** is a list of all the conditions to which Liberty is agreeable, which include  
16 among others the following:

- 17 • All costs associated with the proposed transaction will not have the effect of  
18 increasing Kentucky Power's rates for electric service.
- 19
- 20 • Kentucky Power's customers will not incur any additional costs, liability, or  
21 obligations, directly or indirectly, in conjunction with the proposed transaction.  
22 Provided however that Kentucky Power will enter into affiliate service  
23 agreements with Algonquin Power & Utilities Corp., Liberty Utilities (Canada)  
24 Corp., Liberty Utilities Co. and Liberty Service Corp. for the provision of  
25 certain services, and in that respect, will incur new liabilities. The costs of these  
26 services, however, will not result in any increase in costs to Kentucky Power  
27 customers.
- 28
- 29 • Kentucky Power will not incur any additional indebtedness or pledge any assets  
30 to finance any part of the purchase price paid by Liberty to acquire control of

1 Kentucky Power.

- 2
- 3 • Kentucky Power’s current level of community involvement, charitable
- 4 contributions, low-income funding, and economic development in Kentucky
- 5 Power’s service territory will be maintained for two years following the close
- 6 of the transaction so that the Company can best evaluate how to continue to
- 7 support the community.
- 8
- 9 • Kentucky Power’s customers will not be asked to contribute to costs associated
- 10 with operating any Liberty subsidiary or affiliates.
- 11
- 12 • Kentucky Power will not guarantee the credit of any affiliate if the proposed
- 13 transaction is approved.
- 14
- 15 • Kentucky Power will not be required to pledge any of its assets to finance the
- 16 debt or any purchases of any affiliates if the proposed transaction is approved.
- 17
- 18 • Kentucky Power will not be required to grant liens or encumbrances, or
- 19 otherwise pledge any of its assets, to finance any or all of the costs of the
- 20 proposed transaction.
- 21
- 22 • Liberty will not utilize push-down accounting in any manner arising from the
- 23 proposed transaction.
- 24
- 25 • Kentucky Power will give clear and conspicuous notice to Kentucky Power’s
- 26 customers prior to any change in service resulting from the proposed
- 27 transaction.
- 28
- 29 • Liberty will commit to ring-fencing of Kentucky Power such that Kentucky
- 30 Power would be insulated from Liberty’s non-utility lines of business. To
- 31 define “ring-fencing”: Liberty will commit that Kentucky Power: (i) will not
- 32 assume liability for the debts issued by Algonquin Power & Utilities Corp.,
- 33 Liberty Utilities Co., or any of their subsidiaries or affiliates; (ii) will maintain
- 34 corporate officers who have a fiduciary duty to Kentucky Power, and; (iii) will
- 35 maintain separate books and records of Kentucky Power, all to provide
- 36 sufficient ring fencing to Kentucky Power to insulate it from potential liability
- 37 of from other affiliates.
- 38
- 39 • Liberty’s common equity ratio for rates effective in 2024 will be 45% and will
- 40 only change for ratemaking purposes upon approval of the Commission in
- 41 future rate cases.
- 42
- 43 • For any FERC filed affiliate agreements that will affect rates, Liberty will
- 44 provide a copy to the Kentucky Public Service Commission 30 days prior to
- 45 filing of all such affiliate agreements before they are filed at FERC and before
- 46 they are executed.

- 1
- 2 • Liberty will file with the Kentucky Public Service Commission any agreements
- 3 with AEP relating to services provided to Kentucky Power Company within 30
- 4 days of execution of such agreements.
- 5
- 6 • Within sixty days of the close of the transaction, Kentucky Power Company
- 7 will convene a stakeholder process for the development of one or more new
- 8 renewable energy offerings to be proposed for Commission approval within
- 9 one year of the close of the transaction.
- 10
- 11 • Liberty will enter into an arrangement to factor accounts receivable if doing so
- 12 will bring savings to customers.
- 13
- 14 • Liberty will not seek to recover any transaction or one time transition costs (as
- 15 defined by Liberty in testimony) from customers.
- 16
- 17 • Within 90 days of the later of closing or enabling legislation, Liberty will put
- 18 forward a proposal to levelize fuel charges and amend the Fuel Adjustment
- 19 Clause to the degree necessary to enable levelization going forward.
- 20
- 21 • Liberty will pursue securitization legislation focused on the facts and
- 22 circumstances of Kentucky Power.
- 23

24 **Q. WILL THESE PUBLIC BENEFITS BE RECEIVED BY CUSTOMERS ABSENT**  
25 **APPROVAL OF THE LIBERTY ACQUISITION?**

26 A. No. The commitments made in this docket only come to fruition with a successful closing  
27 of the Liberty acquisition. Kentucky Power under AEP did not make the commitments in  
28 its normal course of operations, these are Liberty commitments. The customer credit to  
29 assist with rising fuel costs, the “rate holiday” from paying the Big Sandy  
30 Decommissioning Rider while a securitization solution is sought, the securitization of the  
31 Mitchell plant remaining costs, the customer service benefits of walk in centers and a  
32 focused Customer Advocate on the management team, among all the other Liberty driven  
33 benefits are all on the table as offered by Liberty. The opportunity for change and a local

1 approach with decisions made locally by friends and neighbors is also in the public interest  
2 and only being offered by Liberty.

3 **Q. ARE THERE ANY OTHER FACTORS THAT THE COMMISSION SHOULD**  
4 **CONSIDER?**

5 A. Yes. As I described earlier in my testimony, I am aware of the historic frustrations of the  
6 parties and the Commission in some instances with Kentucky Power's approach. This  
7 transaction presents a unique opportunity to take a fresh approach to the business and the  
8 stakeholder relationships that are the foundations of the regulatory compact. Liberty  
9 remains committed to serving the customers of Kentucky Power and bringing new  
10 opportunities to eastern Kentucky such that in partnership with others, the local economy  
11 can thrive. We look forward to working with the Commission in the parties well into the  
12 future on that partnership.

13 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

14 A. It does.

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**ELECTRONIC JOINT APPLICATION OF AMERICAN )  
ELECTRIC POWER COMPANY, INC., KENTUCKY )  
POWER COMPANY AND LIBERTY UTILITIES CO. ) CASE NO. 2021-00481  
FOR APPROVAL OF THE TRANSFER OF OWNERSHIP )  
AND CONTROL OF KENTUCKY POWER COMPANY )**

**Exhibit PE-R1**

**PETER EICHLER**

**ON BEHALF OF**

**LIBERTY UTILITIES CO.**

See Attached Excel File

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**ELECTRONIC JOINT APPLICATION OF AMERICAN )  
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POWER COMPANY AND LIBERTY UTILITIES CO. )  
FOR APPROVAL OF THE TRANSFER OF OWNERSHIP )  
AND CONTROL OF KENTUCKY POWER COMPANY )**

**CASE NO. 2021-00481**

**Exhibit PE-R2**

**PETER EICHLER**

**ON BEHALF OF**

**LIBERTY UTILITIES CO.**



## Utility Carveout Transition Service Agreements

| Announcement Date | Acquirer  | Target  | Parent                     | Length         |
|-------------------|---|---|----------------------------|----------------|
| 2/11/2022         | Ullico  | Hope Gas  | Dominion Energy            | Undisclosed    |
| 10/5/2021         | Southwest Gas                                   | Questar   | Dominion Energy            | Undisclosed    |
| 4/29/2021         | Summit Utilities (JPM Infra.)                   | CenterPoint AR & OK   | CenterPoint Energy         | 12 months      |
| 3/18/2021         | PPL   | Narragansett Electric   | National Grid              | 6 - 24 months  |
| 2/26/2020         | Eversource                                      | Columbia Gas of MA  | NiSource                   | 24 months      |
| 3/25/2019         | Enmax   | Emera Maine   | Emera                      | 6 months       |
| 5/21/2018         | NextEra Energy                                  | Gulf Power  | Southern Company           | 24 months      |
| 10/16/2017        | South Jersey Industries                         | Elizabethtown Gas and Elkton Gas                              | Southern Company           | 12 months      |
| 1/20/2014         | Balfour Beatty Infrastructure Partners (Basalt) | Upper Peninsula Power Co. (UPPCO)                             | Integrus                   | 18 - 30 months |
| 2/2/2012          | AltaGas   | Semco Holding Corp.   | Continental Energy Systems | Undisclosed    |
| 12/8/2010         | Liberty Energy Utilities Co.                    | EnergyNorth Natural Gas, Inc. and Granite State Electric Comp | National Grid USA          | 24 months      |
| 11/20/2019        | Liberty Utilities Co.                           | New York American Water Co., Inc.                             | American Water             | 12 months      |

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**ELECTRONIC JOINT APPLICATION OF AMERICAN )  
ELECTRIC POWER COMPANY, INC., KENTUCKY )  
POWER COMPANY AND LIBERTY UTILITIES CO. ) CASE NO. 2021-00481  
FOR APPROVAL OF THE TRANSFER OF OWNERSHIP )  
AND CONTROL OF KENTUCKY POWER COMPANY )**

**Exhibit PE-R3**

**PETER EICHLER**

**ON BEHALF OF**

**LIBERTY UTILITIES CO.**

**AFFILIATE SERVICES AGREEMENT**  
**Liberty Utilities Co.**

This Affiliate Services Agreement (this “Agreement”) is effective as of the 30<sup>th</sup> day of June, 2017 by and between Liberty Utilities Co., a Delaware corporation (“LU Co.”) and Liberty Utilities (EnergyNorth Natural Gas) Corp., Liberty Utilities (Granite State Electric) Corp., Liberty Utilities (New England Natural Gas Company) Corp., Liberty Utilities (Peach State Natural Gas) Corp., Liberty Utilities (CalPeco Electric) LLC, Liberty Utilities (Park Water) Corp., Liberty Utilities (Apple Valley Ranchos Water) Corp., Liberty Utilities (Bella Vista Water) Corp., Liberty Utilities (Gold Canyon Sewer) Corp., Liberty Utilities (Litchfield Park Water & Sewer) Corp., Liberty Utilities (Northwest Sewer) Corp., Liberty Utilities (Black Mountain Sewer) Corp., Liberty Utilities (Entrada Del Oro Sewer) Corp., Liberty Utilities (Pine Bluff Water) Inc., Liberty Utilities (Rio Rico Water & Sewer) Corp., Liberty Utilities (Seaside Water) LLC, Liberty Utilities (Fox River Water) LLC, Liberty Utilities (Missouri Water) LLC, Liberty Utilities (Silverleaf Water) LLC, Liberty Utilities (Tall Timbers Sewer) Corp., Liberty Utilities (White Hall Sewer) Corp., Liberty Utilities (White Hall Water) Corp., Liberty Utilities (Woodmark Sewer) Corp., Liberty Utilities (Woodson-Hensley Water) Corp., Liberty Utilities (Midstates Natural Gas) Corp., The Empire District Electric Company, The Empire District Gas Company, and Empire District Industries, Inc. (each individually a “Liberty Utilities Entity” and collectively, the “Liberty Utilities Entities”). The parties to this Agreement are otherwise collectively referred to as the “Parties” or individually referred to as a “Party.”

WHEREAS, LU Co. owns, either directly or indirectly, the Liberty Utilities Entities, and provides certain services to those entities;

WHEREAS, the Parties seek to memorialize the terms and conditions governing the provision of services including the manner in which costs will be charged to the Liberty Utilities Entities;

THEREFORE, the Parties further agree as follows:

**Section 1 – Provision of Services**

**Section 1.1** *Consultants.* LU Co. will, from time to time, arrange for services of non-affiliated experts, consultants, accountants and attorneys in its provision of services under this Agreement.

**Section 1.2** *Services.* LU Co. agrees to provide, and the Liberty Utilities Entities agree to accept, financing including guarantees, short-term loans payable at periods of one year or less, and long-term capital debt financing on terms and conditions that the Parties may memorialize in a written agreement or agreements, which are separately subject to any federal or state law or any rule, regulation or order of a federal or state regulatory body having jurisdiction, including the approval of any federal or state regulatory body that is a legal prerequisite to the execution and performance of the agreement(s). In addition, LU

Co. may provide certain indemnity services to the Liberty Utilities Entities which the Liberty Utilities Entities agree to accept. The Liberty Utilities Entities shall reimburse LU Co. for any monies expended by it in respect of any indemnification services provided.

## **Section 2 – Records and Charges**

**Section 2.1 *Records.*** All services rendered under this Agreement will be provided at actual cost thereof. Records will be maintained by LU Co. in order to accumulate all costs of doing business and to determine the cost of service. In addition, records will be maintained of general administrative expenses, which will include the costs of operating LU Co. as a corporate entity.

LU Co. shall maintain adequate books and records with respect to the transactions subject to this Agreement to specifically identify costs subject to allocation, particularly with respect to their origin. In addition, the records must be adequately supported in a manner sufficient to justify recovery of the costs in the rates of the Liberty Utilities Entities. LU Co. shall be responsible for maintaining internal controls to ensure the costs associated with transactions covered by the Agreement are properly and consistently allocated and billed in accordance with the terms and provisions of this Agreement. Each of the Liberty Utilities Entities shall maintain its own books and records in the manner required by law, and in a transparent manner which allows the amounts billed by LU Co. to be readily determined.

**Section 2.2 *Charges.*** Any financing charges incurred by LU Co. on behalf of any Liberty Utilities Entity shall be charged by LU Co. to the applicable Liberty Utilities Entity based on any stand-alone credit agreements/promissory notes with such Liberty Utilities Entity. Any charges associated with indemnity provided by Liberty Utilities Co. will be a direct pass through of any and all costs and expenses associated with same.

## **Section 3 - Term**

**Section 3.1 *Term.*** This Agreement shall continue unless terminated by any of the Liberty Utilities Entities or LU Co. giving thirty days' written notice to the other of such termination at the end of any month. Any such termination shall not affect (a) the terminating Party's accrued rights and obligations under this Agreement arising prior to the effective date of termination; (b) any Liberty Utilities Entities' rights to obtain any and all records from LU Co. regarding its provision of services under this Agreement; and (c) LU Co.'s responsibilities to provide any Liberty Utilities Entity books and records and other information relating to its provision of services under this Agreement. This Agreement shall not be amended except by a written instrument signed by an authorized representative of each of the Parties hereto.

## **Section 4 – Confidential Information**

**Section 4.1 Confidential Information.** Each Party shall treat in confidence all information that it shall have obtained regarding the other Parties and their respective businesses during the course of the performance of this Agreement. Such information shall not be communicated to any person other than the Parties to this Agreement, except to the extent disclosure of such information is required by a governmental authority. If a Party is required to disclose confidential information to a governmental authority, such Party shall take reasonable steps to make such disclosure confidential under the rules of such governmental authority. Information provided hereunder shall remain the sole property of the Party providing such information. The obligation of a Party to treat such information in confidence shall not apply to any information which (i) is or becomes available to such Party from a source other than the Party providing such information, or (ii) is or becomes available to the public other than as a result of disclosure by such Party or its agents.

## **Section 5 – Miscellaneous**

**Section 5.1 Compliance with Governing Law.** This Agreement will be subject to termination or modification at any time to the extent its performance may conflict with any federal or state law or any rule, regulation or order of a federal or state regulatory body having jurisdiction. This Agreement shall be subject to approval of any federal or state regulatory body whose approval is a legal prerequisite to its execution and performance. Cost allocations and the methods of allocation provided herein may also be subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”) under Section 1275 of the Energy Policy Act of 2005 and the rules promulgated thereunder and, to the extent applicable, FERC determinations regarding the allocation of costs shall be dispositive. In the case of Parties subject to the jurisdiction of the Massachusetts Department of Public Utilities (“MDPU”) or any successor to the MDPU, any amounts to be paid by such Parties in connection with this Agreement or any transaction contemplated by this Agreement shall be subject to review and determination by the MDPU in any proceeding brought under Section 93 or 94 of Chapter 164 of the Massachusetts General Laws.

**Section 5.2 Limitation of Liability.** Each Party acknowledges and agrees that any services provided by LU Co. hereunder are so provided WITHOUT ANY WARRANTY (WHETHER EXPRESS, IMPLIED OR STATUTORY AND NOTWITHSTANDING ANY ORAL OR WRITTEN STATEMENT BY A PARTY’S EMPLOYEES, REPRESENTATIVES OR AGENTS TO THE CONTRARY) WHATSOEVER. ALL SUCH WARRANTIES INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) ARE HEREBY DISCLAIMED AND EXCLUDED.

**Section 5.3 Exclusive Benefit.** This Agreement is intended for the exclusive benefit of the Parties hereto and is not intended and shall not be deemed or construed, to create any rights in, or responsibilities to, third parties.

**Section 5.4 Assignment.** This Agreement may not be assigned by any Party without the prior written consent of all parties.

**Section 5.5 Severability.** Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent, of such invalidity, illegality or enforceable provision or provisions or any other provisions hereof, unless such a construction would be unreasonable.

**Section 5.6 Waiver.** Failure by any Party to insist upon strict performance of any term or condition herein shall not be deemed a waiver of any rights or remedies that such Party may have against any other Party nor in any way affect the validity of this Agreement or any part hereof or the right of such Party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other subsequent breach.

**Section 5.7 Entirety.** This Agreement constitutes the entire Agreement between the Parties pertaining to the subject matter hereof and supersedes all prior Agreements, understandings, negotiations and discussions, whether oral or written between the Parties with respect to the subject matter hereof.

**Section 5.8 Counterparts.** Any number of counterparts of this Agreement may be executed, and each shall have the same force and effect as an original instrument, as if all Parties to all counterparts had signed the same instrument.

*[signatures appear on following pages]*

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above mentioned.

LIBERTY UTILITIES CO.

By:   
Name: Greg Sorensen  
Title: President

By: \_\_\_\_\_  
Name: James Sweeney  
Title: Secretary/Treasurer

LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.

By: \_\_\_\_\_  
Name: James Sweeney  
Title: President

By: \_\_\_\_\_  
Name: Tisha Sanderson  
Title: Secretary

LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP.

By: \_\_\_\_\_  
Name: James Sweeney  
Title: President

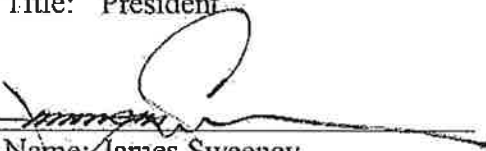
By: \_\_\_\_\_  
Name: Tisha Sanderson  
Title: Secretary

*[signatures appear on following pages]*


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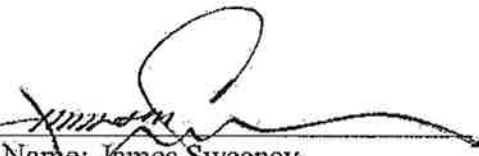
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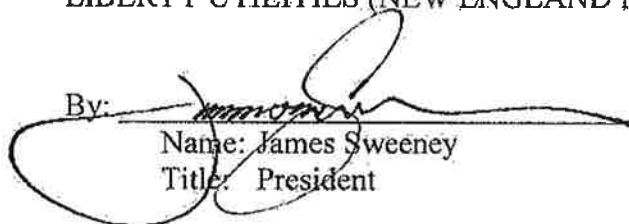
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By: \_\_\_\_\_  
Name: Ronald John Ritchie  
Title: Secretary

LIBERTY UTILITIES (PEACH STATE NATURAL GAS) CORP.

By: \_\_\_\_\_  
Name: Charles A. Rossi  
Title: President


By: \_\_\_\_\_  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (CALPECO ELECTRIC) LLC

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Title: President

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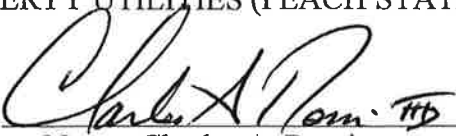
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Name: Todd Wiley  
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LIBERTY UTILITIES (PARK WATER) CORP.

By:   
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Title: President

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Title: Secretary

LIBERTY UTILITIES (APPLE VALLEY RANCHOS WATER) CORP.

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By: Todd Wiley/SSK  
Name: Todd Wiley  
Title: Secretary



LIBERTY UTILITIES (GOLD CANYON SEWER) CORP.

By: Matthew Garlick / SBK  
Name: Matthew Garlick  
Title: President

By: Todd Wiley / SBK  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (LITCHFIELD PARK WATER & SEWER) CORP.

By: Matthew Garlick / SBK  
Name: Matthew Garlick  
Title: President

By: Todd Wiley / SBK  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (NORTHWEST SEWER) CORP.

By: Matthew Garlick / SBK  
Name: Matthew Garlick  
Title: President

By: Todd Wiley / SBK  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (BLACK MOUNTAIN SEWER) CORP.

By: Matthew Garlick / SBIC  
Name: Matthew Garlick  
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Title: Secretary

LIBERTY UTILITIES (ENTRADA DEL ORO SEWER) CORP.

By: Matthew Garlick / SBIC  
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LIBERTY UTILITIES (PINE BLUFF WATER) INC.

By: \_\_\_\_\_  
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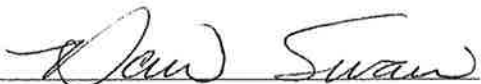
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LIBERTY UTILITIES (MISSOURI WATER) LLC

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Title: President


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Title: Secretary

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Title: Secretary

LIBERTY UTILITIES (WHITE HALL SEWER) CORP.

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Title: President

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Name: Dale Harrington  
Title: Secretary

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By: Todd Wiley / SBC  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (WOODSON-HENSLEY WATER) CORP.

By: James H. Lucas  
Name: James H. "Pete" Lucas

By: \_\_\_\_\_  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.

By: \_\_\_\_\_  
Name: David Swain  
Title: President

By: \_\_\_\_\_  
Name: Dale Harrington  
Title: Secretary

THE EMPIRE DISTRICT ELECTRIC COMPANY

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Name: David Swain  
Title: President

By: \_\_\_\_\_  
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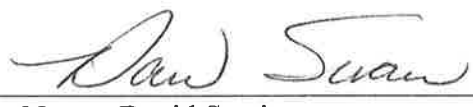
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EMPIRE DISTRICT INDUSTRIES, INC.

By: David Swain  
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## **AFFILIATE SERVICES AGREEMENT** **Liberty Utilities Service Corp.**

This Affiliate Services Agreement (this “Agreement”) is entered into and effective as of the 30<sup>th</sup> of June, 2017, by and between Liberty Utilities Service Corp. (“LUSC”) and Liberty Utilities (EnergyNorth Natural Gas) Corp., Liberty Utilities (Granite State Electric) Corp., Liberty Utilities (New England Natural Gas Company) Corp., Liberty Utilities (Peach State Natural Gas) Corp., Liberty Utilities (CalPeco Electric) LLC, Liberty Utilities (Park Water) Corp., Liberty Utilities (Apple Valley Ranchos Water) Corp., Liberty Utilities (Bella Vista Water) Corp., Liberty Utilities (Gold Canyon Sewer) Corp., Liberty Utilities (Litchfield Park Water & Sewer) Corp., Liberty Utilities (Northwest Sewer) Corp., Liberty Utilities (Black Mountain Sewer) Corp., Liberty Utilities (Entrada Del Oro Sewer) Corp., Liberty Utilities (Pine Bluff Water) Inc., Liberty Utilities (Rio Rico Water & Sewer) Corp., Liberty Utilities (Seaside Water) LLC, Liberty Utilities (Fox River Water) LLC, Liberty Utilities (Missouri Water) LLC, Liberty Utilities (Silverleaf Water) LLC, Liberty Utilities (Tall Timbers Sewer) Corp., Liberty Utilities (White Hall Sewer) Corp., Liberty Utilities (White Hall Water) Corp., Liberty Utilities (Woodmark Sewer) Corp., Liberty Utilities (Woodson-Hensley Water) Corp., Liberty Utilities (Midstates Natural Gas) Corp., The Empire District Electric Company, The Empire District Gas Company, and Empire District Industries, Inc. (each individually a “Liberty Utilities Entity” and collectively, the “Liberty Utilities Entities”). The parties to this Agreement are otherwise collectively referred to as the “Parties” or individually referred to as a “Party.”

WHEREAS, LUSC employs individuals who are dedicated to providing services to specific Liberty Utilities Entities and other individuals who provide shared services across the Liberty Utilities Entities as well other companies within the Algonquin Power & Utilities Corp. holding company system;

WHEREAS, placement of utility employees within LUSC will allow those employees to continue to be employed on the same terms and conditions as when, and as if, directly employed by each Liberty Utilities Entity, but will allow each Liberty Utilities Entity to take advantage of administrative efficiencies, cost savings, and economies of scale relating to payroll administration, benefit costs and other employee-related expenses;

WHEREAS, LUSC and the Liberty Utilities Entities seek to memorialize the terms and conditions that govern LUSC’s provision of services to the Liberty Utilities Entities, including the manner in which costs will be charged to the Liberty Utilities Entities.

THEREFORE, the Parties further agree as follows:

### **Section 1 – Provision of Services**

**Section 1.1 *Staffing.*** LUSC has and will maintain a staff trained and experienced in the provision of services described in Section 1.2. In addition to the services of its own staff, LUSC will, from time to time, arrange for services of non-affiliated experts, consultants, accountants and attorneys to provide the services in Section 1.2.

**Section 1.2 Services.** LUSC agrees to provide, and the Liberty Utilities Entities agree to accept, services necessary for each Liberty Utilities Entity to provide safe, cost-effective and reliable utility service to its customers. These services include, but are not limited to, the following types of services upon the terms and conditions set forth herein: accounting and finance, compliance, customer care and billing, customer communication, dispatch and control, energy procurement, engineering, environmental, health, safety and security, gas control, GIS/mapping, human resources, information technology/tech support, legal, operations, managerial, outage management, procurement, regulatory & government relations, utility planning, and vegetation management.

**Section 1.3 Intent of Agreement.** The intent of this Agreement is to allow LUSC to provide services necessary for the Liberty Utilities Entities to provide regulated distribution utility service in accordance with all applicable statutes, regulations, rules, ordinances, codes, and similar acts or promulgations of any governmental body. The Parties understand and agree that, at all times, each Liberty Utilities Entity remains solely responsible for operation of the utility in providing safe, reliable and cost-effective service to its customers. The Parties further understand and agree that they each remain responsible for complying with all applicable laws, rules and regulations in the conduct of their respective businesses. The Parties understand and agree that each Liberty Utilities Entity owns and/or controls certain plant, facilities and equipment used and useful in providing distribution utility service to its customers and LUSC does not have any right, ownership or control over such plant, facilities and equipment used and useful in providing electric utility service to those customers.

**Section 1.4 Duties Unchanged.** Nothing herein shall be construed to relieve the officers, directors or members of any of the Liberty Utilities Entities from performing their respective duties, fulfilling their responsibilities, or limiting the exercise of their powers in accordance with their governing documents such as Articles of Incorporation or Operating Agreements, applicable law, or otherwise. The activities of each of the Liberty Utilities Entities shall remain, and at all times be, subject to the control, management and direction of its directors or members and officers.

## **Section 2 – Records and Charges**

**Section 2.1 Records.** LUSC shall maintain adequate books and records with respect to the transactions subject to this Agreement to specifically identify costs subject to allocation, particularly with respect to their origin. In addition, the records must be adequately supported in a manner sufficient to justify to any utility regulatory body recovery of the costs in the rates of the Liberty Utilities Entities. LUSC shall be responsible for maintaining internal controls to ensure the costs associated with transactions covered by the Agreement are properly and consistently allocated and billed in accordance with the terms and provisions of this Agreement. Each of the Liberty Utilities Entities shall maintain its own books and records in the manner required by law, and in a transparent manner which allows the amounts billed by LUSC to be readily determined.

**Section 2.2 Charges.** All services rendered under this Agreement will be provided and charged to Liberty Utilities Entities in accordance with the then effective Algonquin Power & Utilities Cost Allocation Manual (“CAM”), which is set forth at <https://libertyutilities.com/lucam.html> and incorporated herein by reference. Charges for services consist of direct and indirect costs. Direct charges shall include direct labor, direct materials, direct purchased services associated with the related asset or services, and overhead amounts. Where service cannot be direct charged, LUSC shall charge the Liberty Utilities Entity based on the allocation factors and methodologies set forth in the CAM. All employee costs for LUSC employees who perform work for the Liberty Utilities Entity are to be paid by LUSC and direct charged to the Liberty Utilities Entity. Joint and common costs not associated with the provision of services listed above shall be charged based on a four-factor allocation methodology in the CAM.

### **Section 3 – Term**

**Section 3.1 Term.** This Agreement shall continue unless terminated by any of the Liberty Utilities Entities or LUSC giving thirty days’ written notice to the other of such termination at the end of any month. Any such termination shall not affect (a) the terminating Party’s accrued rights and obligations under this Agreement arising prior to the effective date of termination; (b) any Liberty Utilities Entities’ rights to obtain any and all records from LUSC regarding its provision of services under this Agreement; and (c) LUSC’s responsibilities to provide any Liberty Utilities Entity books and records and other information relating to its provision of services under this Agreement. This Agreement shall not be amended except by a written instrument signed by an authorized representative of each of the Parties hereto.

### **Section 4 – Information**

**Section 4.1 Confidential Information.** The Parties recognize that each LUSC employee who is dedicated to, or otherwise performs any of the services delineated in Section 1.2 above for a Liberty Utilities Entity may have access to confidential and commercially-sensitive information relating to the Liberty Utilities Entity’s utility operations and customers (“Liberty Utilities Entities Confidential Information”). LUSC agrees that such employees performing services for any Liberty Utilities Entity shall use any such Liberty Utilities Entity Confidential Information only for the purpose of performing Section 1.1 services. Each Party shall treat in confidence all information that it shall have obtained regarding the other Party and its respective business. Subject to the disclosure obligations set forth in Section 4.2, if a Party is required to disclose confidential information to a governmental authority, such Party shall take reasonable steps to make such disclosure confidential as allowed under the rules of such governmental authority. The obligation of a Party to treat such information in confidence shall not apply to any information which (i) is or becomes available to such Party from a third party source which is not an affiliate of either Party, or (ii) is or becomes available to the public other than as a result of disclosure by such Party or its agents or other affiliates.

**Section 4.2. Requests by Regulatory Commissions.** The Liberty Utilities Entities are

subject to rate and financing regulation by various regulatory commissions and as such are obligated to respond to various requests for information. LUSC and the Liberty Utilities Entities agree and recognize that the Liberty Utilities Entities are responsible for responding fully and timely to any such requests for information relating to the Liberty Utilities Entity and LUSC, and the Liberty Utilities Entities shall accordingly ensure that LUSC shall provide information responding to such requests. The Liberty Utilities Entities further agree that they will not assert an objection to a request by a regulatory commission or otherwise refuse to provide the requested information on the basis either that: (i) the information is held by and needs to be obtained from LUSC; or (ii) employees of LUSC perform the functions necessary for the Liberty Utilities Entity to provide public utility service. The Liberty Utilities Entities do not waive any other legal rights and/or objections relating to information requests, except as noted in this paragraph. Without waiving any legal rights, LUSC additionally agrees that it will provide any and all necessary supporting information to the Liberty Utilities Entities as requested by any regulatory commission relating to the services listed and provided in Section 1.2 above to the Liberty Utilities Entity in question.

## **Section 5 – Miscellaneous**

**Section 5.1 *Compliance with Governing Law.*** The services provided under this Agreement shall be performed to the extent permitted by law, and this Agreement will be subject to termination or modification at any time to the extent its performance may conflict with any federal or state law or any rule, regulation or order of a federal or state regulatory body having jurisdiction. This Agreement shall be subject to approval of any federal or state regulatory body whose approval is a legal prerequisite to its execution and performance. Cost allocations and the methods of allocation provided herein may also be subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”) under Section 1275 of the Energy Policy Act of 2005 and the rules promulgated thereunder and, to the extent applicable, FERC determinations regarding the allocation of costs shall be dispositive. In the case of Parties subject to the jurisdiction of the Massachusetts Department of Public Utilities (“MDPU”) or any successor to the MDPU, any amounts to be paid by such Parties in connection with this Agreement or any transaction contemplated by this Agreement shall be subject to review and determination by the MDPU in any proceeding brought under Section 93 or 94 of Chapter 164 of the Massachusetts General Laws.

**Section 5.2 *Exclusive Benefit.*** This Agreement is intended for the exclusive benefit of the Parties hereto and is not intended and shall not be deemed or construed, to create any rights in, or responsibilities to, third parties.

**Section 5.3 *Assignment.*** This Agreement may not be assigned by any Party without the prior written consent of all Parties.

**Section 5.4 *Severability.*** Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal

or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent, of such invalidity, illegality or enforceable provision or provisions or any other provisions hereof, unless such a construction would be unreasonable.

**Section 5.5 Waiver.** Failure by any Party to insist upon strict performance of any term or condition herein shall not be deemed a waiver of any rights or remedies that such Party may have against any other Party nor in any way affect the validity of this Agreement or any part hereof or the right of such Party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other subsequent breach.

**Section 5.6 Entirety.** This Agreement constitutes the entire Agreement between the Parties pertaining to the subject matter hereof and supersedes all prior Agreements, understandings, negotiations and discussions, whether oral or written between the Parties with respect to the subject matter hereof.

**Section 5.7 Counterparts.** Any number of counterparts of this Agreement may be executed, and each shall have the same force and effect as an original instrument, as if all Parties to all counterparts had signed the same instrument.

**Section 5.8 Supremacy.** In the event of a conflict or inconsistency between the terms of this Agreement and the CAM, the CAM shall prevail.

*[signatures appear on following pages]*



IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above mentioned.

LIBERTY UTILITIES SERVICE CORP.

By:   
Name: Greg Sorensen  
Title: President

By: \_\_\_\_\_  
Name: James Sweeney  
Title: Secretary/Treasurer

LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.

By: \_\_\_\_\_  
Name: James Sweeney  
Title: President

By: \_\_\_\_\_  
Name: Tisha Sanderson  
Title: Secretary

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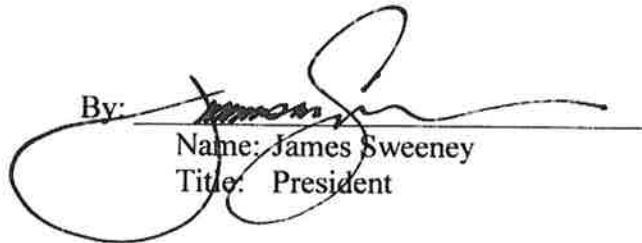
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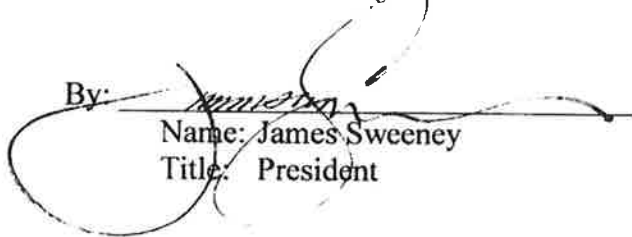
By: Tisha Sanderson  
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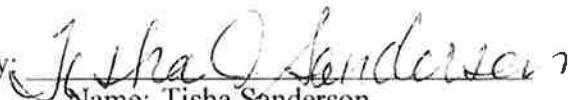
LIBERTY UTILITIES (PEACH STATE NATURAL GAS) CORP.

By: \_\_\_\_\_  
Name: Charles A. Rossi  
Title: President

By: \_\_\_\_\_

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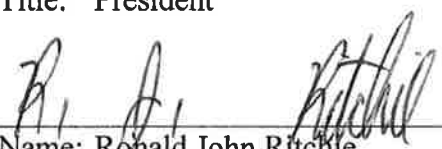
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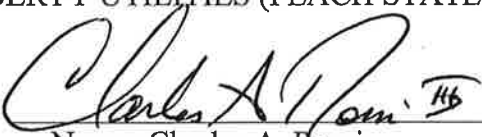
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By: \_\_\_\_\_  
Name: Charles A. Rossi  
Title: President

By: Todd Wiley / SAU  
Name: Todd Wiley  
Title: Secretary



LIBERTY UTILITIES (CALPECO ELECTRIC) LLC

By:   
Name: Gregory Sorensen  
Title: President

By: \_\_\_\_\_  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (PARK WATER) CORP.

By:   
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LIBERTY UTILITIES (BELLA VISTA WATER) CORP.

By: Matthew Garlick / SSC  
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Title: President

By: Todd Wiley / SSC  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (GOLD CANYON SEWER) CORP.

By: Matthew Garlick / SSC  
Name: Matthew Garlick  
Title: President

By: Todd Wiley / SSC  
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Title: Secretary

LIBERTY UTILITIES (LITCHFIELD PARK WATER & SEWER) CORP.

By: Matthew Garlick / SSC  
Name: Matthew Garlick  
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Name: Todd Wiley  
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LIBERTY UTILITIES (NORTHWEST SEWER) CORP.

By: Matthew Garlick / SBIC  
Name: Matthew Garlick  
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LIBERTY UTILITIES (BLACK MOUNTAIN SEWER) CORP.

By: Matthew Garlick / SBIC  
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LIBERTY UTILITIES (PINE BLUFF WATER) INC.

By:   
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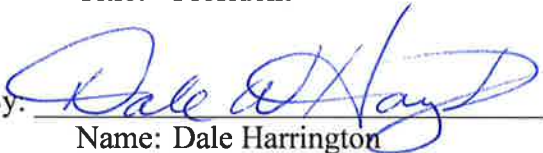
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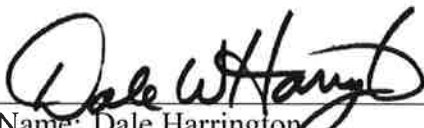
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Title: Secretary

LIBERTY UTILITIES (WOODSON-HENSLEY WATER) CORP.

By: \_\_\_\_\_  
Name: James H. "Pete" Lucas

By: Todd Wiley /SGK  
Name: Todd Wiley  
Title: Secretary

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By: \_\_\_\_\_  
Name: Dale Harrington  
Title: Secretary



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THE EMPIRE DISTRICT GAS COMPANY

By:   
Name: David Swain  
Title: President

By: \_\_\_\_\_  
Name: Dale Harrington  
Title: Secretary

EMPIRE DISTRICT INDUSTRIES, INC.

By:   
Name: David Swain  
Title: President

By: \_\_\_\_\_  
Name: Dale Harrington  
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EMPIRE DISTRICT INDUSTRIES, INC.

By: \_\_\_\_\_

Name: David Swain  
Title: President

By: \_\_\_\_\_

Name: Dale Harrington  
Title: Secretary



**AFFILIATE SERVICES AGREEMENT**  
**Liberty Utilities (Canada) Corp.**

This Affiliate Services Agreement (this “Agreement”) is effective as of the 30<sup>th</sup> day of June, 2017, by and between Liberty Utilities (Canada) Corp. (“LUC”) and Liberty Utilities (EnergyNorth Natural Gas) Corp., Liberty Utilities (Granite State Electric) Corp., Liberty Utilities (New England Natural Gas Company) Corp., Liberty Utilities (Peach State Natural Gas) Corp., Liberty Utilities (CalPeco Electric) LLC, Liberty Utilities (Park Water) Corp., Liberty Utilities (Apple Valley Ranchos Water) Corp., Liberty Utilities (Bella Vista Water) Corp., Liberty Utilities (Gold Canyon Sewer) Corp., Liberty Utilities (Litchfield Park Water & Sewer) Corp., Liberty Utilities (Northwest Sewer) Corp., Liberty Utilities (Black Mountain Sewer) Corp., Liberty Utilities (Entrada Del Oro Sewer) Corp., Liberty Utilities (Pine Bluff Water) Inc., Liberty Utilities (Rio Rico Water & Sewer) Corp., Liberty Utilities (Seaside Water) LLC, Liberty Utilities (Fox River Water) LLC, Liberty Utilities (Missouri Water) LLC, Liberty Utilities (Silverleaf Water) LLC, Liberty Utilities (Tall Timbers Sewer) Corp., Liberty Utilities (White Hall Sewer) Corp., Liberty Utilities (White Hall Water) Corp., Liberty Utilities (Woodmark Sewer) Corp., Liberty Utilities (Woodson-Hensley Water) Corp., Liberty Utilities (Midstates Natural Gas) Corp., The Empire District Electric Company, The Empire District Gas Company, and Empire District Industries, Inc. (each individually a “Liberty Utilities Entity” and collectively, the “Liberty Utilities Entities”). The parties to this Agreement are otherwise collectively referred to as the “Parties” or individually referred to as a “Party.”

WHEREAS, LUC and the Liberty Utilities Entities are all subsidiaries within the Algonquin Power & Utilities Corp. family of companies;

WHEREAS, in order to maximize efficiency and minimize costs for the Parties, LUC may perform various shared services for the Liberty Utilities Entities;

WHEREAS, the Parties seek to memorialize the terms and conditions that govern LUC’s provision of services to the Liberty Utilities Entities, including the manner in which costs will be charged to the Liberty Utilities Entities.

THEREFORE, the Parties further agree as follows:

**Section 1 – Provision of Services**

**Section 1.1 Staffing.** LUC has and will maintain a staff trained and experienced in the provision of the services described in Section 1.2. In addition to the services of its own staff, LUC will, from time to time, arrange for services of non-affiliated experts, consultants, accountants and attorneys to provide the services in Section 1.2.

**Section 1.2 Services.** LUC agrees to provide, and the Liberty Utilities Entities agree to accept, services necessary for each Liberty Utilities Entity to provide safe, cost-effective and reliable utility services to its customers. These services include, but are not limited to, the following types of services upon the terms and conditions set forth herein:

administration, compliance, customer experience, energy procurement, external communications, financial reporting, treasury, planning and administration, legal, executive and strategic management, environmental, health, safety and security, human resources, information technology, internal audit, operations, procurement, regulatory strategy, risk management, technical services, training, facilities and building rent and utility planning.

## **Section 2 – Records and Charges**

**Section 2.1 *Records.*** LUC shall maintain adequate books and records with respect to the transactions subject to this Agreement to specifically identify costs subject to allocation, particularly with respect to their origin. In addition, the records must be adequately supported in a manner sufficient to justify recovery of the costs in the rates of the Liberty Utilities Entity. LUC shall be responsible for maintaining internal controls to ensure the costs associated with transactions covered by the Agreement are properly and consistently allocated and billed in accordance with the terms and provisions of this Agreement. Each of the Liberty Utilities Entities shall maintain its own books and records in the manner required by law, and in a transparent manner which allows the amounts billed by LUC to be readily determined.

**Section 2.2 *Charges.*** All services rendered under this Agreement will be provided and charged to Liberty Utilities Entities in accordance with the then effective Algonquin Power & Utilities Cost Allocation Manual (“CAM”), which is set forth at <https://libertyutilities.com/lucam.html> and incorporated herein by reference. Charges for services consist of direct and indirect costs. Direct charges shall include direct labor, direct materials, direct purchased services associated with the related asset or services, and overhead amounts. Where service cannot be direct charged, LUC shall charge the Liberty Utilities Entity based on the allocation factors and methodologies set forth in the CAM. All employee costs for LUC employees who perform work for the Liberty Utilities Entity are to be paid by LUC and direct charged to the Liberty Utilities Entity. Joint and common costs not associated with the provision of services listed above shall be charged based on a four-factor allocation methodology in the CAM.

## **Section 3 - Term**

**Section 3.1 *Term.*** This Agreement shall continue unless terminated by any of the Liberty Utilities Entities or LUC giving thirty days’ written notice to the other of such termination at the end of any month. Any such termination shall not affect (a) the terminating Party’s accrued rights and obligations under this Agreement arising prior to the effective date of termination; (b) any Liberty Utilities Entities’ rights to obtain any and all records from LUC regarding its provision of services under this Agreement; and (c) LUC’s responsibilities to provide any Liberty Utilities Entity books and records and other information relating to its provision of services under this Agreement. This Agreement shall not be amended except by a written instrument signed by an authorized representative of each of the Parties hereto.

## **Section 4 – Confidential Information**

**Section 4.1 *Confidential Information.*** The Parties recognize that each LUC employee who performs any of the services delineated in Section 1.2 above for a Liberty Utilities Entity may have access to confidential and commercially-sensitive information relating to the Liberty Utilities Entity’s utility operations and customers (“Liberty Utilities Entities Confidential Information”). LUC agrees that such employees performing services for any Liberty Utilities Entity shall use any such Liberty Utilities Entity Confidential Information only for the purpose of performing Section 1.2 services. Each Party shall treat in confidence all information that it shall have obtained regarding the other Party and its respective business. If a Party is required to disclose confidential information to a governmental authority, such Party shall take reasonable steps to make such disclosure confidential as allowed under the rules of such governmental authority. The obligation of a Party to treat such information in confidence shall not apply to any information which (i) is or becomes available to such Party from a third party source which is not an affiliate of either Party, or (ii) is or becomes available to the public other than as a result of disclosure by such Party or its agents or other affiliates.

## **Section 5 – Miscellaneous**

**Section 5.1 *Compliance with Governing Law.*** The services provided under this Agreement shall be performed to the extent permitted by law, and this Agreement will be subject to termination or modification at any time to the extent its performance may conflict with any federal or state law or any rule, regulation or order of a federal or state regulatory body having jurisdiction. This Agreement shall be subject to approval of any federal or state regulatory body whose approval is a legal prerequisite to its execution and performance. Cost allocations and the methods of allocation provided herein may also be subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”) under Section 1275 of the Energy Policy Act of 2005 and the rules promulgated thereunder and, to the extent applicable, FERC determinations regarding the allocation of costs shall be dispositive. In the case of Parties subject to the jurisdiction of the Massachusetts Department of Public Utilities (“MDPU”) or any successor to the MDPU, any amounts to be paid by such Parties in connection with this Agreement or any transaction contemplated by this Agreement shall be subject to review and determination by the MDPU in any proceeding brought under Section 93 or 94 of Chapter 164 of the Massachusetts General Laws.

**Section 5.2 *Limitation of Liability.*** Each Party acknowledges and agrees that any services provided by LUC hereunder are so provided WITHOUT ANY WARRANTY (WHETHER EXPRESS, IMPLIED OR STATUTORY AND NOTWITHSTANDING ANY ORAL OR WRITTEN STATEMENT BY A PARTY’S EMPLOYEES, REPRESENTATIVES OR AGENTS TO THE CONTRARY) WHATSOEVER. ALL SUCH WARRANTIES INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) ARE HEREBY DISCLAIMED AND EXCLUDED.



**Section 5.3 *Exclusive Benefit.*** This Agreement is intended for the exclusive benefit of the Parties hereto and is not intended and shall not be deemed or construed, to create any rights in, or responsibilities to, third parties.

**Section 5.4 *Assignment.*** This Agreement may not be assigned by any Party without the prior written consent of all Parties.

**Section 5.5 *Severability.*** Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent, of such invalidity, illegality or enforceable provision or provisions or any other provisions hereof, unless such a construction would be unreasonable.

**Section 5.6 *Waiver.*** Failure by any Party to insist upon strict performance of any term or condition herein shall not be deemed a waiver of any rights or remedies that such Party may have against any other Party nor in any way affect the validity of this Agreement or any part hereof or the right of such Party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other subsequent breach.

**Section 5.7 *Entirety.*** This Agreement constitutes the entire Agreement between the Parties pertaining to the subject matter hereof and supersedes all prior Agreements, understandings, negotiations and discussions, whether oral or written between the Parties with respect to the subject matter hereof.

**Section 5.8 *Counterparts.*** Any number of counterparts of this Agreement may be executed, and each shall have the same force and effect as an original instrument, as if all Parties to all counterparts had signed the same instrument.

**Section 5.9 *Supremacy.*** In the event of a conflict or inconsistency between the terms of this Agreement and the CAM, the CAM shall prevail.

*[signatures appear on following pages]*

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above mentioned.

LIBERTY UTILITIES (CANADA) CORP.

By:   
Name: Ian Robertson  
Title: Chief Executive Officer

By:   
Name: David Bronicheski  
Title: Authorized Signing Officer

LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.

By: \_\_\_\_\_  
Name: James Sweeney  
Title: President

By: \_\_\_\_\_  
Name: Tisha Sanderson  
Title: Secretary

LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP.

By: \_\_\_\_\_  
Name: James Sweeney  
Title: President

By: \_\_\_\_\_  
Name: Tisha Sanderson  
Title: Secretary

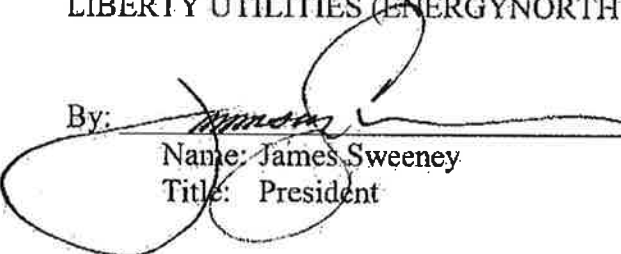
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LIBERTY UTILITIES (CANADA) CORP.

By: \_\_\_\_\_  
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Title: Chief Executive Officer

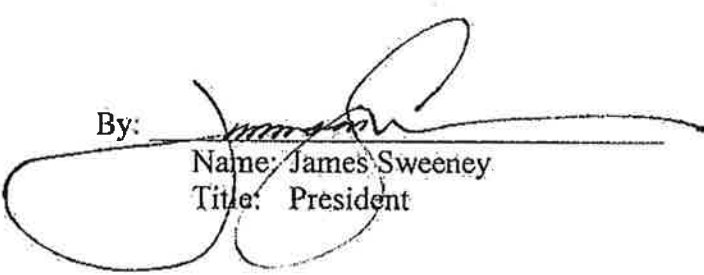
By: \_\_\_\_\_  
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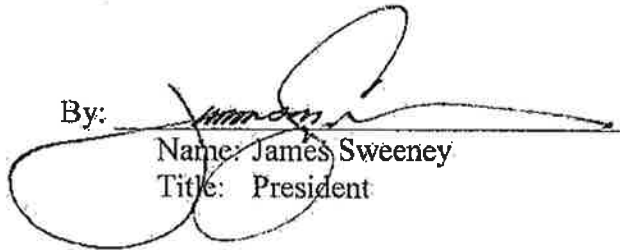
By: Tisha Sanderson  
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Title: Secretary

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By: \_\_\_\_\_  
Name: James Sweeney  
Title: President

By: Tisha Sanderson  
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Title: Secretary

LIBERTY UTILITIES (NEW ENGLAND NATURAL GAS COMPANY) CORP.

By:   
Name: James Sweeney  
Title: President

By: \_\_\_\_\_  
Name: Ronald John Ritchie  
Title: Secretary

LIBERTY UTILITIES (PEACH STATE NATURAL GAS) CORP.

By: \_\_\_\_\_  
Name: Charles A. Rossi  
Title: President

By: \_\_\_\_\_  
Name: Todd Wiley  
Title: Secretary

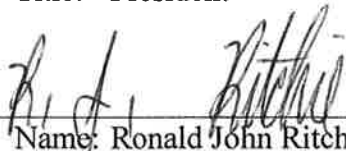
LIBERTY UTILITIES (CALPECO ELECTRIC) LLC

By: \_\_\_\_\_  
Name: Gregory Sorensen  
Title: President

By: \_\_\_\_\_  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (NEW ENGLAND NATURAL GAS COMPANY) CORP.

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By:  \_\_\_\_\_  
Name: Ronald John Ritchie  
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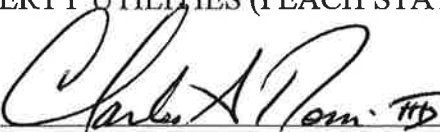
By: \_\_\_\_\_  
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Title: Secretary

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LIBERTY UTILITIES (PEACH STATE NATURAL GAS) CORP.

By: \_\_\_\_\_  
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By: Todd Wiley / SBK  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (CALPECO ELECTRIC) LLC

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Name: Gregory Sorensen  
Title: President

By: Todd Wiley / SBK  
Name: Todd Wiley  
Title: Secretary



LIBERTY UTILITIES (NEW ENGLAND NATURAL GAS COMPANY) CORP.

By: \_\_\_\_\_  
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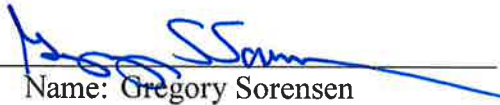
By: \_\_\_\_\_  
Name: Ronald John Ritchie  
Title: Secretary

LIBERTY UTILITIES (PEACH STATE NATURAL GAS) CORP.

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Name: Charles A. Rossi  
Title: President

By: \_\_\_\_\_  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (CALPECO ELECTRIC) LLC

By:  \_\_\_\_\_  
Name: Gregory Sorensen  
Title: President

By: \_\_\_\_\_  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (PARK WATER) CORP.

By:   
Name: Gregory Sorensen  
Title: President

By: \_\_\_\_\_  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (APPLE VALLEY RANCHOS WATER) CORP.

By:   
Name: Gregory Sorensen  
Title: President

By: \_\_\_\_\_  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (BELLA VISTA WATER) CORP.

By: \_\_\_\_\_  
Name: Matthew Garlick  
Title: President

By: \_\_\_\_\_  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (PARK WATER) CORP.

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Name: Gregory Sorensen  
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By: Todd Wiley/SSIC  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (APPLE VALLEY RANCHOS WATER) CORP.

By: \_\_\_\_\_  
Name: Gregory Sorensen  
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By: Todd Wiley/SSIC  
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Title: Secretary

LIBERTY UTILITIES (BELLA VISTA WATER) CORP.

By: Matthew Garlick/SSIC  
Name: Matthew Garlick  
Title: President

By: Todd Wiley/SSIC  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (GOLD CANYON SEWER) CORP.

By: Matthew Garlick / SSC  
Name: Matthew Garlick  
Title: President

By: Todd Wiley / SSC  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (LITCHFIELD PARK WATER & SEWER) CORP.

By: Matthew Garlick / SSC  
Name: Matthew Garlick  
Title: President

By: Todd Wiley / SSC  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (NORTHWEST SEWER) CORP.

By: Matthew Garlick / SSC  
Name: Matthew Garlick  
Title: President

By: Todd Wiley / SSC  
Name: Todd Wiley  
Title: Secretary

|

LIBERTY UTILITIES (BLACK MOUNTAIN SEWER) CORP.

By: Matthew Garlick/SSK  
Name: Matthew Garlick  
Title: President

By: Todd Wiley/SSK  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (ENTRADA DEL ORO SEWER) CORP.

By: Matthew Garlick/SSK  
Name: Matthew Garlick  
Title: President

By: Todd Wiley/SSK  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (PINE BLUFF WATER) INC.

By: \_\_\_\_\_  
Name: David Swain  
Title: President

By: \_\_\_\_\_  
Name: Dale Harrington  
Title: Secretary

By: \_\_\_\_\_  
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LIBERTY UTILITIES (BLACK MOUNTAIN SEWER) CORP.

By: \_\_\_\_\_  
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LIBERTY UTILITIES (ENTRADA DEL ORO SEWER) CORP.

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LIBERTY UTILITIES (PINE BLUFF WATER) INC.

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Title: President

LIBERTY UTILITIES (BLACK MOUNTAIN SEWER) CORP.

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Name: Todd Wiley  
Title: Secretary

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By: \_\_\_\_\_  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (PINE BLUFF WATER) INC.

By: \_\_\_\_\_  
Name: David Swain  
Title: President

By:  \_\_\_\_\_  
Name: Dale Harrington  
Title: Secretary

LIBERTY UTILITIES (RIO RICO WATER & SEWER) CORP.

By: Matthew Garlick/SSK  
Name: Matthew Garlick  
Title: President

By: Todd Wiley/SSK  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (SEASIDE WATER) LLC

By: Matthew Garlick/SSK  
Name: Matthew Garlick  
Title: President

By: Todd Wiley/SSK  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (FOX RIVER WATER) LLC

By: \_\_\_\_\_  
Name: David Swain  
Title: President

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LIBERTY UTILITIES (RIO RICO WATER & SEWER) CORP.

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LIBERTY UTILITIES (FOX RIVER WATER) LLC

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Title: President

LIBERTY UTILITIES (MISSOURI WATER) LLC

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Title: President

By: \_\_\_\_\_  
Name: Dale Harrington  
Title: Secretary

LIBERTY UTILITIES (SILVERLEAF WATER) LLC

By: Matthew Garlick / SSC  
Name: Matthew Garlick  
Title: President

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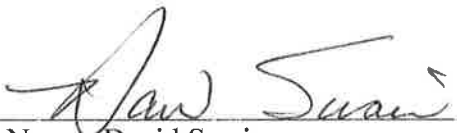
LIBERTY UTILITIES (TALL TIMBERS SEWER) CORP.

By: Matthew Garlick / SSC  
Name: Matthew Garlick  
Title: President

By: Todd Wiley / SSC  
Name: Todd Wiley  
Title: Secretary

By: \_\_\_\_\_  
Name: Dale Harrington  
Title: Secretary

LIBERTY UTILITIES (MISSOURI WATER) LLC

By:  \_\_\_\_\_  
Name: David Swain  
Title: President

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Title: Secretary

LIBERTY UTILITIES (SILVERLEAF WATER) LLC

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By: \_\_\_\_\_  
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LIBERTY UTILITIES (TALL TIMBERS SEWER) CORP.

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Title: President

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Name: Todd Wiley  
Title: Secretary

By: \_\_\_\_\_  
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Title: Secretary

LIBERTY UTILITIES (WHITE HALL SEWER) CORP.

By: David Swain  
Name: David Swain  
Title: President

By: \_\_\_\_\_  
Name: Dale Harrington  
Title: Secretary

LIBERTY UTILITIES (WHITE HALL WATER) CORP.

By: David Swain  
Name: David Swain  
Title: President

By: \_\_\_\_\_  
Name: Dale Harrington  
Title: Secretary

LIBERTY UTILITIES (WOODMARK SEWER) CORP.

By: \_\_\_\_\_  
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Title: President

By: \_\_\_\_\_  
Name: Todd Wiley

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Name: Matthew Garlick  
Title: President

By: Todd Wiley / SSC  
Name: Todd Wiley  
Title: Secretary



Title: Secretary

LIBERTY UTILITIES (WOODSON-HENSLEY WATER) CORP.

By: James H. Lucas  
Name: James H. "Pete" Lucas

By: \_\_\_\_\_  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.

By: \_\_\_\_\_  
Name: David Swain  
Title: President

By: \_\_\_\_\_  
Name: Dale Harrington  
Title: Secretary

THE EMPIRE DISTRICT ELECTRIC COMPANY

By: \_\_\_\_\_  
Name: David Swain  
Title: President

By: \_\_\_\_\_  
Name: Dale Harrington  
Title: Secretary

LIBERTY UTILITIES (WOODSON-HENSLEY WATER) CORP.

By: \_\_\_\_\_  
Name: James H. "Pete" Lucas

By: Todd Wiley/SBK  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.

By: \_\_\_\_\_  
Name: David Swain  
Title: President

By: \_\_\_\_\_  
Name: Dale Harrington  
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THE EMPIRE DISTRICT ELECTRIC COMPANY

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By: David Swain  
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EMPIRE DISTRICT INDUSTRIES, INC.

By: David Swain  
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By: \_\_\_\_\_  
Name: Dale Harrington  
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EMPIRE DISTRICT INDUSTRIES, INC.

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Name: David Swain  
Title: President

By:  \_\_\_\_\_  
Name: Dale Harrington  
Title: Secretary

## **AFFILIATE SERVICES AGREEMENT** **Algonquin Power & Utilities Corp.**

This Affiliate Services Agreement (this “Agreement”) is effective as of the 30th day of June, 2017, by and between Algonquin Power & Utilities Corp. (“APUC”) and Liberty Utilities (EnergyNorth Natural Gas) Corp., Liberty Utilities (Granite State Electric) Corp., Liberty Utilities (New England Natural Gas Company) Corp., Liberty Utilities (Peach State Natural Gas) Corp., Liberty Utilities (CalPeco Electric) LLC, Liberty Utilities (Park Water) Corp., Liberty Utilities (Apple Valley Ranchos Water) Corp., Liberty Utilities (Bella Vista Water) Corp., Liberty Utilities (Gold Canyon Sewer) Corp., Liberty Utilities (Litchfield Park Water & Sewer) Corp., Liberty Utilities (Northwest Sewer) Corp., Liberty Utilities (Black Mountain Sewer) Corp., Liberty Utilities (Entrada Del Oro Sewer) Corp., Liberty Utilities (Pine Bluff Water) Inc., Liberty Utilities (Rio Rico Water & Sewer) Corp., Liberty Utilities (Seaside Water) LLC, Liberty Utilities (Fox River Water) LLC, Liberty Utilities (Missouri Water) LLC, Liberty Utilities (Silverleaf Water) LLC, Liberty Utilities (Tall Timbers Sewer) Corp., Liberty Utilities (White Hall Sewer) Corp., Liberty Utilities (White Hall Water) Corp., Liberty Utilities (Woodmark Sewer) Corp., Liberty Utilities (Woodson-Hensley Water) Corp., Liberty Utilities (Midstates Natural Gas) Corp., The Empire District Electric Company, The Empire District Gas Company, and Empire District Industries, Inc. (each individually a “Liberty Utilities Entity” and collectively, the “Liberty Utilities Entities”). The parties to this Agreement are otherwise collectively referred to as the “Parties” or individually referred to as a “Party.”

WHEREAS, APUC is the ultimate parent company of the Liberty Utilities Entities, and provides certain services to those entities;

WHEREAS, the Parties seek to memorialize the terms and conditions governing the provision of services including the manner in which costs will be charged to the Liberty Utilities Entities;

THEREFORE, the Parties further agree as follows:

### **Section 1 – Provision of Services**

**Section 1.1 *Staffing.*** In addition to the services of its own staff, APUC will, from time to time, arrange for services of non-affiliated experts, consultants, accountants and attorneys to provide the services in Section 1.2.

**Section 1.2 *Services.*** APUC agrees to provide and the Liberty Utilities Entities agree to accept the following services: Strategic Management, Access to Capital Markets/Financing, Financial Controls, and Administrative.

### **Section 2 – Records and Charges**

**Section 2.1 *Records.*** APUC shall maintain adequate books and records with respect to the transactions subject to this Agreement to specifically identify costs subject

to allocation, particularly with respect to their origin. In addition, the records must be adequately supported in a manner sufficient to justify recovery of the costs in the rates of the Liberty Utilities Entity. APUC shall be responsible for maintaining internal controls to ensure the costs associated with transactions covered by the Agreement are properly and consistently allocated and billed in accordance with the terms and provisions of this Agreement. Each of the Liberty Utilities Entities shall maintain its own books and records in the manner required by law, and in a transparent manner which allows the amounts billed by APUC to be readily determined.

**Section 2.2 Charges.** All services rendered under this Agreement will be provided and charged to Liberty Utilities Entities in accordance with the then effective Algonquin Power & Utilities Cost Allocation Manual (“CAM”), which is set forth at <https://libertyutilities.com/lucam.html> and incorporated herein by reference. Charges for services consist of direct and indirect costs. Direct charges shall include direct labor, direct materials, direct purchased services associated with the related asset or services, and overhead amounts. Where service cannot be direct charged, APUC shall charge the Liberty Utilities Entity based on the allocation factors and methodologies set forth in the CAM. All employee costs for APUC employees who perform work for the Liberty Utilities Entity are to be paid by APUC and direct charged to the Liberty Utilities Entity. Joint and common costs not associated with the provision of services listed above shall be charged based on a four-factor allocation methodology in the CAM.

### **Section 3 - Term**

**Section 3.1 Term.** This Agreement shall continue unless terminated by any of the Liberty Utilities Entities or APUC giving thirty days’ written notice to the other of such termination at the end of any month. Any such termination shall not affect (a) the terminating Party’s accrued rights and obligations under this Agreement arising prior to the effective date of termination; (b) any Liberty Utilities Entities’ rights to obtain any and all records from APUC regarding its provision of services under this Agreement; and (c) APUC’s responsibilities to provide any Liberty Utilities Entity books and records and other information relating to its provision of services under this Agreement. This Agreement shall not be amended except by a written instrument signed by an authorized representative of each of the Parties hereto.

### **Section 4 – Confidential Information**

**Section 4.1. Confidential Information.** Each Party shall treat in confidence all information that it shall have obtained regarding the other Parties and their respective businesses during the course of the performance of this Agreement. Such information shall not be communicated to any person other than the Parties to this Agreement, except to the extent disclosure of such information is required by a governmental authority. If a Party is required to disclose confidential information to a governmental authority, such Party shall take reasonable steps to make such disclosure confidential under the rules of such governmental authority. Information provided hereunder shall remain the sole property of the Party providing such information. The obligation of a Party to treat such information



in confidence shall not apply to any information which (i) is or becomes available to such Party from a source other than the Party providing such information, or (ii) is or becomes available to the public other than as a result of disclosure by such Party or its agents.

## **Section 5 – Miscellaneous**

**Section 5.1 *Compliance with Governing Law.*** This Agreement will be subject to termination or modification at any time to the extent its performance may conflict with any federal or state law or any rule, regulation or order of a federal or state regulatory body having jurisdiction. This Agreement shall be subject to approval of any federal or state regulatory body whose approval is a legal prerequisite to its execution and performance. Cost allocations and the methods of allocation provided herein may also be subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”) under Section 1275 of the Energy Policy Act of 2005 and the rules promulgated thereunder and, to the extent applicable, FERC determinations regarding the allocation of costs shall be dispositive. In the case of Parties subject to the jurisdiction of the Massachusetts Department of Public Utilities (“MDPU”) or any successor to the MDPU, any amounts to be paid by such Parties in connection with this Agreement or any transaction contemplated by this Agreement shall be subject to review and determination by the MDPU in any proceeding brought under Section 93 or 94 of Chapter 164 of the Massachusetts General Laws.

**Section 5.2 *Limitation of Liability.*** Each Party acknowledges and agrees that any services provided by APUC hereunder are so provided WITHOUT ANY WARRANTY (WHETHER EXPRESS, IMPLIED OR STATUTORY AND NOTWITHSTANDING ANY ORAL OR WRITTEN STATEMENT BY A PARTY’S EMPLOYEES, REPRESENTATIVES OR AGENTS TO THE CONTRARY) WHATSOEVER. ALL SUCH WARRANTIES INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) ARE HEREBY DISCLAIMED AND EXCLUDED.

**Section 5.3 *Exclusive Benefit.*** This Agreement is intended for the exclusive benefit of the Parties hereto and is not intended and shall not be deemed or construed, to create any rights in, or responsibilities to, third parties.

**Section 5.4 *Assignment.*** This Agreement may not be assigned by any Party without the prior written consent of all Parties.

**Section 5.5 *Severability.*** Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent, of such invalidity, illegality or enforceable provision or provisions or any other provisions hereof, unless such a construction would be unreasonable.

**Section 5.6 *Waiver.*** Failure by any Party to insist upon strict performance of any

term or condition herein shall not be deemed a waiver of any rights or remedies that such Party may have against any other Party nor in any way affect the validity of this Agreement or any part hereof or the right of such Party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other subsequent breach.

**Section 5.7 *Entirety.*** This Agreement constitutes the entire Agreement between the Parties pertaining to the subject matter hereof and supersedes all prior Agreements, understandings, negotiations and discussions, whether oral or written between the Parties with respect to the subject matter hereof.

**Section 5.8 *Counterparts.*** Any number of counterparts of this Agreement may be executed, and each shall have the same force and effect as an original instrument, as if all Parties to all counterparts had signed the same instrument.

**Section 5.9 *Supremacy.*** In the event of a conflict or inconsistency between the terms of this Agreement and the CAM, the CAM shall prevail.

*[signatures appear on following pages]*

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above mentioned.

ALGONQUIN POWER & UTILITIES CORP.

By:   
Name: Ian Robertson  
Title: Chief Executive Officer

By:   
Name: David Bronicheski  
Title: Chief Financial Officer

LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.

By: \_\_\_\_\_  
Name: James Sweeney  
Title: President

By: \_\_\_\_\_  
Name: Tisha Sanderson  
Title: Secretary

LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP.

By: \_\_\_\_\_  
Name: James Sweeney  
Title: President

By: \_\_\_\_\_  
Name: Tisha Sanderson  
Title: Secretary

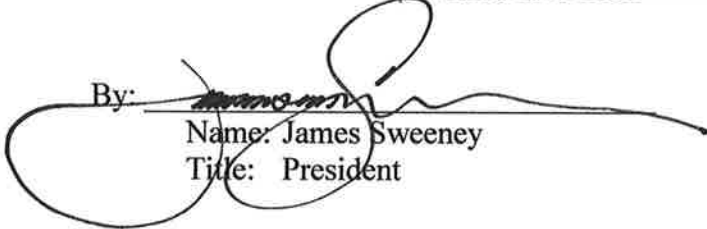
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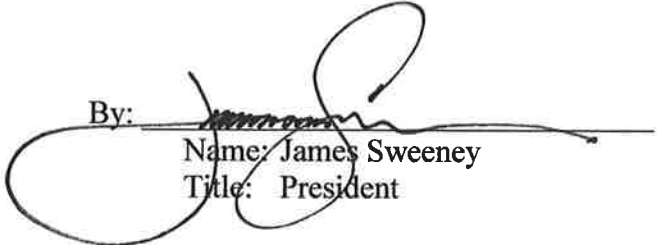
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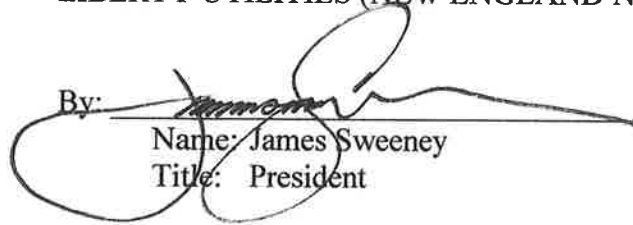
By: Tisha Q. Sanderson  
Name: Tisha Sanderson  
Title: Secretary

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Title: President

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Name: Tisha Sanderson  
Title: Secretary

LIBERTY UTILITIES (NEW ENGLAND NATURAL GAS COMPANY) CORP.

By:   
Name: James Sweeney  
Title: President

By: \_\_\_\_\_  
Name: Ronald John Ritchie  
Title: Secretary

LIBERTY UTILITIES (PEACH STATE NATURAL GAS) CORP.

By: \_\_\_\_\_  
Name: Charles A. Rossi  
Title: President

By: \_\_\_\_\_  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (CALPECO ELECTRIC) LLC

By: \_\_\_\_\_  
Name: Gregory Sorensen  
Title: President

By: \_\_\_\_\_  
Name: Todd Wiley  
Title: Secretary

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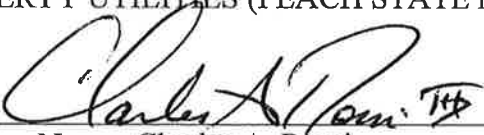
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LIBERTY UTILITIES (PARK WATER) CORP.

By:   
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Title: President

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Name: Todd Wiley  
Title: Secretary

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Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (GOLD CANYON SEWER) CORP.

By: Matthew Garlick/SSIC  
Name: Matthew Garlick  
Title: President

By: Todd Wiley/SSIC  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (LITCHFIELD PARK WATER & SEWER) CORP.

By: Matthew Garlick/SSIC  
Name: Matthew Garlick  
Title: President

By: Todd Wiley/SSIC  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (NORTHWEST SEWER) CORP.

By: Matthew Garlick/SSIC  
Name: Matthew Garlick  
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Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (BLACK MOUNTAIN SEWER) CORP.

By: Matthew Garlick /SSK  
Name: Matthew Garlick  
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By: Todd Wiley /SSK  
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LIBERTY UTILITIES (ENTRADA DEL ORO SEWER) CORP.

By: Matthew Garlick /SSK  
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LIBERTY UTILITIES (RIO RICO WATER & SEWER) CORP.

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LIBERTY UTILITIES (SEASIDE WATER) LLC

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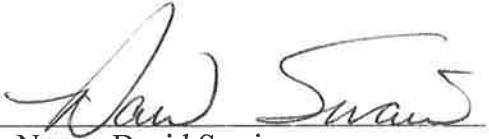
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LIBERTY UTILITIES (MISSOURI WATER) LLC

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LIBERTY UTILITIES (WHITE HALL SEWER) CORP.

By: \_\_\_\_\_  
Name: David Swain  
Title: President

By: \_\_\_\_\_  
Name: Dale Harrington  
Title: Secretary

LIBERTY UTILITIES (WHITE HALL WATER) CORP.

By: \_\_\_\_\_  
Name: David Swain  
Title: President

By: \_\_\_\_\_  
Name: Dale Harrington  
Title: Secretary

LIBERTY UTILITIES (WOODMARK SEWER) CORP.

By: Matthew Garlick / SSC  
Name: Matthew Garlick  
Title: President

By: Todd Wiley / SSC  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (WOODSON-HENSLEY WATER) CORP.

By: James H. Lucas  
Name: James H. "Pete" Lucas

By: \_\_\_\_\_  
Name: Todd Wiley  
Title: Secretary

LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.

By: \_\_\_\_\_  
Name: David Swain  
Title: President

By: \_\_\_\_\_  
Name: Dale Harrington  
Title: Secretary

THE EMPIRE DISTRICT ELECTRIC COMPANY

By: \_\_\_\_\_  
Name: David Swain  
Title: President

By: \_\_\_\_\_  
Name: Dale Harrington  
Title: Secretary

LIBERTY UTILITIES (WOODSON-HENSLEY WATER) CORP.

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Name: James H. "Pete" Lucas

By: Todd Wiley/S.K  
Name: Todd Wiley  
Title: Secretary

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By:  \_\_\_\_\_  
Name: Dale Harrington  
Title: Secretary

THE EMPIRE DISTRICT GAS COMPANY

By:   
Name: David Swain  
Title: President

By: \_\_\_\_\_  
Name: Dale Harrington  
Title: Secretary

EMPIRE DISTRICT INDUSTRIES, INC.

By:   
Name: David Swain  
Title: President

By: \_\_\_\_\_  
Name: Dale Harrington  
Title: Secretary

THE EMPIRE DISTRICT GAS COMPANY

By: \_\_\_\_\_  
Name: David Swain  
Title: President

By:  \_\_\_\_\_  
Name: Dale Harrington  
Title: Secretary

EMPIRE DISTRICT INDUSTRIES, INC.

By: \_\_\_\_\_  
Name: David Swain  
Title: President

By:  \_\_\_\_\_  
Name: Dale Harrington  
Title: Secretary



**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**ELECTRONIC JOINT APPLICATION OF AMERICAN )  
ELECTRIC POWER COMPANY, INC., KENTUCKY )  
POWER COMPANY AND LIBERTY UTILITIES CO. )  
FOR APPROVAL OF THE TRANSFER OF OWNERSHIP )  
AND CONTROL OF KENTUCKY POWER COMPANY )**

**CASE NO. 2021-00481**

**Exhibit PE-R4**

**PETER EICHLER**

**ON BEHALF OF**

**LIBERTY UTILITIES CO.**

### **Commitments Made by Liberty Utilities Co.**

#### Commitments made in Application and Testimony of Peter Eichler

- Maintain Kentucky Power's head office in the service territory.
- Localize upwards of 100 utility operations jobs back to Kentucky Power.
- Within 2 years of the close of the transaction, Kentucky Power will evaluate the benefits and costs of its participation in the PJM, and to the extent appropriate, explore alternatives.
- Reopen a customer walk-in center in Ashland and at least one other community.
- Establish and maintain a Kentucky Power Company board of directors comprised of a majority of independent non-management members with at least one seat reserved for a business and/or community leader from Kentucky Power's service territory.
- Assume all regulatory commitments currently in force from prior Commission Orders for Kentucky Power.
- Not seek recovery of the transaction premium or transaction costs in Kentucky Power's rates.
- Continue to work with local and state governmental entities.
- Continue to promote economic development in Kentucky.
- The transaction will not impact or affect contractual relationships with municipal or wholesale customers of Kentucky Power.
- Obtain Commission approval before transferring Kentucky Power property, plant and equipment, consistent with KRS requirements.
- There will be no cross subsidization between Liberty's regulated businesses and Algonquin's non-regulated businesses.
- Kentucky Power will not transfer stock without Commission approval.

## Commitments made in Stock Purchase Agreement<sup>1</sup>

- Indemnify, defend and hold harmless past and present directors, officers, and employees of the Kentucky Power and Kentucky Transco for a period of 6 years, as set forth in more detail Section 4.12.
- Assume all obligations under the NSR Consent Decree relating to the Mitchell Interest and Big Sandy, as set forth in more detail in Section 4.13.
- For a period of no less than five years from the Closing Date, cause Kentucky Power to maintain its existing corporate headquarters in Kentucky and, other than in the ordinary course of its business, maintain its existing offices and service centers in Kentucky, as set forth in Section 4.21.
- Kentucky Power and Kentucky Transco employees, whether members of a collective bargaining agreement or not, who are employed by such company immediately prior to the closing will continue to be employed upon closing and will remain employed for a period of two years following the closing, as set forth in more detail in Section 5.3 or otherwise provide such employees severance as set forth in more detail in Section 5.6.
- Employees of Kentucky Power and Kentucky Transco will receive substantially similar, in the aggregate (provided base salary must be at least equal to the current base salary/wage rate), base salary or hourly wages, incentive compensation opportunities, retirement benefits, welfare benefits, and severance benefits as the same exist immediately prior to closing, as set forth in more detail in Section 5.4.
- Provide employees benefits regarding welfare plans, severance, continuing health care coverage, service credit, defined contribution plans, incentive awards, seller benefit plans, and workers compensation benefits, as set forth in more detail in Sections 5.5 through 5.13.
- Kentucky Power must maintain itself as a “Load Serving Entity” under the PJM Market Rules and remain included in the “AEP Zone” until the completion of all remaining “Planning Periods” for which Kentucky Power has committed to jointly participate in a “Fixed Resource Requirement Alternative” as set forth in more detail in Section 4.8(c).
- Kentucky Power and Kentucky Transco must within three business days cease using, and within 120 days remove, all trademarks and service marks of AEP within 120 days of closing as set forth in more detail in Section 4.10.

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<sup>1</sup> For purposes of this document, the term “Commitment” as used in relationship to the Stock Purchase Agreement, is intended to mean commitments and assurances agreed to by Liberty Utilities Co. related to the post-acquisition operation of Kentucky Power. Nothing herein is intended to supersede or contradict the contractual obligations of the parties to the Stock Purchase Agreement.

Commitments made in response to KPSC 1-03

- All costs associated with the proposed transaction will not have the effect of increasing Kentucky Power's rates for electric service.
- Kentucky Power's ratepayers will not incur any additional costs, liability, or obligations, directly or indirectly, in conjunction with the proposed transaction. Provided however that Kentucky Power will enter into affiliate service agreements with Algonquin Power & Utilities Corp., Liberty Utilities (Canada) Corp., Liberty Utilities Co. and Liberty Service Corp. for the provision of certain services, and in that respect, will incur new liabilities. The costs of these services, however, will not result in any increase in costs to Kentucky Power customers.
- Kentucky Power will not incur any additional indebtedness or pledge any assets to finance any part of the purchase price paid by Liberty to acquire control of Kentucky Power.
- Kentucky Power's current level of community involvement, charitable contributions, low-income funding, and economic development in Kentucky Power's service territory will be maintained for two years following the close of the transaction so that the Company can best evaluate how to continue to support the community.
- Kentucky Power's customers will not be asked to contribute to costs associated with operating any Liberty subsidiary or affiliates.
- Kentucky Power will not guarantee the credit of any affiliate if the proposed transaction is approved.
- Kentucky Power will not be required to pledge any of its assets to finance the debt or any purchases of any affiliates if the proposed transaction is approved.
- Kentucky Power will not be required to grant liens or encumbrances, or otherwise pledge any of its assets, to finance any or all of the costs of the proposed transaction.
- Liberty will not utilize push-down accounting in any manner arising from the proposed transaction.
- Kentucky Power will give clear and conspicuous notice to Kentucky Power's customers prior to any change in service resulting from the proposed transaction.
- Liberty will commit to ring-fencing of Kentucky Power such that Kentucky Power would be insulated from Liberty's non-utility lines of business. To define "ring-fencing": Liberty will commit that Kentucky Power: (i) will not assume liability for the debts issued by Algonquin Power & Utilities Corp., Liberty Utilities Co., or any of their subsidiaries or affiliates; (ii) will maintain corporate officers who have a fiduciary duty to Kentucky

Power, and; (iii) will maintain separate books and records of Kentucky Power, all to provide sufficient ring fencing to Kentucky Power to insulate it from potential liability of from other affiliates.

#### Commitments Made in response to testimony

- Liberty's common equity ratio for rates effective in 2024 will be 45% and will only change for ratemaking purposes upon approval of the Commission in future rate cases.
- For any FERC filed affiliate agreements that will affect rates, Liberty will provide a copy to the Kentucky Public Service Commission 30 days prior to filing of all such affiliate agreements before they are filed at FERC and before they are executed.
- Liberty will file with the Kentucky Public Service Commission any agreements with AEP relating to services provided to Kentucky Power Company within 30 days of execution of any such agreements.
- Within sixty days of the close of the transaction, Kentucky Power Company will convene a stakeholder process for the development of one or more new renewable energy offerings to be proposed for Commission approval within one year of the close of the transaction.
- Liberty will enter into an arrangement to factor accounts receivable if doing so will bring savings to customers.
- Liberty will not seek to recover any transaction or one time transition costs (as defined by Liberty in testimony) from customers.
- Liberty will pursue securitization legislation focused on the facts and circumstances of Kentucky Power to lower the cost impact of the Big Sandy Decommissioning Rider and Mitchell Power Plant.
- Eastern Kentucky Fuel Relief Fund: Provide a rate offset benefit to customers with a value of \$40 million available to assist customers with their bills should the acquisition be approved. For clarity, these amounts would be utilized to offset high fuel charges and would effectively act as a credit to customer bills.
- Big Sandy Decommissioning Rider ("BSDL"): In order to provide near term relief to customers, while we work on appropriate securitization legislation, we are proposing to defer the collection of the Big Sandy decommissioning rider for three years. Liberty would continue to accrue the carrying charge but defer collection of the surcharge from customers of the BSDL costs until three years after the transaction closes. At the end of the three year period, assuming the enactment of securitization legislation, with reasonable parameters such as an interest rate of 3.5% and a 20 year term, the annual collections from customers would reduce from the current levelized charge of \$26.9M to approximately \$19.6M, thereby allowing further savings of \$7.2 million per year to inure to the benefit of customers from year four forward. If securitization legislation is not

feasible within 3 years, the current levelized charge of \$26.9M will be reinstated until the balance of the regulatory asset is extinguished.

- Liberty will hire a Vice President of Customer Advocacy to assist who will be on the local Kentucky Power management team

