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4 LIBERTY UTILITIES
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7 Attorneys for Liberty Utilities (Gold Canyon Sewer) Corp.
 8

9 **BEFORE THE ARIZONA CORPORATION COMMISSION**

10
 11 IN THE MATTER OF THE APPLICATION
 12 OF LIBERTY UTILITIES (GOLD CANYON
 SEWER) CORP., AN ARIZONA
 13 CORPORATION, FOR AUTHORITY TO
 14 ISSUE EVIDENCE OF INDEBTEDNESS IN
 AN AMOUNT NOT TO EXCEED
 \$8,500,000.

DOCKET NO: SW-02519A-21-
APPLICATION (FINANCING)

15
 16 Pursuant to A.R.S. §§ 40-301 and 40-302, Liberty Utilities (Gold Canyon Sewer)
 17 Corp. (“Liberty Gold Canyon” or “Company”), an Arizona public service corporation,
 18 hereby applies for authority from the Arizona Corporation Commission (“Commission”) to
 19 issue evidence of indebtedness in a total amount not to exceed \$8,500,000 on the terms and
 20 conditions set forth below.¹ In support of this Application, Liberty Gold Canyon states as
 21 follows:
 22

23 ¹ On September 30, 2021, Liberty Gold Canyon and Liberty Utilities (Entrada Del Oro Sewer) Corp. (“Liberty EDO”) filed rate applications with the Commission (see Liberty Gold Canyon Docket No. SW-02519A-21-0326 and Liberty EDO Docket No. SW-04316A-21-0325). Liberty EDO also is filing a financing application concurrently with this financing application by Liberty Gold Canyon. Further, Liberty EDO is concurrently filing a separate application to transfer its assets to Liberty Gold Canyon under Ariz. Rev. Stat. § 40-285. In turn, Liberty Gold Canyon and Liberty EDO intend to file motions to consolidate the two rate applications, the two financing applications and the 40-285 docket into one proceeding.
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 25
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1 **A. General Background.**

2 1. Liberty Gold Canyon is a public service corporation providing sewer service
3 to approximately 5,830 customers in Pinal County, Arizona.

4 2. Liberty Gold Canyon's present rates and charges for utility service were
5 approved by the Commission in Decision No. 69664 (June 28, 2007), as modified by
6 Decision No. 70624 (November 19, 2008) and 70662 (December 23, 2008). On September
7 30, 2021, Liberty Gold Canyon filed a rate case seeking new rates using a test year ending
8 December 31, 2020 (Docket No. SW-02519A-21-0326).

9 3. Liberty Gold Canyon's business office is located at 14920 W. Camelback Rd.,
10 Litchfield Park, Arizona 85340 and its telephone number is (623) 935-9367. The
11 Company's primary management contact is its President, Matthew Garlick.

12 4. The person responsible for overseeing and directing the conduct of this
13 Application is Jill Schwartz, Director, Regulatory Shared Services. Her mailing address is
14 602 S Joplin Ave, Joplin, MO 64801; her telephone number is (573) 352-0045; and her
15 email address is Jill.Schwartz@LibertyUtilities.com. **All discovery, data requests and
16 other requests for information concerning this Application should be directed to
17 Ms. Schwartz, with a copy by e-mail to undersigned counsel at jay@shapslawaz.com
18 and whitney@shapslawaz.com, and Todd C. Wiley at
19 Todd.Wiley@LibertyUtilities.com and Judy.JenkinsHitchye@LibertyUtilities.com.**

20 5. Financial statements for the twelve-month period ending December 31, 2020
21 are attached as **Exhibit 1.**

22 6. Statements projecting Liberty Gold Canyon's estimated financial
23 performance, for the next five years, are attached as **Exhibit 2.**

24 **B. Purposes of Financing.**

25 7. Liberty Gold Canyon seeks Commission approval of long-term debt financing
26 contemplated herein for the purpose of rebalancing the Company's current approved capital

1 structure of 60 percent equity and 40 percent debt to a capital structure of 54 percent equity
2 and 46 percent debt.

3 8. If this Application is approved, Liberty Gold Canyon will borrow the amount
4 necessary to achieve a capital structure consisting of 54 percent equity and 46 percent debt.
5 This amount is currently estimated to be \$8,500,000. Liberty Gold Canyon will enter into
6 additional loan agreements every six months as necessary to maintain a capital structure
7 consisting of 54 percent equity and 46 percent debt. However, at no time will the total debt
8 amount exceed \$8,500,000.

9 **C. Terms and Conditions of Financial Transactions.**

10 9. The lender will be Liberty Utilities Co. (“Liberty Utilities”). Liberty Utilities
11 is an affiliate of Liberty Gold Canyon. The term sheet for the proposed debt financing is
12 attached hereto as **Exhibit 3**. Liberty Utilities will provide the subject financing at the 15-
13 year U.S. Treasury rate plus a 160-basis point credit spread based on Liberty Utilities’ most
14 recent private placement financing. The maturity date for the debt financing from Liberty
15 Utilities shall be 15 years after closing. Liberty Utilities will not earn a profit or return on
16 loans made to Liberty Gold Canyon under the authority sought in this Application.

17 **D. Effects of Financial Transactions.**

18 10. Liberty Gold Canyon’s pro forma balance sheet for the period ending
19 December 31, 2020 is attached as **Exhibit 2**. The pro forma balance sheet reflects the
20 impact of the debt infusion that is the subject of this Application. As noted above, the
21 Company’s pro forma capital structure will be 46 percent debt and 54 percent common
22 equity.

23 11. The Company’s ratios are shown in **Exhibit 2**, lines 66-79. The DSCR and
24 TIER calculations, as shown on Exhibit 2, were calculated using a weighted average of the
25 15-year U.S. Treasury rate plus a 160-basis point credit spread.

26

1 12. The loan proceeds will be issued for lawful purposes, as discussed herein, and
2 the execution of loan agreements with Liberty Utilities and the undertaking of the
3 obligations set forth therein are within the Company's corporate powers. A Corporate
4 Resolution authorizing the contemplated transaction will be filed as a supplement to this
5 Application.

6 13. The approvals sought herein are compatible with the public interest and with
7 the proper performance of Liberty Gold Canyon's duties as a public service corporation.

8 14. The financing contemplated herein will not impair Liberty Gold Canyon's
9 ability to perform its duties as a public service corporation providing wastewater utility
10 service.

11 15. Liberty Gold Canyon intends to request consolidation of this financing
12 application with other proceedings, as noted above. The Company will seek permission to
13 notify its customers of all proceedings at the same time if consolidation is granted. Proof
14 of publication and a true copy of the notice will be filed with the Commission as necessary.

15 Based on the foregoing, Liberty Gold Canyon respectfully requests the following:

16 A. That the Commission consider this Application as soon as practicable;

17 B. That the Commission enter an order approving this Application and
18 authorizing Liberty Gold Canyon to incur indebtedness in an amount not to exceed
19 \$8,500,000 for the purposes described above; and

20 C. That the Commission authorize Liberty Gold Canyon to take such other and
21 further action as may be necessary to effectuate the purposes of this Application, as may be
22 appropriate under the circumstances herein.

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RESPECTFULLY SUBMITTED this 2nd day of November, 2021.

SHAPIRO LAW FIRM, P.C.

By: /s/ Jay L. Shapiro
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and

LIBERTY UTILITIES

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Attorneys for Liberty Utilities
(Gold Canyon Sewer) Corp.

ORIGINAL was e-Filed
this 2nd day of November, 2021, with:

Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

By: /s/ Whitney Birk

EXHIBIT 1

Liberty Utilities (Gold Canyon Sewer) Corp.
Test Year Ended December 31, 2020
Comparative Balance Sheets

Exhibit
Schedule E-1
Page 1
Witness: Barbee

Line No.		Test Year Ended 12/31/2020	Year Ended 12/31/2019	Year Ended 12/31/2018
1	ASSETS			
2	Plant In Service	\$ 26,999,176	\$ 24,972,835	\$ 24,832,369
3	Non-Utility Plant	-	-	-
4	Construction Work in Progress	3,165,801	1,144,250	1,018,684
5	Property Held for Future Use	-	-	-
6	Less: Accumulated Depreciation	(15,968,283)	(14,549,066)	(13,380,702)
7	Net Plant	\$ 14,196,694	\$ 11,568,019	\$ 12,470,351
8				
9	CURRENT ASSETS			
10	Cash and Equivalents	\$ (199)	\$ 17,509	\$ 145
11	Restricted Cash	871,446	532,966	521,594
12	Accounts Receivable, Net	629,964	491,097	408,161
13	Inter-Company Receivable	9,280,867	8,863,002	7,021,951
14	Other Receivables	-	-	-
15	Notes Receivable	-	-	-
16	Materials and Supplies Inventory	-	-	-
17	Prepayments	14,756	8,756	12,967
18	Deposits	-	-	-
19	Other Current Assets	6,286	13,201	-
20	Total Current Assets	\$ 10,803,120	\$ 9,926,532	\$ 7,964,819
21				
22	OTHER ASSETS			
23	Deferred Regulatory Assets	\$ 342	\$ 6,232	\$ 81,020
24	Deferred Regulatory Assets - Tax	-	-	-
25	Deferred Debits	\$ 342	\$ 6,232	\$ 81,020
26				
27	TOTAL ASSETS	\$ 25,000,156	\$ 21,500,783	\$ 20,516,190
28				
29				
30	LIABILITIES AND STOCKHOLDER EQUITY			
31				
32	Stockholder's Equity	\$ 12,677,145	\$ 11,717,512	\$ 15,955,708
33				
34	Long-Term Debt	\$ -	\$ -	\$ -
35				
36	CURRENT LIABILITIES			
37	Accounts Payable	\$ (203)	\$ 767	\$ (140)
38	Current Portion of Long-Term Debt	-	-	-
39	Payables to Associated Companies	330,004	337,204	339,700
40	Security Deposits	4,155	-	-
41	Customer Meter Deposits, Current	-	-	-
42	Current Portion of AIAC	35,000	35,000	35,000
43	Accrued Taxes	6,222,545	5,386,334	-
44	Accrued Interest	2,929	2,929	2,929
45	Other Current Liabilities	902,448	258,931	214,190
46	Total Current Liabilities	\$ 7,496,878	\$ 6,021,165	\$ 591,679
47				
48	DEFERRED CREDITS			
49	Customer Meter Deposits, less current	\$ 56,193	\$ 62,512	\$ 45,131
50	Advances in Aid of Construction - Tax Gross-up	4,187	-	-
51	Advances in Aid of Construction	1,745,877	1,473,093	1,506,426
52	AIAC in-progress	109,691	177,438	147,438
53	Accumulated Deferred Investment Tax Credits	-	-	-
54	Accumulated Deferred Income Taxes	(337,486)	196,278	444,943
55	Deferred Regulatory Liabilities - Tax (EADIT)	225,125	225,125	225,125
56	Deferred Regulatory Liabilities - Tax Gross-up	-	-	-
57	Contributions In Aid of Construction	3,496,833	2,074,485	2,074,485
58	Accumulated Amortization	(1,317,968)	(945,122)	(870,992)
59	CIAC in-progress	12,200	12,200	12,200
60	Other Deferred Credits	831,481	486,097	384,048
61	Total Deferred Credits	\$ 4,826,133	\$ 3,762,105	\$ 3,968,803
62				
63	Total Liabilities & Common Equity	\$ 25,000,156	\$ 21,500,783	\$ 20,516,190
64				
65				
66				
67	SUPPORTING SCHEDULES:			
68	Work papers			

Liberty Utilities (Gold Canyon Sewer) Corp.
 Test Year Ended December 31, 2020
 Comparative Income Statements

Exhibit
 Schedule E-2
 Page 1
 Witness: Barbee

Line No.		Test Year Ended <u>12/31/2020</u>	Prior Year Ended <u>12/31/2019</u>	Prior Year Ended <u>12/31/2018</u>
1	Revenues			
2	Sewer Revenues	\$ 4,209,254	\$ 4,012,523	\$ 3,920,606
3	Reclaimed Water Revenues	57,322	40,351	28,903
4	Other Sewer Revenues	107,583	121,288	115,883
5	Total Revenues	\$ 4,374,159	\$ 4,174,162	\$ 4,065,392
6	Operating Expenses			
7	Salaries and Wages	\$ -	\$ -	\$ -
8	Purchased Water	26,411	16,353	13,684
9	Purchased Wastewater Treatment	-	-	-
10	Sludge Removal	100,195	77,368	72,070
11	Purchased Power	77,780	90,101	103,634
12	Fuel for Power Production	-	-	-
13	Chemicals	100,253	74,728	72,643
14	Materials and Supplies	55,105	23,821	17,584
15	Contractual Services - Accounting	18,829	39,261	20,676
16	Contractual Services - Legal	3,897	2,131	147
17	Contractual Services - Management	676,232	764,697	724,997
18	Contractual Services - Testing	31,981	20,136	24,277
19	Contractual Services - Other	604,227	556,661	487,066
20	Equipment Rent	1,773	4,478	4,193
21	Building Rent	9,071	8,985	10,913
22	Transportation Expense	19,067	29,900	11,406
23	Insurance - Auto	1,451	1,453	998
24	Insurance - General Liability	13,259	15,960	20,882
25	Regulatory Commission Expense	-	-	-
26	Miscellaneous	66,045	86,073	75,866
27	Depreciation and Amortization	1,084,424	1,214,032	1,202,615
28	Bad Debt Expense	10,883	(321)	17,305
29	Taxes Other Than Income	-	-	-
30	Property Taxes	224,641	227,301	235,355
31	Income Taxes	302,447	219,377	670,068
32				
33	Total Operating Expenses	\$ 3,427,974	\$ 3,472,495	\$ 3,786,381
34	Operating Income	\$ 946,185	\$ 701,666	\$ 279,011
35	Other Income (Expense)			
36	Interest and Dividend Income	-	-	-
37	AFUDC Income	-	-	-
38	Other Income (expense)	16,356	(17,550)	(9,574)
39	Interest Expense	(2,909)	(4,020)	(358)
40				
41	Total Other Income (Expense)	\$ 13,448	\$ (21,570)	\$ (9,933)
42	Net Profit (Loss)	\$ 959,633	\$ 680,097	\$ 269,078

* Proforma interest expense for 2017 and 2018 on proforma debt. See E-1.

SUPPORTING SCHEDULES:

Work papers

RECAP SCHEDULES:

A-2

Liberty Utilities (Gold Canyon Sewer) Corp.
 Test Year Ended December 31, 2020
 Comparative Statements of Cash Flows

Exhibit
 Schedule E-3
 Page 1
 Witness: Barbee

Line No.	Test Year Ended <u>12/31/2020</u>	Prior Year Ended <u>12/31/2019</u>	Prior Year Ended <u>12/31/2018</u>
1			
2			
3	Cash Flows from Operating Activities		
4	\$ 959,633	\$ 680,097	\$ 269,078
5	Adjustments to reconcile net income to net cash		
6	provided by operating activities:		
7	1,084,424	1,214,032	1,202,615
8	(38,053)	(119,798)	(165,482)
9	Changes in Certain Assets and Liabilities:		
10	(138,867)	(82,936)	(110,373)
11	Accounts Receivable		
12	Other Receivables		
13	Materials and Supplies Inventory		
14	(6,000)	4,211	(1,976)
15	Prepaid Expenses		
16	Deferred Regulatory Assets/Liabilities		
17	(533,764)	(248,665)	(1,233,617)
18	Deferred Income Taxes		
19	(425,065)	(1,843,547)	2,835
20	Receivables/Payables to Associated Co.		
21	(970)	907	
22	Accounts Payable		
23	Interest Payable		
24	(2,164)	17,381	(33)
25	Customer Meter and Security Deposits		
26	836,211	5,386,334	(141)
27	Taxes Payable		
28	1,001,706	208,377	279,626
29	Other assets and liabilities		
30	1	1	
31	Rounding		
32	\$ 2,737,092	\$ 5,216,393	\$ 271,015
33	Net Cash Flow provided by Operating Activities		
34	Cash Flow From Investing Activities:		
35	(4,047,892)	(266,032)	(227,494)
36	Capital Expenditures		
37	Plant Held for Future Use		
38	Changes in Special Funds		
39	\$ (4,047,892)	\$ (266,032)	\$ (227,494)
40	Net Cash Flows from Investing Activities		
41	Cash Flow From Financing Activities		
42	(338,480)	(11,372)	(24,762)
43	Change in Restricted Cash		
44	Proceeds from Long-Term Debt		
45	1,422,348		
46	Net receipt of contributions in aid of construction		
47	209,224	(3,333)	(19,177)
48	Net receipts of advances in aid of construction		
49	Repayments of Long-Term Debt		
50		(4,918,293)	
51	Distributions		
52	Deferred Financing Costs		
53	Paid in Capital		
54	\$ 1,293,092	\$ (4,932,998)	\$ (43,939)
55	Net Cash Flows Provided by Financing Activities		
56	(17,708)	17,363	(418)
57	Increase / (Decrease) in Cash and Cash Equivalents		
58	17,509	146	563
59	Cash and Cash Equivalents at Beginning of Year		
60	\$ (199)	\$ 17,509	\$ 146
61	Cash and Cash Equivalents at End of Year		

SUPPORTING SCHEDULES:

Work papers
 E1
 E-2

RECAP SCHEDULES:

A-5

EXHIBIT 2

Liberty Utilities (Gold Canyon Sewer) Corp.
Current and Projected Balance Sheets (Unaudited)

Page 1

Line No.	Proforma Ended 12/31/2020	Projected Year Ended 12/31/2021	Projected Year Ended 12/31/2022	Projected Year Ended 12/31/2023	Projected Year Ended 12/31/2024	Projected Year Ended 12/31/2025
1	ASSETS					
2	\$ 26,999,176	\$ 30,872,215	\$ 31,436,065	\$ 31,999,915	\$ 31,999,915	\$ 31,999,915
3	-	-	-	-	-	-
4	3,165,801	-	-	-	-	-
5	-	-	-	-	-	-
6	(15,968,283)	(17,362,706)	(18,794,465)	(20,260,820)	(21,738,707)	(23,216,593)
7	<u>\$ 14,196,694</u>	<u>\$ 13,509,509</u>	<u>\$ 12,641,599</u>	<u>\$ 11,739,095</u>	<u>\$ 10,261,208</u>	<u>\$ 8,783,321</u>
8						
9	CURRENT ASSETS					
10	\$ (199)	\$ 1,135,999	\$ 2,186,507	\$ 3,268,499	\$ 4,901,234	\$ 6,524,971
11	871,446	871,446	871,446	871,446	871,446	871,446
12	629,964	629,964	629,964	629,964	629,964	629,964
13	9,280,867	9,280,867	9,280,867	9,280,867	9,280,867	9,280,867
14	-	-	-	-	-	-
15	-	-	-	-	-	-
16	-	-	-	-	-	-
17	14,756	14,756	14,756	14,756	14,756	14,756
18	-	-	-	-	-	-
19	6,286	6,286	6,286	6,286	6,286	6,286
20	<u>\$ 10,803,120</u>	<u>\$ 11,939,318</u>	<u>\$ 12,989,826</u>	<u>\$ 14,071,818</u>	<u>\$ 15,704,553</u>	<u>\$ 17,328,290</u>
21						
22	OTHER ASSETS					
23	\$ 342	\$ 1,187,422	\$ 1,027,559	\$ 867,696	\$ 707,833	\$ 547,970
24	-	-	-	-	-	-
25						
26						
27	<u>\$ 342</u>	<u>\$ 1,187,422</u>	<u>\$ 1,027,559</u>	<u>\$ 867,696</u>	<u>\$ 707,833</u>	<u>\$ 547,970</u>
28						
29	<u>\$ 25,000,156</u>	<u>\$ 26,636,249</u>	<u>\$ 26,658,984</u>	<u>\$ 26,678,609</u>	<u>\$ 26,673,594</u>	<u>\$ 26,659,581</u>
30						
31	LIABILITIES AND STOCKHOLDER EQUITY					
32						
33	<u>\$ 6,845,658</u>	<u>\$ 7,809,666</u>	<u>\$ 7,937,500</u>	<u>\$ 8,062,162</u>	<u>\$ 8,174,387</u>	<u>\$ 8,281,752</u>
34						
35	<u>\$ 5,831,487</u>	<u>\$ 6,652,678</u>	<u>\$ 6,761,575</u>	<u>\$ 6,867,768</u>	<u>\$ 6,963,366</u>	<u>\$ 7,054,826</u>
36						
37	CURRENT LIABILITIES					
38	\$ (203)	\$ (203)	\$ (203)	\$ (203)	\$ (203)	\$ (203)
39	-	-	-	-	-	-
40	330,004	330,004	330,004	330,004	330,004	330,004
41	4,155	4,155	4,155	4,155	4,155	4,155
42	-	-	-	-	-	-
43	35,000	35,000	35,000	35,000	35,000	35,000
44	6,222,545	6,222,545	6,222,545	6,222,545	6,222,545	6,222,545
45	2,929	2,929	2,929	2,929	2,929	2,929
46	902,448	902,448	902,448	902,448	902,448	902,448
47	<u>\$ 7,496,878</u>	<u>\$ 7,496,878</u>	<u>\$ 7,496,878</u>	<u>\$ 7,496,878</u>	<u>\$ 7,496,878</u>	<u>\$ 7,496,878</u>
48						
49	DEFERRED CREDITS					
50	\$ 56,193	\$ 56,193	\$ 56,193	\$ 56,193	\$ 56,193	\$ 56,193
51	4,187	4,187	4,187	4,187	4,187	4,187
52	1,745,877	1,745,877	1,745,877	1,745,877	1,745,877	1,745,877
53	109,691	109,691	109,691	109,691	109,691	109,691
54	-	-	-	-	-	-
55	(337,486)	(667,991)	(667,991)	(667,991)	(667,991)	(667,991)
56	225,125	160,549	153,755	146,961	140,167	133,373
57	-	-	-	-	-	-
58	3,496,833	4,212,985	4,212,985	4,212,985	4,212,985	4,212,985
59	(1,317,968)	(1,784,290)	(1,987,636)	(2,188,268)	(2,390,478)	(2,592,688)
60	12,200	12,200	12,200	12,200	12,200	12,200
61	831,481	827,625	823,770	819,966	816,132	812,298
62	<u>\$ 4,826,133</u>	<u>\$ 4,677,027</u>	<u>\$ 4,463,031</u>	<u>\$ 4,251,801</u>	<u>\$ 4,038,963</u>	<u>\$ 3,826,125</u>
63						
64	<u>\$ 25,000,156</u>	<u>\$ 26,636,249</u>	<u>\$ 26,658,984</u>	<u>\$ 26,678,609</u>	<u>\$ 26,673,594</u>	<u>\$ 26,659,581</u>
65						
66	46%	46%	46%	46%	46%	46%
67	54%	54%	54%	54%	54%	54%
68						
69	\$ 2,333,056	\$ 2,354,951	\$ 2,376,336	\$ 2,360,095	\$ 2,333,724	\$ 2,306,634
70	\$ 1,248,632	\$ 977,324	\$ 998,710	\$ 982,468	\$ 908,813	\$ 881,722
71						
72	3.120%	3.120%	3.120%	3.120%	3.120%	3.120%
73						
74	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
75	181,942	207,564	210,961	214,274	217,257	220,111
76	<u>\$ 181,942</u>	<u>\$ 207,564</u>	<u>\$ 210,961</u>	<u>\$ 214,274</u>	<u>\$ 217,257</u>	<u>\$ 220,111</u>
77						
78	12.82	11.35	11.26	11.01	10.74	10.48
79	6.86	4.71	4.73	4.59	4.18	4.01
80						
81	* Proforma and projected Equity and Debt for 2020-2025 adjusted to achieve 46% debt and 54% equity in capital structure.					
82						

Liberty Utilities (Gold Canyon Sewer) Corp.
Current and Projected Income Statements (Unaudited)

Line No.		Actual Year Ended 12/31/2020	Projected Year Ended 12/31/2021	Projected Year Ended 12/31/2022	Projected Year Ended 12/31/2023	Projected Year Ended 12/31/2024	Projected Year Ended 12/31/2025
1	Revenues						
2	Sewer Revenues	\$ 4,209,254	\$ 4,253,846	\$ 4,276,106	\$ 4,298,365	\$ 4,311,260	\$ 4,324,194
3	Reclaimed Water Revenues	57,322	57,322	57,322	57,322	57,322	57,322
4	Other Sewer Revenues	107,583	107,583	107,583	107,583	107,583	107,583
5	Total Revenues	\$ 4,374,159	\$ 4,418,751	\$ 4,441,011	\$ 4,463,270	\$ 4,476,166	\$ 4,489,099
6	Operating Expenses						
7	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Purchased Water	26,411	26,411	26,411	26,675	26,942	27,211
9	Purchased Wastewater Treatment	-	-	-	-	-	-
10	Sludge Removal	100,195	113,713	113,713	115,987	118,307	120,673
11	Purchased Power	77,780	88,401	88,401	90,169	91,972	93,812
12	Fuel for Power Production	-	-	-	-	-	-
13	Chemicals	100,253	113,770	113,770	116,046	118,366	120,734
14	Materials and Supplies	55,105	55,105	55,105	56,207	57,332	58,478
15	Contractual Services - Accounting	18,829	18,829	18,829	19,206	19,590	19,982
16	Contractual Services - Legal	3,897	3,897	3,897	3,975	4,055	4,136
17	Contractual Services - Management	676,232	661,034	661,034	674,255	687,740	701,495
18	Contractual Services - Testing	31,981	31,981	31,981	32,620	33,273	33,938
19	Contractual Services - Other	604,227	604,227	604,227	616,312	628,638	641,211
20	Equipment Rent	1,773	1,773	1,773	1,809	1,845	1,882
21	Building Rent	9,071	-	-	-	-	-
22	Transportation Expense	19,067	19,067	19,067	19,449	19,838	20,234
23	Insurance - Auto	1,451	1,451	1,451	1,480	1,510	1,540
24	Insurance - General Liability	13,259	13,259	13,259	13,524	13,794	14,070
25	Regulatory Commission Expense	-	-	-	-	-	-
26	Miscellaneous	66,045	66,045	66,045	67,366	68,713	70,088
27	Depreciation and Amortization	1,084,424	1,377,627	1,377,627	1,377,627	1,424,912	1,424,912
28	Bad Debt Expense	10,883	7,070	7,141	7,141	7,163	7,184
29	Taxes Other Than Income	-	-	-	-	-	-
30	Property Taxes	224,641	237,766	238,569	240,955	243,364	245,798
31	Income Taxes	302,447	201,500	195,921	191,058	171,997	164,549
32							
33	Total Operating Expenses	\$ 3,427,974	\$ 3,642,927	\$ 3,638,222	\$ 3,671,860	\$ 3,739,350	\$ 3,771,926
34	Operating Income	\$ 946,185	\$ 775,825	\$ 802,789	\$ 791,411	\$ 736,816	\$ 717,173
35	Other Income (Expense)						
36	Interest and Dividend Income	-	-	-	-	-	-
37	AFUDC Income	-	-	-	-	-	-
38	Other Income (expense)	16,356	-	-	-	-	-
39	Interest Expense*	(2,909)	(207,564)	(210,961)	(214,274)	(217,257)	(220,111)
40							
41	Total Other Income (Expense)	\$ 13,448	\$ (207,564)	\$ (210,961)	\$ (214,274)	\$ (217,257)	\$ (220,111)
42	Net Profit (Loss)	\$ 959,633	\$ 568,261	\$ 591,828	\$ 577,137	\$ 519,559	\$ 497,062

* Projected interest expense based upon weighted cost of debt and debt levels in 2021-2025.

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EXHIBIT 3

Liberty Utilities Co. to Liberty Utilities (Gold Canyon Sewer) Corp. Term Sheet

Lender	Liberty Utilities Co.
Borrower	Liberty Utilities (Gold Canyon Sewer) Corp.
Guarantor(s)	None
Type of Credit	Term Loan
Purpose	Any lawful purpose including, without limitation, achieving and maintaining a capital structure with a preferred blend of debt and equity.
Loan Amount	Maximum of US \$8.5 million
Maturity Date	Fifteen Years after Closing Date
Collateral	None
Interest Rate	Fifteen Year US Treasury plus a 160-basis point credit spread (or such other like term credit spread based on the most recent Liberty private debt placement). The rate shall be determined using the Treasury rate applicable on the closing date. Based on the 15-year US Treasury rate as of October 25, 2021 of 1.728%, the indicative all-in rate, including the credit spread, would be 3.328%.
Repayment Terms	Interest payments shall be made semi-annually. Based on an indicative rate noted above, the semi-annual interest payments would be \$141,440. The actual interest payments will be based on the amount borrowed and the then current 15-year US Treasury rate plus the applicable spread. The principal balance shall be due and payable on or before the maturity date.
Prepayment	<p>A make whole payment on early repayment will apply.</p> <p>Lender acknowledges, and the parties hereto agree, that the loan holder has the right to maintain its investment in the loan free from repayment by Lender and that the provision for payment of a make-whole amount by Lender in the event that the loan is redeemed is intended to provide compensation for the deprivation of such right under such circumstances. "Make-whole amount" means, with respect to the loan, an amount equal to the excess, if any, of the discounted value of the remaining scheduled payments with respect to the called principal of such loan over the amount of such called principal, provided that the make-whole amount may in no event be less than zero.</p> <p>"Make-whole amount" means, with respect to the loan, an amount equal to the excess, if any, of the discounted value of the remaining scheduled payments with respect to the called principal of such loan over the amount</p>

of such called principal, provided that the make-whole amount may in no event be less than zero.

Indicative Covenants	Borrower shall maintain a debt to capital ratio of no more than 46%.
Other Covenants	Standard and customary for transactions of this nature.
Expenses	Borrower and Lender to incur their own reasonable out-of-pocket costs and expenses incurred in connection with initiating and administering the loan, including, but not limited to, closing, legal, and administrative costs.