

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

NICK MYERS – CHAIR

RACHEL WALDEN – VICE-CHAIR

LEA MÁRQUEZ PETERSON

KEVIN THOMPSON

RENÉ LOPEZ

IN THE MATTER OF THE
APPLICATION OF LIBERTY
UTILITIES (BLACK MOUNTAIN
SEWER) CORP., AN ARIZONA
CORPORATION, FOR
DETERMINATION OF THE FAIR
VALUE OF ITS UTILITY PLANT AND
PROPERTY AND FOR INCREASES IN
ITS WASTEWATER RATES AND
CHARGES FOR WASTEWATER
UTILITY SERVICE AND FOR
CERTAIN RELATED APPROVALS

DOCKET NO. SW-02361A-26-0224

APPLICATION

Liberty Utilities (Black Mountain Sewer) Corp. ("Liberty Black Mountain" or the "Company"), a public service corporation and Class B Utility under the Arizona Corporation Commission ("Commission") regulations, submits this Application ("Application") for an order determining the fair value of its utility plant and property, approving adjustments to its rates and charges, and authorizing Liberty Black Mountain to issue additional long-term debt, and states as follows:

RATE APPLICATION

1. **The Company.** Liberty Black Mountain and its predecessors have served the northeast valley for over 40 years. Liberty Black Mountain provides wastewater utility service primarily within the Town of Carefree, small portions of the City of Scottsdale, and in an unincorporated portion of Maricopa County. As of December 31, 2025, the Company served approximately 2,344 wastewater customer connections.

2. **Rate Increase.** The Company is submitting an application for a wastewater

rate increase. The proposed increase in revenue requirements and bill impact for a single family residential customer is shown in the table below.

	Increase in Revenue Requirement	%	Bill Impact for Average User
Wastewater	\$1,403,396	46.79%	\$41.31

3. **Test Year.** The Company's proposed rates were developed using a test year ending December 31, 2025. The Company will seek post test year plant through the end of December 31, 2026.

4. **Current Rates.** The Company's current rates were established in Decision No. 78017 (May 18, 2021) as amended by Decision No. 78244 (Sept. 29, 2021) and are based on a test year ending December 31, 2018.

5. **Cost of Capital.** Liberty Black Mountain requests a rate of return based on a weighted average cost of capital of 7.87%, based on a cost of equity of 10.60%, a cost of debt of 4.66%, and an equity ratio of 54%.

6. **Drivers of rate increase.** The main factors that result in the need for an increase in rates are capital investments in the Company's infrastructure, higher operating expenses and cost of capital, including interest rates, that have all increased since the end of the prior test year in 2018.

7. **Key issues.** The Application includes the following significant issues.

a. **Capital Improvements.** The Company has made significant capital improvements that have resulted in increases to rate base.

b. **Purchased Wastewater Treatment.** The Company operates a collection system, and purchases wastewater treatment from the City of Scottsdale. The City of Scottsdale's charges are beyond the Company's control. Accordingly, the Company is proposing a Purchased Wastewater Treatment Adjustment Mechanism ("PWTAM").

1 c. ***Purchased Power Costs.*** The Company requests for approval of a
2 Purchased Power Adjustment Mechanism ("PPAM"). The Purchased Power
3 Adjustment Mechanism allows Liberty Black Mountain to increase or decrease rates
4 in order to address changes in purchased power costs resulting from changes in the
5 rates charged by the Company's electric utility provider.

6 d. ***Property Tax Costs.*** The Company requests for approval of a Property
7 Tax Adjustment Mechanism ("PTAM"). The Property Tax Adjustment Mechanism,
8 or "PTAM," would allow rates to adjust upward or downward based on changes in
9 property tax rates and/or assessment ratios.

10 8. **Customer benefits.** The Company includes the following voluntary
11 concessions and measures to reduce rates or rate impacts to customers.

12 a. ***Settlement.*** This Application carries over certain adjustments agreed
13 to by the Company's affiliates in their recent settlement agreement with Commission
14 Staff and the Residential Utility Consumer Office, including the capitalization factor
15 for capitalized overhead.

16 b. ***Financing.*** This application includes a financing application for the
17 Company to balance its capital structure. The increased debt is expected to lower the
18 Company's equity ratio and thus lower its cost of capital.

19 c. ***Customer Assistance.*** Liberty Black Mountain is proposing updates
20 and enhancements to its customer assistance tariff.

21 d. ***No fair value increment.*** Liberty Black Mountain is using its original
22 cost rate base as its fair value rate base and is therefore not seeking any return on a
23 fair value increment.

24 9. **Witnesses.** The Company is submitting the Direct Testimony of the following
25 witnesses in support of this Application.

Witness	Title	Topics
Manasa Rao	Senior Director of Rates and Regulatory Affairs	Case Overview; Revenue Requirement; Certain rate base and income statement adjustments; Cost Allocation
Regina Wise	Senior Manager of Rates and Regulatory Affairs	Customer Assistance Program; Tariffs, including PWTAM, PPAM, PTAM and pretreatment tariffs
April Thomas	Supervisor II, Operations	Capital improvements and Post Test Year Plant
Tom Bourassa	Rate consultant	Schedules; Cost of Service Study; Cost of Capital

10. **Tariff revisions.** Liberty Black Mountain is seeking to revise various tariffs or add new tariffs, as discussed in the testimony of Regina Wise. Clean and redlined copies of the proposed tariffs are included with the relevant testimonies.

11. **Supplemental Filing Materials.** In addition to this Application, the Direct Testimony, and associated rate schedules, the Company is also attaching the supplemental filing materials required by A.A.C. R14-2-103(B)(5), including the wastewater data sheet and plant inventory.

12. **Legal basis.** This Rate Application is made pursuant to Article 15, Sections 3 and 14 of the Arizona Constitution, A.R.S. §§ 40-250, 40-251, 40-256, 40-361, 40-365, 40-367 and A.A.C. R14-2-103.

13. **Notice.** Any notices, pleadings, data requests, procedural orders, or other materials to be served on Liberty Black Mountain should be sent to its attorneys as follows:

Timothy J. Sabo
Elias J. Ancharski
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2929 North Central Ave. 20th Floor
Phoenix, Arizona 85012
tsabo@omlaw.com
eancharski@omlaw.com

1
2 Stephen Emedi
3 Director of Legal Services Arizona & Texas
4 Liberty Utilities (Black Mountain Sewer) Corp.
5 14920 W. Camelback Road
6 Litchfield Park, Arizona 85340
7 Stephen.Emedi@libertyutilities.com

8 With a copy to:

9 Manasa Rao
10 Senior Director of Rates and Regulatory Affairs
11 Regina Wise
12 Senior Manager of Rates and Regulatory Affairs
13 Liberty Utilities (Black Mountain Sewer) Corp.
14 14920 W. Camelback Road
15 Litchfield Park, Arizona 85340
16 Manasa.Rao@libertyutilities.com
17 Regina.Wise@libertyutilities.com

18 14. **Rate effective date.** The Company requests that the new rates and charges
19 take effect no later than August 1, 2027.

20 FINANCING APPLICATION

21 15. **Liberty Black Mountain Existing Financing Authority.** The Commission
22 previously authorized Liberty Black Mountain to incur approximately \$3.4 million in debt
23 pursuant to Decision No. 75510. That debt remains outstanding and is currently reflected in
24 the Company's financial records. Liberty Black Mountain seeks Commission approval of
25 additional long-term debt financing for the purpose of rebalancing the Company's current
26 capital structure to maintain a capital structure of 54 percent equity and 46 percent debt.
27 Therefore, Liberty Black Mountain requests Commission authorization to incur up to \$6.6
28 million in additional debt for a term of 10 years, bringing the Company's total debt
authorization to \$10 million available to draw on as needed to maintain a well-balanced
capital structure.

16. **Lender.** The lender will be Liberty Utilities Co. ("Liberty Utilities"). Liberty
Utilities is an affiliate of Liberty Black Mountain. The term sheet for the proposed debt

1 financing is attached as Appendix 1. The maturity date for the debt financing from Liberty
2 Utilities shall be 10 years from the date of closing. Liberty Utilities will not earn a profit or
3 return on the loans made to Liberty Black Mountain under the authority sought in this
4 Application.

5 17. **Financial Capability.** The Company's most recent annual financial
6 statements are included in Appendix 2. A pro-forma calculation of the Company's Debt
7 Service Coverage Ratio ("DSC") and Times Interest Earned Ratio ("TIER") assuming the
8 proposed debt is fully drawn is included in Appendix 2. The projected DSC and TIER
9 demonstrate that the proposed debt is within Liberty Black Mountain's ability to pay and is
10 consistent with sound financial practices.

11 18. **Corporate Authorization.** This financing application has been approved by
12 Liberty Black Mountain's Board of Directors, as shown by the resolution included as
13 Appendix 3.

14 19. **Legal Basis.** The issuance of certain debt by public service corporations
15 requires Commission approval under A.R.S. §§ 40-301, 40-302, and 40-303.

16 20. **Interest Rate.** The interest rate will be determined at the time of the
17 borrowing. Liberty Utilities will provide the subject financing at the 10-year U.S. Treasury
18 rate plus a credit spread which reflects Liberty Utilities' most recent private placement
19 financing.

20 21. **Statutory Standards.** The Commission "shall not make an order" approving
21 a financing, unless the financing "(1) is for lawful purposes which are within the corporate
22 powers of the applicant, (2) are compatible with the public interest, (3) with sound financial
23 practices, and (4) with the proper performance by the applicant of service as a public service
24 corporation and (5) will not impair its ability to perform that service." A.R.S. § 40-301(C)
25 (enumeration added). Here, the financing is within the corporate powers of Liberty Black
26 Mountain, an Arizona corporation [see A.R.S. § 10-302(5), (7), and (8)], and has been
27 authorized by the Companies' Board of Directors. The financing is consistent with sound
28 financial practices for the reasons given in the financial capability paragraph above.

1 22. **Long-Term Debt.** The Long-Term Debt will be issued as a promissory note
2 of Liberty Black Mountain payable to Liberty Utilities Co.

3 23. **Compliance Filings.** Liberty Black Mountain will provide a copy of the
4 promissory note upon completion of the financing to demonstrate that the terms of financing
5 are competitive and favorable to the Company and its customers.

6 24. **Notice.** The Company will provide public notice of this financing application
7 as ordered by the Administrative Law Judge. The Company suggests that the notice be
8 combined with the notice for its pending rate case, and a proposed form of notice has been
9 submitted herein.

10 WHEREFORE, Liberty Black Mountain requests the following relief:

11 A. That the Commission or its assigned Administrative Law Judge issue a
12 Procedural Order setting this matter for hearing at the earliest opportunity, in
13 accordance with the time frames set forth in A.R.S. § 40-256 and A.A.C. R14-2-
14 103(B)(11) and setting forth notice requirement and other deadlines sufficient to
15 meet the aforesaid time frames.

16 B. That the Commission enter a final order, at the earliest possible time, finding the
17 Company's rate base, the rate of return to be earned on that rate base, and the
18 overall revenue requirement for the Company, together with a schedule of rates
19 and charges sufficient for the Company to earn the revenue requirement so
20 established.

21 C. That the Commission enter a final order, at the earliest possible time, approving
22 the Company's requests summarized in this Application and as more particularly
23 set forth in the appendixes, schedules and testimony of the Company's witnesses
24 as attached to this Application.

25 D. That the Commission enter a final order, at the earliest possible time, authorizing
26 such other and further relief as may be appropriate to ensure that the Company
27 has an opportunity to recover its prudently incurred cost of service, including the
28 cost of capital deployed in the provision of such service.

- 1 E. That the Commission authorize Liberty Black Mountain to issue Long-Term
2 Debt in the form of a promissory note as described herein, in a principal amount
3 not to exceed \$6.6 million, exclusive of interest and charges.
- 4 F. That the Commission authorize Liberty Black Mountain to use the net proceeds
5 from the issuance of Long-Term Debt for the following purposes:
- 6 i. capital investments;
 - 7 ii. working capital;
 - 8 iii. rebalance and maintain Liberty Black Mountain's capital structure;
 - 9 iv. reimburse Liberty Black Mountain's treasury for monies expended for
10 such purposes;
 - 11 v. re-price, re-borrow, redeem, refinance, renew, reissue, roll-over, refund,
12 and repay the Long-Term Debt from time to time.
- 13 G. That the Commission authorize Liberty Black Mountain to amortize the discount,
14 expense, or premium associated with the issuance or redemption of the Long-
15 Term Debt ratably over the life of the Long-Term Debt.
- 16 H. That the Commission authorize Liberty Black Mountain to take such other steps
17 or actions necessary or appropriate to complete the issuance of the Long-Term
18 Debt.
- 19 I. That the Commission's authorization for Liberty Black Mountain to issue Long-
20 Term Debt remain in effect for 10 years from the date of the order in this matter.
21

22 RESPECTFULLY SUBMITTED this 30th day of June, 2026.

23 OSBORN MALEDON, P.A.

24 By/s/ Timothy J. Sabo

25 Timothy J. Sabo
26 Elias Ancharski
27 Osborn Maledon, PA
28 2929 North Central Ave. 20th Floor
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and

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Attorneys for Liberty Utilities (Black
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Copy e-filed this 30th day of June,
2026, with:

<https://efiling.azcc.gov>
ARIZONA CORPORATION COMMISSION
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Copy of the foregoing emailed
This 30th day of June, 2026 to:

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/s/ Patty Palmer

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DIRECT TESTIMONY OF MANASA RAO

ON BEHALF OF

LIBERTY UTILITIES (BLACK MOUNTAIN SEWER) CORP.

AND

LIBERTY UTILITIES (GOLD CANYON SEWER) CORP.

June 30, 2026

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1 **I. INTRODUCTION AND PURPOSE OF TESTIMONY.**

2 **Q. Please state your name and business address.**

3 A. My name is Manasa Rao. My business address is 9750 Washburn Road, Downey,
4 CA, 90241.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by Liberty Utilities Service Corp. ("LUSC") as the Senior ("Sr.")
7 Director Rates & Regulatory Affairs (West Region). LUSC is a direct subsidiary of
8 Liberty Utilities Co. ("LUCo") and is a subsidiary of Liberty Utilities (Canada) Corp.
9 ("Liberty Canada" or "LUCC"), which is a wholly owned indirect subsidiary of
10 Algonquin Power & Utilities Corp. ("APUC"). As the Sr. Director of Rates &
11 Regulatory Affairs for the West Region, I am responsible for the development and
12 execution of the regulatory strategy, including rate cases and other regulatory matters
13 for Liberty's regulated operations in Arizona, California and Texas, and I am the
14 Project Manager for these rate cases.

15 **Q. On whose behalf are you testifying in this proceeding?**

16 A. I am testifying on behalf of Liberty Utilities (Black Mountain Sewer)
17 Corp. ("Liberty Black Mountain") and Liberty Utilities (Gold Canyon Sewer) Corp.
18 ("Liberty Gold Canyon") (collectively, the "Companies").

19 **Q. Please describe your educational and professional background.**

20 A. Prior to my present role as the Sr. Director of Rates & Regulatory Affairs for the
21 West Region, I was the Director of Financial Planning & Analysis, West Region for
22 two years. Prior to that, I was employed by Liberty Utilities (Canada) Corp. for over
23 seven years in various Finance related positions, including Manager, External
24 Reporting and Senior Manager, Financial Planning & Analysis. I received my
25 Bachelor's degree in Business Administration from Truman State University, MO in
26 2004 and also hold a Chartered Professional Accountant (CPA, CMA) designation
27 from Canada.
28

1 **Q. Have you previously testified before this Commission or any other regulatory**
2 **agency?**

3 A. Yes, I provided written and oral testimony before the Arizona Corporation
4 Commission (“Commission”) for Liberty's recent rate case for Litchfield Park Water
5 & Sewer (Docket No. W-01427A-25-0126 *et al.*) and for Liberty's consolidated
6 Beardsley Water, Bella Vista Water, Cordes Lakes Water, and Rio Rico Water &
7 Sewer (Docket No. W-02074A-23-0337 *et al.*) rate case. I have also previously
8 provided written and oral testimony before the California Public Utility Commission
9 in general rate case and cost of capital proceedings.

10 **II. A BRIEF OVERVIEW OF THE RATE FILINGS.**

11 **Q. What is the purpose of your testimony?**

12 A. The purpose of my direct testimony is to provide an overview of the Companies'
13 requests for new rates based on findings of fair value rate base and recommended
14 changes to each Company's tariff of rates and charges. In my testimony, I address
15 revenue requirement; rate case expenses; proposed plant-in-service adjustments
16 including Post Test Year Plant (“PTYP”) adjustments; shared services costs and
17 capitalized overhead; and proposed adjustments to test year expenses for the
18 Companies.

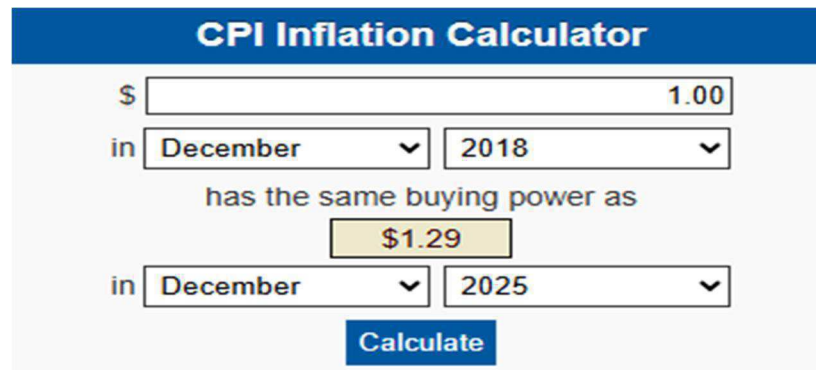
19 **Q. Why are the Companies filing this rate case?**

20 A. Liberty Black Mountain's current rates are based on a 2018 test year, while Liberty
21 Gold Canyon's current rates are based on a 2020 test year. Since those respective
22 test years, each of the Companies has made capital investments to maintain and
23 improve the reliability of its wastewater system, resulting in meaningful growth in
24 rate base. Additionally, the cumulative inflation increase from December 2018 to
25 December 2025 is approximately 29% for Liberty Black Mountain, and the
26 cumulative inflation increase from December 2020 to December 2025 has been
27 approximately 24% for Liberty Gold Canyon. This means that it now costs
28 significantly more to purchase what \$1.00 bought at the end of each Company's last

test year, as illustrated in Figure 1 below. Together, these factors have created a significant gap between the Companies' current authorized rates and their actual costs of providing safe and reliable wastewater service to customers, necessitating these rate case filings.

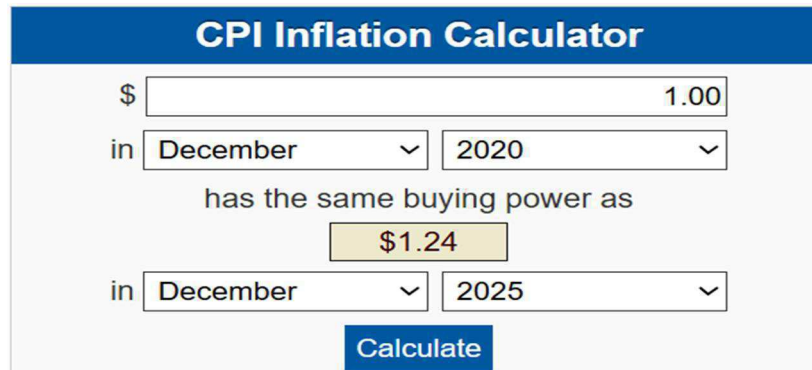
Figure 1: Consumer Price Index Inflation Calculator

Inflation Increase since 2018 test year for Liberty Black Mountain



The image shows a screenshot of a "CPI Inflation Calculator" interface. At the top, there is a blue header with the text "CPI Inflation Calculator". Below the header, the interface is set up to calculate inflation from 2018 to 2025. It features a text input field with a dollar sign and the value "1.00". Below this is a row of two dropdown menus: the first is set to "December" and the second is set to "2018". The text "has the same buying power as" is centered below these dropdowns. Underneath, there is a yellow box containing the value "\$1.29". Below this is another row of two dropdown menus: the first is set to "December" and the second is set to "2025". At the bottom of the calculator is a blue button labeled "Calculate".

Inflation Increase since 2020 test year for Liberty Gold Canyon



The image shows a screenshot of a "CPI Inflation Calculator" interface, similar to the one above but for a different entity. It has a blue header with the text "CPI Inflation Calculator". The input field shows a dollar sign and the value "1.00". The first dropdown menu is set to "December" and the second is set to "2020". The text "has the same buying power as" is centered below the dropdowns. Underneath, there is a yellow box containing the value "\$1.24". Below this is another row of two dropdown menus: the first is set to "December" and the second is set to "2025". At the bottom of the calculator is a blue button labeled "Calculate".

Q. Please provide more information on the impact of inflation on the Companies' operations.

A. Inflation has broadly impacted the Companies' costs since their respective test years—2018 for Liberty Black Mountain and 2020 for Liberty Gold Canyon. Treatment chemicals, materials and equipment, purchased power, and both internal

1 and external labor costs have all increased substantially. Importantly, the effects of
2 inflation are not limited to operating expenses, they are also reflected in rate base.
3 This is because higher construction and capital costs have increased the investment
4 required to complete infrastructure improvements. This dual impact on both the
5 income statement and rate base further underscores the need for the rate relief
6 requested in these filings.

7 **Q. Please introduce the other witnesses for the Companies and provide a brief**
8 **summary of their testimonies.**

9 A. The following additional witnesses are submitting testimony in this case:

- 10 • **April Thomas**, Supervisor II Operations, provides direct testimony regarding the
11 Companies' operations, capital investments since their last rate cases, and PTYP
12 project details.
- 13 • **Regina Wise**, Senior Manager of Rates and Regulatory Affairs, presents
14 testimony in support of the Companies' proposed tariffs, including the newly
15 proposed failed inspection fee, pretreatment tariff, purchased power adjustment
16 mechanism, property tax adjustment mechanism, purchased wastewater
17 treatment adjustor mechanism and proposed modifications to the Customer
18 Assistance Tariff ("CAT").
- 19 • **Thomas Bourassa**, Regulatory and Accounting Consultant, will provide
20 testimony on all the components of the revenue requirement and rates, except rate
21 case expense. His testimony will address rate base, income statement (revenue
22 and operating expenses), cost of capital, required increase in revenue, and rate
23 design and proposed rates and charges for service.

24 All of the revenue requirement components and rates I discuss in this direct
25 testimony for Liberty Black Mountain and Liberty Gold Canyon are based on
26 schedules prepared by these witnesses.

1 **Q. Please describe the proposed rate increases.**

2 A. As reflected on Schedule A-1, the Companies are seeking increases in annual
3 revenues as summarized below, based on fair value rate base and required operating
4 incomes premised on applicable rates of return on rate base. The overall rates of
5 return are based upon capital structures and returns on equity as described in Mr.
6 Bourassa's testimony. Specifically:

- 7 • **Liberty Black Mountain** is seeking an increase in annual revenues of
8 approximately \$1,403,395 or 46.79 percent, based on a fair value rate base of
9 \$18,103,990 and a required operating income of \$1,424,708 resulting in a
10 7.87 percent rate of return on rate base. The overall rate of return is based
11 upon a capital structure consisting of 54 percent equity and 46 percent debt,
12 with a return on equity of 10.60 percent.
- 13 • **Liberty Gold Canyon** is seeking an increase in annual revenues of
14 approximately \$1,658,415 or 33.65 percent, based on a fair value rate base of
15 \$16,199,169 and a required operating income of \$1,344,307 resulting in a
16 8.30 percent rate of return on rate base. The overall rate of return is based
17 upon a capital structure consisting of 54 percent equity and 46 percent debt,
18 with a return on equity of 10.60 percent.

19 As discussed in more detail by Mr. Bourassa in his testimony, the Companies'
20 schedules support the fair value rate bases and operating incomes noted above.

21 **Q. Have the Companies calculated the average bill impacts on residential**
22 **customers under the proposed new rates?**

23 A. Yes. The bill impacts for Liberty Black Mountain and Liberty Gold Canyon,
24 presented in the "H" Schedules sponsored by Mr. Bourassa, are summarized below
25 using the single family residential class as the largest count of residential
26 customers.

Table 1: Stand-Alone Monthly Bill Impacts on Largest Customer

Class (Residential)

Utility*	Present Bill	Proposed Bill	Change (\$)
Liberty (Black Mountain	\$87.99	\$129.30	\$41.31
Liberty (Gold Canyon	\$47.51	\$64.59	\$17.08

These figures do not include rate case expense, as the Companies are requesting recovery of rate case expense through separate surcharges, which I discuss in Section III below.

Q. What are the drivers of the rate increase?

A. There are two primary drivers of the requested rate increases for both Liberty Black Mountain and Liberty Gold Canyon. First, the Companies have each made capital investments in wastewater infrastructure since the previous rate case resulting in higher rate base than that reflected in the previous rate cases. These investments were necessary to maintain safe and reliable wastewater service for customers and are discussed in the testimony of April Thomas. Second, as noted above, cumulative inflation since the last test year for each of the Companies has materially increased costs across all aspects of their businesses. Both of these factors—growth in rate base and the sustained impact of inflation—contribute to the revenue increases requested in these filings.

Q. What steps have the Companies taken to limit the rate increases for the benefit of the customers?

A. The Companies have taken deliberate steps to moderate the impact of these rate increases on customers. Most notably, Liberty Black Mountain and Liberty Gold Canyon have each aligned their rate applications with the approaches and adjustments established in the Settlement Agreement approved by the Commission in Decision No. 81361 (June 18, 2025), which resolved the consolidated rate cases

1 for Liberty Utilities (AZ Consolidated) Corp., and in the subsequently filed rate case
2 for Liberty Utilities (Litchfield Park Water & Sewer) Corp. (Docket Nos. W-
3 01427A-25-0126 and SW-01428A-25-0127).¹ By including adjustments already
4 agreed to in prior settlement agreements, the Companies aim to limit the issues in
5 dispute and streamline these proceedings. Specifically, the Companies have
6 followed the provisions of these settlement agreements regarding capitalized
7 overhead costs and have adopted the corresponding adjustments to certain corporate
8 costs. Furthermore, each of the Companies is using their original cost rate base as
9 fair value rate base and is therefore not seeking a return on the fair value increment,
10 which directly reduces the revenue requirement and mitigates the rate impact on
11 customers. Additionally, by requesting a consolidated rate case proceeding, the
12 Companies are able to achieve administrative and cost efficiencies, resulting in lower
13 rate case expenses than if two stand-alone rate case applications were to be filed,
14 which directly benefits customers.

15 **Q. Will community outreach be conducted in connection with this rate case?**

16 A. Yes, the Companies will communicate with all stakeholders, including customers,
17 homeowners' associations, Commission Staff, and the Residential Utility Consumer
18 Office ("RUCO"), to promote transparency and provide stakeholders with an
19 opportunity to ask questions and learn more about the rate case and its potential
20 impact on customers.

21 **III. RATE CASE EXPENSE.**

22 **Q. You mentioned that the Companies seek to recover rate case expenses through**
23 **surcharges. Please elaborate.**

24 A. Yes, that is correct. The Companies understand that rate case expense surcharges are
25 routinely used in Arizona as a means of ensuring that utilities recover their
26 authorized rate case expense and preventing any overcollection from customers. As

27 ¹ Liberty, Commission Staff, and RUCO were parties to the Settlement Agreement adopted in
28 Decision No. 81361 (June 18, 2025). Liberty and Commission Staff were parties to the Settlement
Agreement in Docket Nos. 25-0126 and 25-0127.

1 long as utilities are allowed an actual chance to recover the full amount of authorized
2 rate case expense, this process should ultimately be fair to the utilities and customers.

3 **Q. How much are the Companies requesting for rate case expense?**

4 A. At this time, we can only estimate rate case expense. Based on recent Liberty
5 Utility rate cases, we estimate that the Companies will likely incur total rate case
6 expense of no less than \$550,000. That amount could increase or decrease
7 depending on factors including, but not limited to, the number of intervenors, scope
8 of discovery, number of issues in dispute, length of the hearing, and need for
9 closing briefs. Specifically, the Companies have included \$117,854 for Liberty
10 Black Mountain and \$432,146 for Liberty Gold Canyon in their respective rate
11 case expense surcharge calculations.

12 **Q. Given that you can only estimate this expense, could the Companies modify
13 their request later in these proceedings?**

14 A. Yes, the Companies may adjust the rate case expense as necessary to more closely
15 approximate the expenses incurred.

16 **Q. Based on the current estimated levels of rate case expense, what are the
17 estimated rate case expense surcharges?**

18 A. If the Commission approves the proposed rate applications, Liberty Black Mountain
19 would implement a monthly rate case expense surcharge estimated at \$1.40, and
20 Liberty Gold Canyon would implement a monthly rate case expense surcharge
21 estimated at \$1.40, each to be collected from their respective customers over a period
22 of three years. These recovery periods are appropriate because it is reasonably
23 expected that the next rate case for the Companies will be filed within three years
24 of the completion of the respective rate case.

1 **IV. RATE BASE ADDITIONS**

2 **Q. Please provide an overview of the Corporate Allocated Plant included in the**
3 **Companies' rate base.**

4 A. Corporate Allocated Plant represents capital assets and investments that benefit
5 multiple utilities, which are incurred centrally and then allocated to the operating
6 utilities. Corporate allocated plant included in the rate base for the Companies
7 primarily represents costs related to software and technology related investments
8 such as the Customer First investment, Cybersecurity investments, as well as the
9 Administrative Office building located in Litchfield Park. Regarding the
10 Administrative Office building, this office houses personnel that provide services
11 to Liberty's regulated utilities, and therefore a portion is allocated accordingly.

12 **Q. Please provide an overview of the Customer First investment included in the**
13 **Companies' rate base.**

14 A. Customer First is a corporate-wide initiative to transform how Liberty does
15 business and manages data. It consists of a series of major improvements to
16 business processes and computer systems to put our customers first in how we
17 deliver services. The project includes a set of enterprise-wide technology
18 investments, system upgrades, infrastructure improvements, and changes to
19 business processes across the Liberty enterprise and its operating utilities—
20 including Liberty Black Mountain and Liberty Gold Canyon—that address critical
21 needs by leveraging the capabilities and experience of the organization and
22 upgrading or replacing key systems that have become obsolete, costly to maintain,
23 not well integrated with other Liberty systems, and/or potentially present security
24 risks.

25 Customer First is a project that includes changes to technology and systems,
26 and associated employee training. It serves to install a comprehensive enterprise-
27 wide solution to replace and improve legacy computer systems or, if there is no
28 system in place, to serve as the necessary computer system. Platforms addressed

are systems related to customer information, finance and accounting, network operations, procurement, accounts payable, employee time, and payroll services.

Q. When was Customer First placed in service for the Companies?

A. Customer First was placed in service in April 2023 for the Companies.

Q. Please outline the capital investment associated with the Customer First Project.

A. Customer First was fully deployed across all Liberty entities in 2024 with a final cost of \$544.3 million in enterprise-wide capital expenditures. Of the total enterprise cost, approximately \$963,379.40 was allocated to Liberty Black Mountain and \$1,940,714.98 was allocated to Liberty Gold Canyon. These amounts are included each utility's rate base.

Q. Please provide an overview of the Cybersecurity Program investments included in the Companies' rate base.

A. Liberty's Cybersecurity Program is a 5-year enterprise initiative to implement and improve cybersecurity capabilities to adequately defend threats to corporate systems, data, and operational assets.

Q. Has the Commission previously reviewed and approved recovery of similar Corporate allocated plant in other proceedings?

A. Yes. The Commission has previously reviewed and approved similar recovery of corporate allocated plan in past Liberty Arizona proceedings. Specifically, the Commission approved inclusion of Customer First in rate base as prudent, used and useful for other Liberty Arizona utilities in Decision No. 81361 (June 18, 2025), and approved inclusion of the Litchfield Park administration office building in rate base in the previous Liberty Gold Canyon rate case (Decision No. 78871) and subsequent Liberty Arizona proceedings.

1 **Q. Please describe any deferred regulatory assets being included in the**
2 **Companies' rate base.**

3 A. Liberty Black Mountain's rate base includes deferred regulatory assets approved in
4 Decision No. 78017 related to the closure of Boulders Wastewater Treatment Plant
5 ("WWTP"). Liberty Gold Canyon's rate base does not include any deferred
6 regulatory assets.

7 **V. POST TEST YEAR PLANT**

8 **Q. Is the Company requesting that post test year plant be included in the**
9 **Companies' rate bases?**

10 A. Yes, the Companies have included Post Test Year Plant ("PTYP") adjustments to
11 their rate base as summarized below.

- 12 • Black Mountain Sewer - \$4,468,400
- 13 • Gold Canyon Sewer - \$2,199,905

14 PTYP adjustments in rate base for Liberty Black Mountain includes the
15 Carefree Highway Lift Station Relocation project required for the City of Scottsdale
16 Carefree Highway widening project, and other projects related to structures
17 improvements, main and service line replacements, and replacements for pumping,
18 blowers, and treatment and disposal equipment.

19 PTYP adjustments to rate base for Liberty Gold Canyon include investments
20 at the wastewater treatment plants. At Liberty Gold Canyon's Entrada Del Oro
21 treatment facility, PTYP projects include addition of a new monitoring well, and
22 replacements of the odor control system, and manual bar screen filtration system. At
23 the Gold Canyon wastewater treatment facility, PTYP projects include automation
24 of aeration and dewatering system and replacement of effluent pump station controls
25 and skid. Further details of PTYP projects for the Companies are discussed in the
26 testimony of April Thomas.

1 **Q. Please describe the Companies' proposed PTYP adjustments.**

2 A. The Companies are each proposing a twelve-month PTYP adjustment (Adjustment
3 1-B on Schedule B-2, as discussed in Mr. Bourassa's direct testimony) to the
4 recorded rate base amounts as of December 31, 2025. The PTYP adjustment includes
5 non-growth related projects that are expected to be closed through December 31,
6 2026, that are used and useful and will be serving customers during the rate effective
7 period. The proposed twelve-month PTYP adjustment for non-growth related plant
8 is consistent with the Commission-approved practice in prior General Rate Cases
9 ("GRC") for other Arizona utilities. Non-growth related plant represents plant
10 constructed to continue to provide service or enhance reliability and safety for
11 existing customers, from which the Companies will not realize any incremental
12 operating revenues at the time it is placed into service. All of these post test year
13 plant improvements are used and useful, or will be before a hearing in these cases,
14 in the service of existing customers.

15 **Q. What is the purpose of the Companies' PTYP adjustments?**

16 A. The PTYP adjustments are designed to more accurately reflect the costs that the
17 Companies will incur serving their customers during the rate-effective period. As
18 mentioned, the adjustments include investments that are expected to be in service
19 and used and useful in providing safe and reliable service.

20 Recognizing PTYP adjustments is beneficial because it helps mitigate
21 regulatory lag—the delay between when the utility incurs costs and when it can
22 recover those costs through rates. PTYP adjustments reduce regulatory lag by
23 allowing more timely recovery of investments, aligning rates more closely with cost
24 of service.

25 This is beneficial for the utility and its customers alike. Allowance of PTYP
26 promotes financial stability, reduces the need for more frequent rate cases, and
27 supports gradualism in rate changes. For customers, the adjustment provides
28 more accurate price signals and fairer cost allocation.

1 **Q. What is the current Commission policy or practice on PTYP in rate case**
2 **proceedings?**

3 A. The Commission does not have a formal policy statement on PTYP. However, the
4 Commission typically allows 12 months of PTYP.

5 **Q. What was the authorized PTYP period in Liberty's recent rate cases?**

6 A. The Commission authorized inclusion of PTYP of 12 months in Liberty's most
7 recent Arizona GRC for Liberty Utilities (Rio RicoAZ Consolidated) Corp. in
8 Decision No. 81361 (June 18, 2025). Likewise, the Commission approved 12 months
9 of PTYP in the last Liberty Utilities (Gold Canyon Sewer) Corp. rate case.²

10 **VI. SHARED SERVICES AND CAPITALIZED OVERHEAD**

11 **Q. Please describe the shared service costs included in the operating expenses of**
12 **the Companies.**

13 A. The Companies are part of a larger organization with APUC, a publicly traded
14 utility holding company, serving as the overall corporate parent. As a result, the
15 Companies benefit from having access to a range of corporate and business support
16 services including, but not limited to, information technology; treasury; human
17 resources; procurement; executive and strategic management; technical services;
18 risk management; financial reporting; planning and administration; internal audit;
19 external communications; legal; and compliance. These shared services costs may
20 include both direct charges to specific entities and the allocation of indirect costs
21 for services that benefit more than one entity within the organization in accordance
22 with the APUC Cost Allocation Manual ("CAM"). The shared services costs are
23 reflected in the operating expenses of the Companies.

24
25
26
27 ² Docket No. SW-02519A-21-0326, Decision No. 78871 (March 16, 2023).
28

1 **Q. Has the Commission previously reviewed APUC's shared services model and**
2 **CAM?**

3 A. Yes. There have already been more than 10 previous rate cases in Arizona
4 involving allocated costs from affiliated transactions, including the prior rate cases
5 for the Companies. I have attached a list of these cases to my direct testimony as
6 Appendix MR_Dir.3.

7 **Q. Do those cases involve a similar CAM and shared service model to what the**
8 **Company is requesting in this case?**

9 A. Generally, yes. While the CAM has been updated a few times, and we are
10 continuing to make refinements and improvements in the allocation process and
11 methodologies, the general CAM approach has remained consistent for Liberty's
12 regulated operations in the U.S. for many years. No changes to the CAM were
13 made for the test year for the Companies. The APUC CAM is attached to my
14 direct testimony as Appendix MR_Dir.1. Additionally, Appendix MR_Dir.2
15 attached includes a report by PricewaterhouseCoopers LLP ("PwC"), who
16 conducted an independent evaluation of the APUC CAM.

17 **Q. Have the Companies reflected the shared services cost adjustments agreed to**
18 **in Decision No. 81361?**

19 A. Yes, the Companies have reflected the necessary adjustments to shared services
20 costs included in this case consistent with Decision No. 81361 (June 18, 2025)
21 which approved a full settlement between four Liberty entities, Commission Staff,
22 RUCO, and other intervenors. These include adjustments to remove, partially or
23 fully, certain costs identified in the settlement agreement adopted in Decision No.
24 81361. These adjustments are captured in Income statement Adjustment No. 6. See
25 Mr. Bourassa's testimony for a discussion of all income statement adjustments
26 included in this rate case.

1 **Q. Have the Companies reflected the Capitalized Overhead related adjustments**
2 **agreed to in Decision No. 81361?**

3 A. Consistent with the Settlement Agreement adopted in Decision No. 81361 (June
4 18, 2025), the Companies are using a capitalization rate of 14 percent to calculate
5 the capitalized overhead related to allocated shared service costs from corporate
6 shared services, and a capitalization rate of 21 percent for regional shared
7 services. These rates were used to determine the capitalized overhead in rate base
8 from May 2022 onward, consistent with the test year applicable for Docket Nos.
9 23-0337 et al.

10 **Q. Does this conclude your Direct Testimony?**

11 A. Yes.
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APUC Cost Allocation Manual (CAM)

ALGONQUIN POWER & UTILITIES CORP.

COST ALLOCATION MANUAL

V2017 Effective: January 1st, 2017

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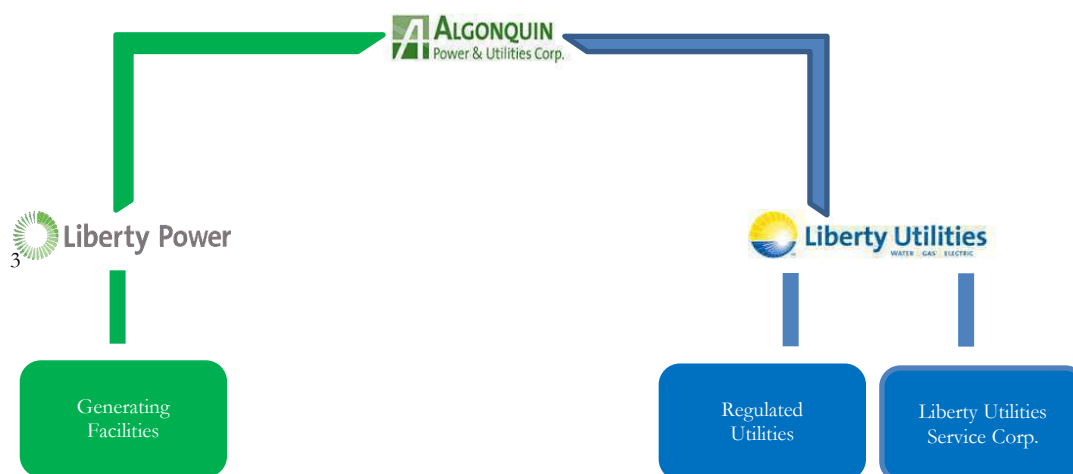
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1. INTRODUCTION

The purpose of this manual is to provide a detailed explanation of services provided by Algonquin Power & Utilities Corp (“APUC”) and its affiliates to other entities within the APUC family of businesses and to describe the Direct Charge¹ and Indirect Charge² Methodologies used for those services. The following organization chart identifies, at a high level, the corporate structure of APUC.

Figure 1: Simplified APUC Corporate Structure



This Cost Allocation Manual (“CAM”) has been completed in accordance and conformance with the *NARUC Guidelines for Cost Allocations and Affiliate Transactions* (“NARUC Guidelines”). More specifically, the founding principles of this Cost Allocation Manual are to a) directly charge as much as possible to the entity that procures any specific service, and b)

¹ Direct charges (sometimes referred to as assigned costs) are costs incurred by one company for the exclusive benefit of, or specifically identified with, one or more other companies, and which are directly charged (or assigned) to the company or companies that specifically benefited. Under the NARUC Guidelines, “Direct Costs” are defined as “costs which can be specifically identified with a specific service or product.”

² Indirect charges (sometimes referred to as allocated costs) are costs incurred by one company that are for the benefit of either (a) all of the APUC companies or (b) all of the regulated companies, and which are charged to the benefited companies using a methodology and set of logical allocation factors that establish a reasonable link between cost causation and cost recovery. Under the NARUC Guidelines, “Indirect Costs” are defined as “costs that cannot be identified with a particular service or product. This includes but not limited to overhead costs, administrative, general, and taxes.”

³ As of April 2017, Algonquin Power Co. (APCo) is doing business under the name Liberty Power. All Liberty Power employees in Canada will become employed by Liberty Utilities (Canada) Corp. in 2017. Liberty Power employees in the United States will remain employed by Algonquin Power Fund (America) Inc.

to ensure that unauthorized subsidization of unregulated activities by regulated activities, and vice versa, does not occur. For ease of reference, the NARUC Guidelines are attached as Appendix 1.

Costs allocated can take the form of: direct labor, direct material, direct purchased services and indirect charges (as described in Tables 1, 4a and 4b in this CAM). These costs are charged by the providing party to the receiving part at fully distributed costs.

2. THE APUC CORPORATE STRUCTURE

APUC owns a widely diversified portfolio of independent power production facilities and regulated utilities⁴ consisting of water distribution, wastewater treatment, electric and gas distribution utilities. While power production facilities are located in both Canada and the United States, regulated distribution utility operations are located in the United States.⁵ APUC is publicly traded on the New York Stock Exchange and the Toronto Stock Exchange⁶. APUC's structure as a publicly traded holding company provides substantial benefits to its regulated utilities through access to capital markets.

APUC is the ultimate corporate parent that provides financial and strategic management, corporate governance, and oversight of administrative and support services to Liberty Utilities (Canada) Corp. ("LUC") and its subsidiaries as well as to Algonquin Power Co. ("APCo") d/b/a Liberty Power and its subsidiaries. The services provided by APUC are necessary for all affiliates, including LUC and the regulated utility subsidiaries of Liberty Utilities Co. (referred to as "Liberty Utilities"), to have access to capital markets for capital projects and operations. These services are expensed at APUC and are performed for the benefit of Liberty Power and Liberty Utilities and their respective businesses.

APUC and its affiliates benefit from APUC's expertise and access to the capital markets through the use of certain shared services, which maximizes economies of scale and minimizes redundancy. In short, it provides for maximum expertise at lower costs. Further,

⁴ All distribution and transmission utilities are owned, either directly or indirectly, by Liberty Utilities Co., which is itself indirectly owned by Liberty Utilities (Canada) Corp.

⁵ Algonquin Tinker Gen Co. owns transmission assets in New Brunswick, Canada, which are subject to regulation by the New Brunswick Energy and Utilities Board.

⁶ Common shares, preferred shares, and instalment receipts of APUC are traded on the Toronto Stock Exchange under the symbols AQN, AQN.PR.A, AQN.PR.D, and AQN.IR. APUC's common shares are also listed on the New York Stock Exchange under the symbol AQN. Additional corporate information can be found at the company's website, algonquinpower.com.

the use of shared expertise allows each of the entities to receive a benefit it may not be able to achieve on a stand-alone basis such as strategic management advice and access to capital at more competitive rates.

3. SCOPE OF SERVICES FROM APUC AND HOW THOSE COSTS ARE DISTRIBUTED

This section provides an overview of the services provided from APUC, and method used to distribute the associated costs for these services throughout the organization.

3.1 Services and Cost Allocation from APUC to Liberty Utilities and Liberty Power

3.1.1 Description of APUC Services and Costs

APUC provides benefits to its subsidiaries by providing financing, financial control, legal, executive and strategic management and related services. APUC charges labor rates for these shared services at cost, which is the dollar hourly rate per employee as recorded in APUC's payroll systems, grossed up for burdens such as payroll taxes, health benefits, retirement plans, other insurance provided to employees, and other employee benefits. These labor costs are charged directly to the entity incurring these costs based on timesheets to the extent possible. If labor is for the benefit of all subsidiaries then the allocation methodologies used for indirect costs are applied. See Appendix 2 for a more detailed discussion of the costs incurred by APUC.

APUC also charges non-labor services which includes Financing Services. Financing Services means the selling of units to public investors in order to generate the funding and capital necessary (be it short term or long term funding, including equity and debt) for the entire organization, including subsidiaries of Liberty Utilities and Liberty Power, as well as providing legal services and other associated costs in connection with the issuance of debt and equity.

In connection with the provision of Financing Services, APUC incurs the following types of costs: (i) strategic management costs (board of director, third-party legal services, accounting services, tax planning and filings, insurance, and required auditing); (ii) capital access costs (communications, investor relations, trustee fees, escrow and transfer agent fees); (iii) financial control costs (audit and tax expenses); and (iv) other administrative costs (examples: rent, depreciation, general office costs).

The capital raised by APUC is used by Liberty Utilities (and its regulated subsidiaries) and Liberty Power for current and future capital investments. The services provided by APUC are critical and necessary to Liberty Utilities and its regulated subsidiaries and Liberty Power because without those services they would not have a readily available source of capital funding. Further, relatively small utilities may have difficulty attracting capital on a stand-alone basis.

Indirect costs from APUC, excluding corporate capital, are pooled and allocated to LUC (and subsequently, to LUC's subsidiaries) and Liberty Power using the method summarized in Table 1. Each corporate cost type, or function, has been reviewed to properly identify the factors driving those costs. Each function or cost type is typically driven by more than one factor and each has been assigned an appropriate weighting. Table 1 includes a brief commentary on the rationale for each cost driver and weighting, along with examples for each cost type.

The services provided by APUC optimize the performance of the utilities, keeping rates low for customers while ensuring access to capital is available. If the utilities did not have access to the services provided by APUC, they would be forced to incur associated costs for financing, capital investment, audits, taxes and other similar services on a stand-alone basis, which would substantially increase such costs. Simply put, without incurring these costs, APUC would not be able to invest capital in its subsidiaries, including the regulated utilities.

Table 1: Summary of Corporate Allocation Method of APUC Indirect Costs

Type of Cost	Allocation Methodology		Rationale	Examples
Legal Costs	Net Plant	33.3%	This function is driven by factors which include Net Plant, as typically the higher the value of plant, the more legal work it attracts; similarly, a greater number of	Employee labor and related administration and programs; Third party legal services
	Number of Employees	33.3%		
	O&M	33.3%		

			employees are typically more indicative of larger facilities that require greater levels of attention; and O&M costs tend to be a third factor indicative of size and legal complexity.	
Tax Services	Revenue 33.3% O&M 33.3% Net Plant 33.3%		This function is driven by a variety of factors that influence the size and relative tax complexity, including Revenues, O&M and Net Plant. Tax activity can be driven by each of these factors.	Employee labor and related administration and programs, including Third party tax advice and services
Audit	Revenue 33.3% O&M 33.3% Net Plant 33.3%		This function is driven by a variety of factors that influence the size and complexity of Audit, including Revenues, O&M and Net Plant. Audit activity can be driven by each of these factors.	Employee labor and related administration and programs, including third party accounting and audit services
Investor Relations	Revenue 33.3% O&M 33.3% Net Plant 33.3%		This function is driven by factors which reflect the relative size and	Employee labor and related administration and programs,

			scope of each affiliate - Revenues, Net Plant and O&M costs.	including third party Investor day communications and materials
Director Fees and Insurance	Revenue O&M Net Plant	33.3% 33.3% 33.3%	This function is driven by factors which reflect the relative size and scope of each affiliate - Revenues, Net Plant and O&M costs.	Board of Director fees, insurance and administration
Licenses, Fees and Permits	Revenue O&M Net Plant	33.3% 33.3% 33.3%	This function is driven by factors which reflect the relative size and scope of each affiliate - Revenues, Net Plant and O&M costs.	Third party costs
Escrow and Transfer Agent Fees	Revenue O&M Net Plant	33.3% 33.3% 33.3%	This function is driven by factors which reflect the relative size and scope of each affiliate - Revenues, Net Plant and O&M costs.	Third party costs
Other Professional Services	Revenue O&M Net Plant	33.3% 33.3% 33.3%	This function is driven by factors which reflect the relative size and scope of each affiliate - Revenues, Net Plant and O&M costs.	Third party costs

Other Administration Costs	Oakville Employees 50% Total Employees 50%	This function is driven by factors which are indicative of number of employees.	Office administration costs. Employee labor and related administration
Executive and Strategic Management	Revenue 33.3% O&M 33.3% Net Plant 33.3%	This function is driven by factors which reflect the relative size and scope of each affiliate - Revenues, Net Plant and O&M costs.	Employee labor and related administration that is not directly attributable to any entity

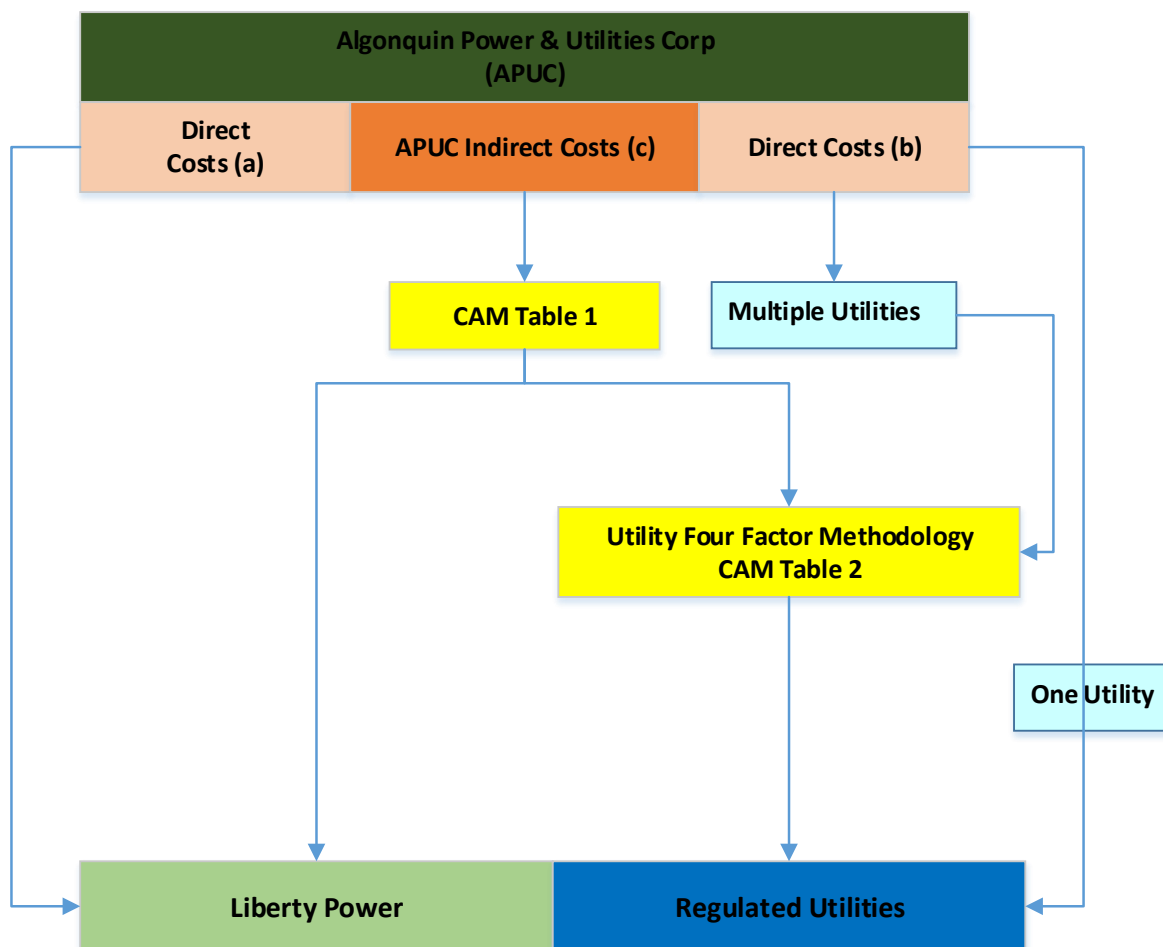
Notwithstanding the above, if a charge is related either solely to the regulated utility business or to the power generation business Liberty Power, then all of those costs will be direct charged, or assigned, to the business segment for which they are incurred. If a cost can be directly attributable to a specific entity, it will be directly charged to that entity.

In the event that organizational realignments occur, resulting in certain other services or costs to come from APUC, any allocations (if any) will be done as per the “Executive and Strategic Management” line in Table 1 above until the CAM is updated.

3.1.2 Description of the APUC Cost Flows

Please refer to Figure 2 for a diagram of the various flows of costs from APUC.

Figure 2: Illustration of APUC Corporate Cost Distributions



- (a) Costs that are directly assignable to unregulated companies.
- (b) Costs that are directly assignable to one regulated company, or that benefit all regulated operations.
- (c) Costs that benefit both unregulated and regulated operations.

As illustrated in Figure 2 and as described above, APUC incurs three types of costs that are passed on to its direct and indirect subsidiaries. The first type is APUC's costs that directly benefit a particular specific unregulated company, which are directly assigned to that unregulated company (i.e., Liberty Power or one of its subsidiaries). The second type is APUC's costs that directly benefit a particular regulated company, which are directly assigned to that regulated company⁷. The third type are APUC's remaining costs that benefit the entire

⁷ This could be directly to LUC (which would subsequently be allocated over utility subsidiaries of LUC) or to a specific utility for which the service was necessary.

enterprise (both regulated and unregulated), which are allocated between regulated and unregulated company groups pursuant to CAM Table 1. Information within Table 1 includes: (a) each type of cost incurred by APUC that is to be allocated between regulated and unregulated parts of the business; (b) the factors used to allocate each type of cost between regulated and unregulated activity; (c) the rationale for selecting the factors that are used for allocation; and (d) examples of the specific allocated costs. The costs allocated to the regulated companies as a group are then reallocated to individual utility companies using the Utility Four-Factor allocation methodology set forth in CAM Table 2 (described below), resulting in utility-specific allocated charges from APUC.

For an example of how an APUC invoice would be assigned or allocated, please see Appendix 3.

Certain costs, which are incurred for the benefit of APUC's businesses, are not allocated to any utility subsidiary. These costs include certain corporate travel and certain overheads.

4. SCOPE OF SERVICES PROVIDED BY LUC AND HOW COSTS ARE DISTRIBUTED

This section provides an overview of the services and the cost methodology for LUC.

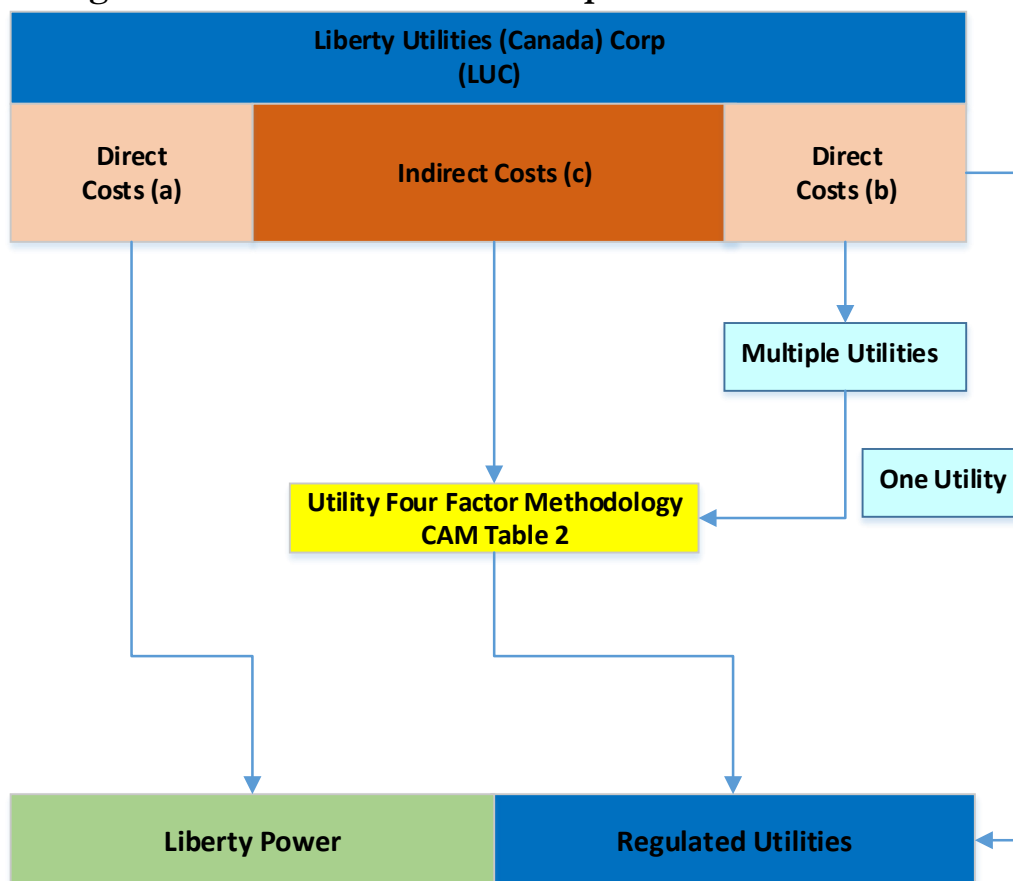
4.1 Overview of LUC Services and Costs

Various services and methods of cost distribution arise from LUC and can be categorized as those provided: (a) specifically to regulated utilities, (b) specifically to Liberty Power, or (c) to the entire organization (under the business unit of Liberty Algonquin Business Services ("LABS")). Figure 3 identifies the flow of costs from dedicated utility support and dedicated Liberty Power staff within LUC. Figure 4 identifies the flow of costs from the shared business and corporate services staff and functions ("LABS") within LUC. Both Figures 3 and 4 are depicted below in this section.

As illustrated in Figure 3, LUC incurs three types of costs. The first type is an LUC cost that directly benefits a particular Liberty Utilities affiliate (i.e., regulated company), which is directly assigned to that regulated company. The second type is an LUC cost that benefits all of the Liberty Utilities regulated companies, and which is allocated using the Utility Four-Factor Methodology described in CAM Table 2. The third type is a cost that only benefits and is directly charged to Liberty Power. All three of these cost types are described in section 4.2 below.

As illustrated in Figure 4, shared services costs arising from LUC are those from shared services⁸ that benefit both the regulated group of companies and the unregulated group of companies within the APUC family; which are allocated between the two groups pursuant to the methodology described in section 4.3 and as set forth in CAM Table 4.

Figure 3: Illustration of LUC Corporate Cost Distributions

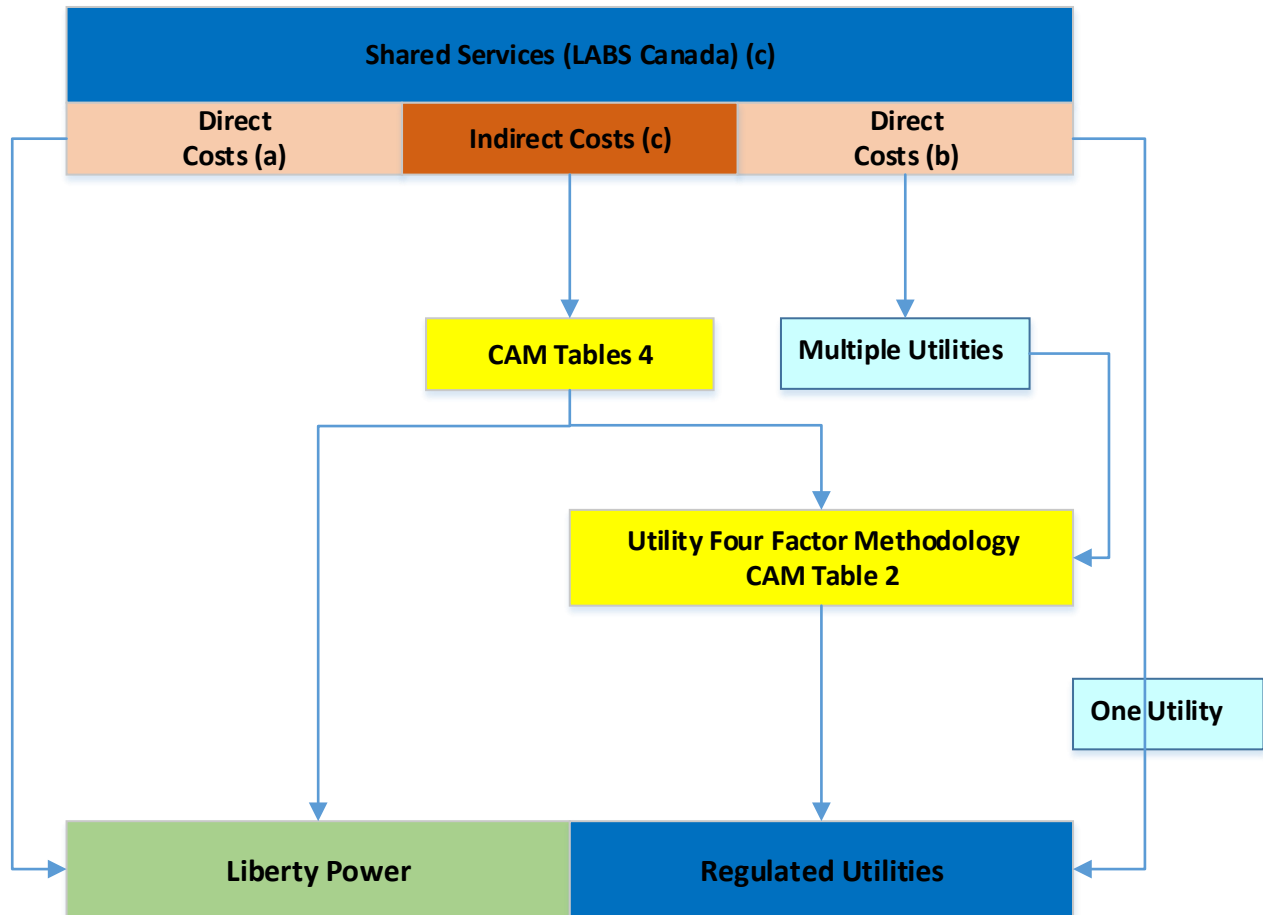


Notes:

- (a) Costs that are directly assignable to unregulated companies
- (b) Costs that are directly assignable to one or more specific regulated companies.
- (c) Costs that benefit all regulated operations.

⁸ As discussed later, shared support services that benefit both regulated and unregulated businesses within APUC are provided within Liberty Algonquin Business Services (“LABS”), which is a business unit with staff employed within LUC and LUSC. Shared services staff serve both regulated and unregulated entities. LABS staff within the corporate office in Canada are employed within LUC; LABS staff in the US are employed within LUSC. As new U.S.-based utilities are added to the Liberty-Algonquin organization, there could be a transitional period in which some of these shared services staff and functions may also remain employed within the new utility until such time that they may be transitioned to become an employee of Liberty Utilities Service Corp. (“LUSC”).

Figure 4: Illustration of LUC Shared Services Cost Distributions



Notes:

- (a) Costs that are directly assignable to unregulated companies.
- (b) Costs that are directly assignable to one or more regulated companies.
- (c) Costs that benefit both unregulated and regulated operations.

4.2 LUC Services and Costs Provided to Liberty Utilities and Liberty Power

4.2.1 Services to Liberty Utilities

LUC provides services to Liberty Utilities such as: executive, regulatory strategy, energy procurement, operations, utility planning, administration, and customer experience.

LUC will assign costs that can be directly attributable to a specific utility. These include direct labor and direct non-labor costs. However, because the indirect LUC costs cannot be directly attributed to an individual utility, LUC allocates its indirect labor and indirect non-labor costs, including capital costs, to its regulated utilities using a Utility Four-Factor Methodology⁹. LUC uses the Utility Four-Factor Methodology to allocate costs incurred for the benefit of all of its regulated assets (“System-Wide Costs”) to all of its utilities.

The Utility Four-Factor Methodology allocates costs by relative size and scope of the utilities. The methodology used by LUC involves four allocating factors, or drivers: (1) Utility Net Plant; (2) Total Customers; (3) Non-Labor Expenses; and (4) Labor Expenses, with each factor assigned an equal weight, as shown in Table 2 below.

Table 2: Utility Four-Factor Methodology Factors and Weightings

Factor	Weight
Customer Count	40%
Utility Net Plant	20%
Non-Labor Expenses	20%
Labor Expenses	20%
Total	100%

LUC uses the Utility Four-Factor Methodology to allocate to its regulated utilities the system-wide indirect labor and indirect non-labor costs within LUC (from its utility-dedicated staff, and from the shared services functions within LUC).

Table 3 provides a simplified hypothetical example to demonstrate how the Utility Four-Factor Methodology would be calculated based on ownership of only two hypothetical utilities.

⁹ Please note, indirect costs sent to utilities via the 4-factor will consist of 1) indirect costs from LUC’s utility-dedicated staff and services, plus 2) the indirect costs from APUC, 3) the indirect costs retained within LUC from LABS (the shared services staff and services within LUC), and 4) the indirect costs allocated from LUSC.

Table 3: Utility Four-Factor Methodology Example

Factor	Utility 1	Utility 2	Total All Utilities	Utility 1 % of Total	Factor Weight	Utility 1 Allocation
Utility Net Plant (\$)	727	371	1098	66%	20%	13%
Customer Count (#)	6000	2000	8000	75%	40%	30%
Labor Expenses (\$)	57	32	89	64%	20%	13%
Non-Labor Expenses (\$)	108	41	149	72%	20%	14%
Total Allocation						71%

As can be seen from these hypothetical numbers in Table 3, Utility 1 would be allocated 71% of the total indirect costs incurred by LUC, based on its relative size and application of the Utility Four-Factor Methodology. Utility 2 would be allocated the remaining 29%. LUC has developed and utilized this methodology to better allocate costs, recognizing that larger utilities require more time and management attention and incur greater costs than smaller ones.

On occasion there may be costs which are incurred for the benefit of two or more utilities, but not all of the utilities. These costs are directly assigned to utilities as per the vendor invoice, or, if the invoice doesn't specify a share for each utility, the Utility Four-Factor Methodology is used. In this situation, the weighting is determined by only including the utilities that benefited from the service and excluding the utilities that did not receive the service. For an example of how an LUC invoice would be assigned or allocated, please see Appendix 4.

4.2.2 LUC Services to Liberty Power.

A sub-set of LUC employees provide dedicated services to Liberty Power such as: executive, energy services, asset management, business development, and operations. All costs (labor and non-labor) incurred for these services will be directly charged to Liberty Power (no

indirect costs are allocated from this group). Labor costs are tracked through timesheets and directly charged to Liberty Power.

4.3 Shared Services from LUC

The last type of costs arising from LUC are those from shared services¹⁰ that benefit both the regulated group of subsidiary companies owned by Liberty Utilities and Liberty Power.

Consistent with the organization practices described earlier, shared services and costs (within LUC¹¹) are assigned when they are directly attributable to a specific affiliate company (such as a specific distribution utility) or business unit¹² (such as Liberty Utilities or Liberty Power). Labor charges for LUC shared services staff are assigned using timesheets that depict the amount of time that is to be direct charged to either Liberty Utilities or Liberty Power (or a specific subsidiary within Liberty Utilities. or Liberty Power).

Please refer to Figure 4 above for a diagram of the various flows of costs that may arise from the shared services staff and functions within LUC¹³.

Indirect costs for services from the shared services functions that cannot be directly assigned are allocated between the regulated and unregulated business units, Liberty Utilities and Liberty Power, pursuant to the methodology set forth in CAM Tables 4a and 4b. Similar to Table 1, Tables 4a and 4b include: (a) each type of cost incurred by shared services functions within LUC that is to be allocated between regulated and unregulated parts of the business; (b) the factors used to allocate each type of cost between regulated and unregulated activity; (c) the rationale for selecting the factors that are used for allocation; and (d) examples of the specific allocated costs. The costs allocated to the regulated companies as a group are then reallocated to individual companies using the Utility Four-Factor Methodology set forth in CAM Table 2, resulting in utility-specific allocated charges from LUC.

¹⁰ Liberty Algonquin Business Services (“LABS”) is a business unit found organizationally within LUC and LUSC that serves both regulated and unregulated entities. The LABS business unit provides shared services throughout the organization. LABS employees and functions provided from Canada are employed within LUC; LABS employees and functions located in the U.S. are typically employed within LUSC.

¹¹ As will be discussed further in section 5, shared services to the entire APUC organization are also provided from staff within LUSC.

¹² To clarify, if a LABS service is for only one specific organization, such as the unregulated generation business, Liberty Power, the cost will be directly charged to that business unit.

¹³ Sometimes referred to as “LABS Canada.”

For an example of how an invoice or cost within LUC's shared services (LABS) would be assigned or allocated, please see Appendix 5.

4.3.1 Business Services and Corporate Services

LUC shared services that would be provided to the entire company, i.e., Liberty Power and Liberty Utilities, are internally referenced under two names - Business Services and Corporate Services. The services and functions within each category are shown in the tables below¹⁴. Indirect costs from Business Services and Corporate Services are allocated using the following methodology shown in Tables 4a and 4b, respectively, which are designed to closely align the costs with the driver of the activity.

Table 4a: Summary of Corporate Allocation Method of LUC¹⁵ Business Services Indirect Costs

Type of Cost	Allocation Methodology	Rationale	Examples
Information Technology	Number of Employees 90% O&M 10%	IT function is driven by factors which include number of employees and O&M. The larger the number of employees, the more support, software and IT infrastructure is required.	Enterprise wide support, architecture, etc. Third party fees
Human Resources	Number of Employees 100%	HR function is driven by number of employees. A greater number of employees requires	HR policies, payroll processing, benefits,

¹⁵ And LUSC shared services functions.

		additional HR support	employee surveys
Training	Number of Employees 100%	Training is directly proportional to the number of employees per function	Courses, lectures, in house training sessions by third party providers
Facilities and Building Rent	Oakville Employees 100%	Office space occupied by employees accurately reflects space requirements of each subsidiary	Corporate office building
Environment, Health, Safety and Security	Number of Employees 100%	EHSS training, etc. is directly proportional to the number of employees per function	Enterprise wide programs, employee labor and related administration
Procurement	O&M 50% Capital Expenditures 50%	Procurement function is based on typical proportion of expenditures	Enterprise wide support and related administration
Executive and Strategic Management	Revenue 33.3% O&M 33.3% Net Plant 33.3%	This function is driven by factors which reflect the relative size and scope of each affiliate - Revenues, Net Plant and O&M costs.	Employee labor and related administration that is not directly attributable to any entity

Technical Services	Net Plant 33.3% Revenue 33.3% O&M 33.3%	This function is driven by factors which reflect the relative size and scope of each affiliate-Revenues, Net Plant and O&M costs.	Employee labor and related administration that is not directly attributable to any entity
Utility Planning	Net Plant 33.3% Revenue 33.3% O&M 33.3%	This function is driven by factors which reflect the scope of each affiliate Management - Revenues, Net Plant and O&M costs.	Employee labor and related administration that is not directly attributable to any entity

Table 4b: Summary of Corporate Allocation Method of LUC¹⁶ Corporate Services Indirect Costs

Risk Management	Net Plant 33.3% Revenue 33.3% O&M 33.3%	This function is driven by factors which reflect the relative size and complexity of Risk Management - Revenues, Net Plant and O&M costs.	Employee labor and related administration, Software platform, fees and administration

¹⁶ And LUSC shared services functions.

Financial Reporting, Planning and Administration	Revenue 33.3% O&M 33.3% Net Plant 33.3%	This function is driven by factors which reflect the relative size and complexity of Financial Reporting and Admin. - Revenues, Net Plant and O&M costs.	Employee labor and related administration and third party fees
Treasury	Capital Expenditures 25% O&M 50% Net Plant 25%	Treasury activity is typically guided by the amount of necessary capex/plant for each utility, and operating costs/cash flow	Third party financing, employee labor and related administration and programs
Internal Audit	Net Plant 25% O&M 75%	This function is driven by factors which reflect the relative size and complexity of Internal audit activity. Larger Plant and operating costs of a given facility drive more activity from IA.	Third party fees, employee labor and related administration and programs
External Communications	Total Employees 100%	Communications cost is directly proportional to the number of employees	Enterprise wide support and related administration
Legal Costs	Net Plant 33.3%	This function is driven by factors	Employee labor and related

	Number of Employees 33.3% O&M 33.3%	which include Net Plant, as typically the higher the value of plant, the more legal work it attracts; similarly, a greater number of employees are typically more indicative of larger facilities that require greater levels of attention; and O&M costs tend to be a third factor indicative of size and legal complexity.	administration and programs, including third party legal
Compliance	Revenue 33.3% O&M 33.3% Net Plant 33.3%	This function is driven by factors which reflect the relative size and scope of each affiliate - Revenues, Net Plant and O&M costs.	Employee labor and related administration that is not directly attributable to any entity

5. LIBERTY UTILITIES SERVICE CORP.

This section provides an overview of some of the services (as outlined in Table 5) and the cost methodology for Liberty Utilities Service Corp. (“LUSC”).

Most U.S.-based utility employees are employed by LUSC and are dedicated to serve particular utilities. All employees’ labor costs, such as salaries, and associated labor costs, such as benefits, insurance etc. are to be paid by LUSC and direct charged to the company to which the employee is dedicated and performs work. Services provided by employees within LUSC

to each regulated utility shall be distributed on a time sheet basis to the extent possible. In infrequent instances where time sheeting may not be possible, the allocation factors shown in Tables 4a and 4b are to be used, as will be explained below.

5.1 Shared Services from LUSC

LUSC employs some individuals who provide shared services (listed in Table 5 below). Costs distributed by LUSC will include those from shared services employees: (a) where the function benefits both Liberty Utilities and Liberty Power businesses and (b) where the function benefits some or all of the regulated utilities within Liberty Utilities (e.g., energy procurement services).

Consistent with the organizational shared services practices described earlier, shared services and costs (within LUSC) are assigned when they are directly attributable to a specific affiliate company (such as a specific distribution utility, for example) or business unit (such as Liberty Utilities or Liberty Power). Labor charges for LUSC shared services staff are assigned using timesheets that depict the amount of time that is to be direct charged to either Liberty Utilities or Liberty Power (or a specific subsidiary within Liberty Utilities or Liberty Power).

The type of U.S. shared services that benefits both Liberty Utilities and Liberty Power businesses is referred to as LABS U.S. The LABS U.S. indirect costs for services from the shared services staff and functions within LUSC that cannot be directly assigned are allocated between the regulated and unregulated business units, Liberty Utilities and Liberty Power, and are distributed in the same manner per CAM Tables 4a and 4b described for shared services staff and functions within LUC. Consistent with the practices within LUC, the costs allocated from LUSC to the regulated companies as a group (i.e. to Liberty Utilities) are then reallocated to individual utility companies within the Liberty Utilities structure using the Utility Four-Factor Methodology set forth in CAM Table 2, resulting in utility-specific allocated charges from LUSC.

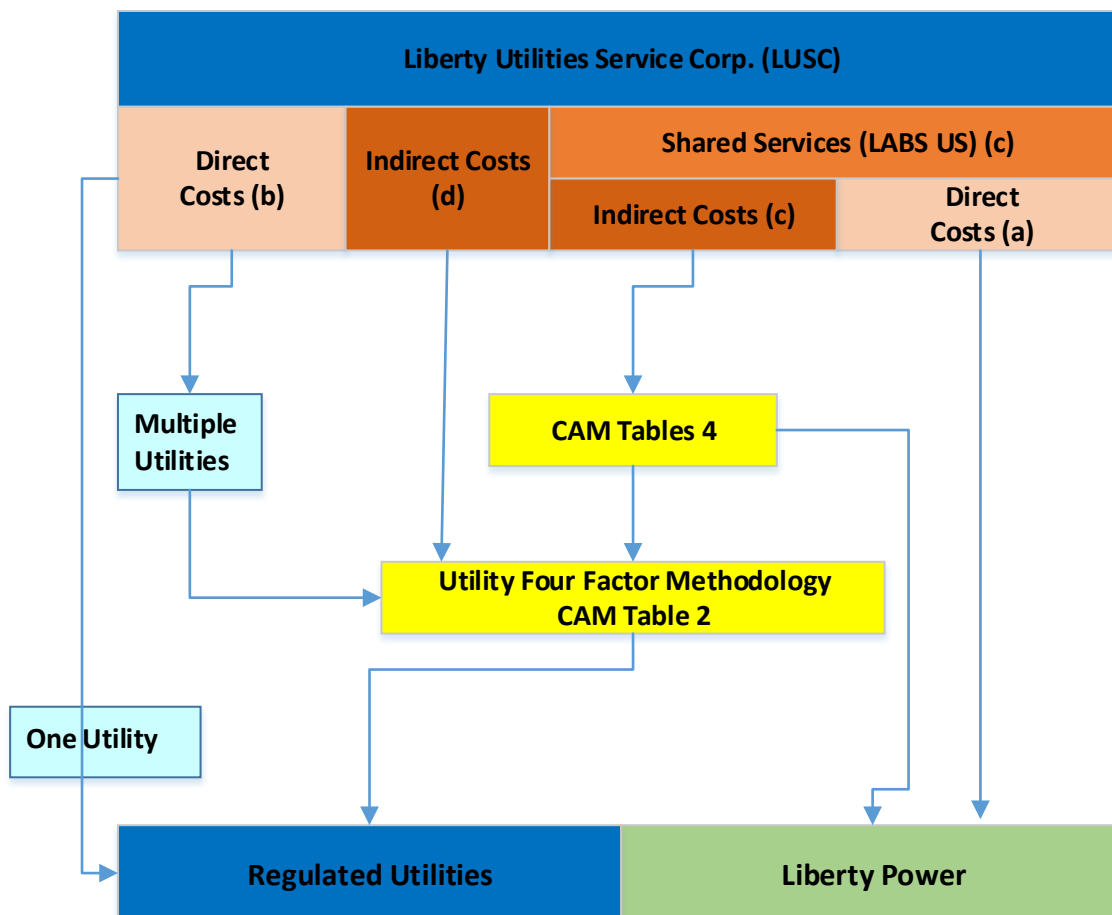
The indirect costs from the U.S. shared services that only benefit the regulated utilities are distributed using the Utility Four-Factor Methodology set forth in CAM Table 2, resulting in utility-specific allocated charges from LUSC.

Figure 5 below depicts the various flows of costs from LUSC.

Table 5 – List of Shared Services provided by Liberty Utilities Service Corp.

Customer Care and Billing
IT/Tech Support
Human Resources
Gas Control
Legal
Compliance
Regulatory & Government Relations
Environmental, Health, Safety and Security
Procurement
Operations
Engineering; Dispatch and Control
Outage Management
GIS/Mapping
Vegetation Management
Energy Procurement
Accounting and Finance
Managerial
Utility Planning
Customer Communication

Figure 5: Illustration of LUSC Cost Distributions



Notes:

- (a) Costs that are directly assignable to unregulated companies.
- (b) Costs that are directly assignable to regulated companies.
- (c) Costs that benefit both unregulated and regulated operations.

The allocation methodology may be adjusted based on the number of participating utilities. For example, Customer Service representatives who serve only the New Hampshire utilities will only have their indirect costs allocated, if any, to the two utilities within New Hampshire. Labor costs associated with energy procurement are directly billed to the utilities requiring energy procurement services using timesheets.

6. COST DISTRIBUTION AT THE REGIONAL OR STATE UTILITY LEVEL

Within the Liberty Utilities organization, the organizational structure and reporting relationships may evolve as the organization grows and develops. Costs and services provided to the regional or state utility level from other corporate entities are directly assigned to the extent possible and distributed over the utilities within the state or region for which they are provided. Any services and costs which cannot be directly assigned will be allocated to the utilities within the region or state using the Regional Four-Factor Methodology (25% weighting for the factors of: customer count, utility net plan, non-labor expenses, and labor expenses), unless another method of allocation is legally required.

In addition, each of the regulated entities will distribute costs amongst their affiliated entities in accordance with applicable laws/rules and affiliated service agreements. These cost allocation methods are consistent with the principles of this CAM.

7. CORPORATE CAPITAL

APUC or LUC will make capital investments such as corporate headquarters, IT systems, etc. that benefit the various operating businesses. The costs of these investments may be distributed monthly in the form of an intercompany operating expense charge, that captures the depreciation expense and cost of capital associated with the particular assets, or an alternate method of capital allocation based on the particular needs of the project. All costs associated to service the investment will be allocated to Liberty Power and Liberty Utilities, if applicable, typically based on the allocation method from which the capital investment is made. For example, if the capital investment is made in Human Resources then the allocation methodology used for Human Resources to allocate non-capital indirect costs as shown in Table 4a will be used to allocate the charge associated with the corporate capital expenditures, including the cost of capital, depreciation, and all other associated costs. From time to time, the distribution of costs associated with a corporate capital investment may use an alternate

method. Any corporate capital charges allocated or assigned to LUC are then reallocated to individual Liberty Utilities distribution utilities, or a sub-set of one or multiple distribution utilities, using the Utility Four-Factor Methodology set forth in CAM Table 2.

8. CAM TEAM AND TRAINING

The oversight of the CAM is the responsibility of the corporate Regulatory Department. Any updates or revisions are coordinated and completed by this Department. A CAM Team will be created consisting of trained employees to oversee the operations and management of the CAM principles throughout the organization.

The CAM, and any support material, is available to all employees via the Company intranet. Employee training on the CAM will be provided via the Company's Learning Management System.

9. AUDIT, RECORD KEEPING & AFFILIATE TRANSACTION RULES

Records of each company will be maintained such that all affiliate transactions are auditable. The records will document the cost of transactions, the methods used to distribute the costs, and descriptions of the services provided. The records will be retained for a minimum of three years or as required by law or regulation. The regulator will have access to records, consistent with applicable laws, regarding transactions between the regulated utility and its affiliates. All companies subject to affiliate transaction rules, whether state or federal, will comply with such requirements.

10. UPDATING ALLOCATIONS

Allocation percentages¹⁷ are updated annually. These annual updates to the allocation percentages are based on the most recent audited financial statements and other actual, year-end information. The updated percentages come into effect each April 1st and are valid through to the following March 31st. The Utility Four-Factor Methodology allocation percentages are also updated as an entity is either acquired or sold.

¹⁷ To clarify, the factors and weightings are expected to remain constant. It is the underlying information used to calculate the allocation percentages that is updated annually, such as the most recent net plant figures, or the most recent numbers of employees, for example.

11. APPENDICES

APPENDIX 1 - NARUC GUIDELINES FOR COST ALLOCATIONS

Guidelines for Cost Allocations and Affiliate Transactions:

The following Guidelines for Cost Allocations and Affiliate Transactions (Guidelines) are intended to provide guidance to jurisdictional regulatory authorities and regulated utilities and their affiliates in the development of procedures and recording of transactions for services and products between a regulated entity and affiliates. The prevailing premise of these Guidelines is that allocation methods should not result in subsidization of non-regulated services or products by regulated entities unless authorized by the jurisdictional regulatory authority. These Guidelines are not intended to be rules or regulations prescribing how cost allocations and affiliate transactions are to be handled. They are intended to provide a framework for regulated entities and regulatory authorities in the development of their own policies and procedures for cost allocations and affiliated transactions. Variation in regulatory environment may justify different cost allocation methods than those embodied in the Guidelines.

The Guidelines acknowledge and reference the use of several different practices and methods. It is intended that there be latitude in the application of these guidelines, subject to regulatory oversight. The implementation and compliance with these cost allocations and affiliate transaction guidelines, by regulated utilities under the authority of jurisdictional regulatory commissions, is subject to Federal and state law. Each state or Federal regulatory commission may have unique situations and circumstances that govern affiliate transactions, cost allocations, and/or service or product pricing standards. For example, The Public Utility Holding Company Act of 1935 requires registered holding company systems to price "at cost" the sale of goods and services and the undertaking of construction contracts between affiliate companies.

The Guidelines were developed by the NARUC Staff Subcommittee on Accounts in compliance with the Resolution passed on March 3, 1998 entitled "Resolution Regarding Cost Allocation for the Energy Industry" which directed the Staff Subcommittee on Accounts together with the Staff Subcommittees on Strategic Issues and Gas to prepare for NARUC's consideration, "Guidelines for Energy Cost Allocations." In addition, input was requested from other industry parties. Various levels of input were obtained in the development of the Guidelines from the Edison Electric Institute, American Gas Association, Securities and Exchange Commission, the Federal Energy Regulatory Commission, Rural Utilities Service

and the National Rural Electric Cooperatives Association as well as staff of various state public utility commissions.

In some instances, non-structural safeguards as contained in these guidelines may not be sufficient to prevent market power problems in strategic markets such as the generation market. Problems arise when a firm has the ability to raise prices above market for a sustained period and/or impede output of a product or service. Such concerns have led some states to develop codes of conduct to govern relationships between the regulated utility and its non-regulated affiliates. Consideration should be given to any "unique" advantages an incumbent utility would have over competitors in an emerging market such as the retail energy market. A code of conduct should be used in conjunction with guidelines on cost allocations and affiliate transactions.

A. DEFINITIONS

1. Affiliates - companies that are related to each other due to common ownership or control.
2. Attestation Engagement - one in which a certified public accountant who is in the practice of public accounting is contracted to issue a written communication that expresses a conclusion about the reliability of a written assertion that is the responsibility of another party.
3. Cost Allocation Manual (CAM) - an indexed compilation and documentation of a company's cost allocation policies and related procedures.
4. Cost Allocations - the methods or ratios used to apportion costs. A cost allocator can be based on the origin of costs, as in the case of cost drivers; cost-causative linkage of an indirect nature; or one or more overall factors (also known as general allocators).
5. Common Costs - costs associated with services or products that are of joint benefit between regulated and non-regulated business units.
6. Cost Driver - a measurable event or quantity which influences the level of costs incurred and which can be directly traced to the origin of the costs themselves.
7. Direct Costs - costs which can be specifically identified with a particular service or product.

8. Fully Allocated costs - the sum of the direct costs plus an appropriate share of indirect costs.
9. Incremental pricing - pricing services or products on a basis of only the additional costs added by their operations while one or more pre-existing services or products support the fixed costs.
10. Indirect Costs - costs that cannot be identified with a particular service or product. This includes but not limited to overhead costs, administrative and general, and taxes.
11. Non-regulated - that which is not subject to regulation by regulatory authorities.
12. Prevailing Market Pricing - a generally accepted market value that can be substantiated by clearly comparable transactions, auction or appraisal.
13. Regulated - that which is subject to regulation by regulatory authorities.
14. Subsidization - the recovery of costs from one class of customers or business unit that are attributable to another.

B. COST ALLOCATION PRINCIPLES

The following allocation principles should be used whenever products or services are provided between a regulated utility and its non-regulated affiliate or division.

1. To the maximum extent practicable, in consideration of administrative costs, costs should be collected and classified on a direct basis for each asset, service or product provided.
2. The general method for charging indirect costs should be on a fully allocated cost basis. Under appropriate circumstances, regulatory authorities may consider incremental cost, prevailing market pricing or other methods for allocating costs and pricing transactions among affiliates.
3. To the extent possible, all direct and allocated costs between regulated and non-regulated services and products should be traceable on the books of the applicable regulated utility to the applicable Uniform System of Accounts. Documentation should be made available to the appropriate regulatory authority upon request regarding transactions between the regulated utility and its affiliates.

4. The allocation methods should apply to the regulated entity's affiliates in order to prevent subsidization from, and ensure equitable cost sharing among the regulated entity and its affiliates, and vice versa.
5. All costs should be classified to services or products which, by their very nature, are either regulated, non-regulated, or common to both.
6. The primary cost driver of common costs, or a relevant proxy in the absence of a primary cost driver, should be identified and used to allocate the cost between regulated and non-regulated services or products.
7. The indirect costs of each business unit, including the allocated costs of shared services, should be spread to the services or products to which they relate using relevant cost allocators.

C. COST ALLOCATION MANUAL (NOT TARIFFED)

Each entity that provides both regulated and non-regulated services or products should maintain a cost allocation manual (CAM) or its equivalent and notify the jurisdictional regulatory authorities of the CAM's existence. The determination of what, if any, information should be held confidential should be based on the statutes and rules of the regulatory agency that requires the information. Any entity required to provide notification of a CAM(s) should make arrangements as necessary and appropriate to ensure competitively sensitive information derived therefrom be kept confidential by the regulator. At a minimum, the CAM should contain the following:

1. An organization chart of the holding company, depicting all affiliates, and regulated entities.
2. A description of all assets, services and products provided to and from the regulated entity and each of its affiliates.
3. A description of all assets, services and products provided by the regulated entity to non-affiliates.
4. A description of the cost allocators and methods used by the regulated entity and the cost allocators and methods used by its affiliates related to the regulated services and products provided to the regulated entity.

D. AFFILIATE TRANSACTIONS (NOT TARIFFED)

The affiliate transactions pricing guidelines are based on two assumptions. First, affiliate transactions raise the concern of self-dealing where market forces do not necessarily drive prices. Second, utilities have a natural business incentive to shift costs from non-regulated competitive operations to regulated monopoly operations since recovery is more certain with captive ratepayers. Too much flexibility will lead to subsidization. However, if the affiliate transaction pricing guidelines are too rigid, economic transactions may be discouraged.

The objective of the affiliate transactions' guidelines is to lessen the possibility of subsidization in order to protect monopoly ratepayers and to help establish and preserve competition in the electric generation and the electric and gas supply markets. It provides ample flexibility to accommodate exceptions where the outcome is in the best interest of the utility, its ratepayers and competition. As with any transactions, the burden of proof for any exception from the general rule rests with the proponent of the exception.

1. Generally, the price for services, products and the use of assets provided by a regulated entity to its non-regulated affiliates should be at the higher of fully allocated costs or prevailing market prices. Under appropriate circumstances, prices could be based on incremental cost, or other pricing mechanisms as determined by the regulator.
2. Generally, the price for services, products and the use of assets provided by a non-regulated affiliate to a regulated affiliate should be at the lower of fully allocated cost or prevailing market prices. Under appropriate circumstances, prices could be based on incremental cost, or other pricing mechanisms as determined by the regulator.
3. Generally, transfer of a capital asset from the utility to its non-regulated affiliate should be at the greater of prevailing market price or net book value, except as otherwise required by law or regulation. Generally, transfer of assets from an affiliate to the utility should be at the lower of prevailing market price or net book value, except as otherwise required by law or regulation. To determine prevailing market value, an appraisal should be required at certain value thresholds as determined by regulators.
4. Entities should maintain all information underlying affiliate transactions with the affiliated utility for a minimum of three years, or as required by law or regulation.

E. AUDIT REQUIREMENTS

1. An audit trail should exist with respect to all transactions between the regulated entity and its affiliates that relate to regulated services and products. The regulator should have complete access to all affiliate records necessary to ensure that cost allocations and affiliate transactions are conducted in accordance with the guidelines. Regulators should have complete access to affiliate records, consistent with state statutes, to ensure that the regulator has access to all relevant information necessary to evaluate whether subsidization exists. The auditors, not the audited utilities, should determine what information is relevant for a particular audit objective. Limitations on access would compromise the audit process and impair audit independence.
2. Each regulated entity's cost allocation documentation should be made available to the company's internal auditors for periodic review of the allocation policy and process and to any jurisdictional regulatory authority when appropriate and upon request.
3. Any jurisdictional regulatory authority may request an independent attestation engagement of the CAM. The cost of any independent attestation engagement associated with the CAM, should be shared between regulated and non-regulated operations consistent with the allocation of similar common costs.
4. Any audit of the CAM should not otherwise limit or restrict the authority of state regulatory authorities to have access to the books and records of and audit the operations of jurisdictional utilities.
5. Any entity required to provide access to its books and records should make arrangements as necessary and appropriate to ensure that competitively sensitive information derived therefrom be kept confidential by the regulator.

F. REPORTING REQUIREMENTS

1. The regulated entity should report annually the dollar amount of non-tariffed transactions associated with the provision of each service or product and the use or sale of each asset for the following:
 - a. Those provided to each non-regulated affiliate.
 - b. Those received from each non-regulated affiliate.
 - c. Those provided to non-affiliated entities.

2. Any additional information needed to assure compliance with these Guidelines, such as cost of service data necessary to evaluate subsidization issues, should be provided.

Source:

<http://www.naruc.org/Publications/Guidelines%20for%20Cost%20Allocations%20and%20Affiliate%20Transactions.pdf>

APPENDIX 2 – DETAILED EXPLANATION OF APUC COSTS

1. APUC STRATEGIC MANAGEMENT COSTS

Strategic management decisions are critical for any public utility. The need for strategic management is even more pronounced for APUC as a publicly traded company, which depends on access to capital funding through public sales of units. APUC seeks to hire talented strategic managers that aid in running each facility owned by the company as efficiently and effectively as possible. This ensures the long term health of each utility and ensures that rates are kept as low as possible without compromising the level of service. It also facilitates each regulated utility's access to necessary capital funding at reduced costs. The costs included in Strategic Management Costs fall into the following categories.

a. Board of Directors

The Board of Directors provides strategic oversight on all company affairs including high level approvals of strategy, operation and maintenance budgets, capital budgets, etc. In addition, the Board of Directors provides corporate governance and ensures that capital and costs are incurred prudently, which ultimately protects ratepayers.

b. General Legal Services

General legal services involve legal matters not specific to any single facility, including review of audited financial statements, annual information filings, Sedar filings, review of contracts with credit facilities, incorporation, tax issues of a legal nature, market compliance, and other similar legal costs. These legal services are required in order for APUC to provide capital funding to individual utilities, without which the utilities could not provide adequate service. Additionally, the services ensure that APUC's subsidiaries remain compliant in all aspects of operations and prevent those entities from being exposed to unnecessary risks.

c. Professional Services

Professional Services including strategic plan reviews, capital market advisory services, ERP System maintenance, benefits consulting, and other similar professional services. By providing these services at a parent level, the subsidiaries are able to benefit from economies of scale. Additionally, some of these services improve APUC's access to capital which benefits all of its subsidiaries.

2. ACCESS TO CAPITAL MARKETS

One of APUC's primary functions is to ensure its subsidiaries have access to quality capital. APUC is listed on the New York Stock Exchange ("NYSE") and the Toronto Stock Exchange ("TSX"), leading financial markets. In order to allow its subsidiaries to have continued access to those capital markets, APUC incurs the following costs. These services and costs are a prerequisite to the subsidiaries continued access to those capital markets.

a. License and Permit Fees

In connection with APUC's participation in the NYSE and the TSX, APUC incurs certain license and permit fees such as Sedar fees, annual filing fees, licensing fees, etc. These licensing and permit fees are required in order to sell units on the NYSE and the TSX, which in turn provides funding for utility operations.

b. Escrow Fees

In connection with the payment of dividends to unit holders, APUC incurs escrow fees. Escrow fees are incurred to ensure continued access to capital and ensure continuing and ongoing investments by shareholders. Without such escrow fees, APUC's subsidiaries would not have a readily available source of capital funding.

c. Unit Holder Communications

Unit holder communication costs are incurred to comply with filing and regulatory requirements of the NYSE and the TSX and meet the expectations of shareholders. These costs include items such as news releases and unit holder conference calls. In the absence of shareholder communication costs, investors would not invest in the units of APUC, and in turn, APUC would not have capital to invest in its subsidiaries. With such communications services, the subsidiaries would not have a readily available source of capital funding.

3. APUC FINANCIAL CONTROLS

Financial control costs incurred by APUC include costs for audit services and tax services. These costs are necessary to ensure that the subsidiaries are operating in a manner that meets audit standards and regulatory requirements, which have strong financial and operational controls, and financial transactions are recorded accurately and prudently. Without these services, the regulated utilities would not have a readily available source of capital funding.

a. Audit Fees

Audits are done on a yearly basis and reviews are performed quarterly on all facilities owned by APUC on an aggregate level. These corporate parent level audits reduce the cost of the stand-alone audits significantly for utilities which must perform its own separate audits. Where stand-alone audits are not required, ratepayers receive benefits of additional financial rigor, as well as access to capital, and financial soundness checks by third parties. Finally, during rate cases, the existence of audits provides staff and intervenors additional reliance on the company records, thus reducing overall rate case costs. The aggregate audit is necessary for the regulated utilities to have continued access to capital markets and unit holders.

b. Tax Services

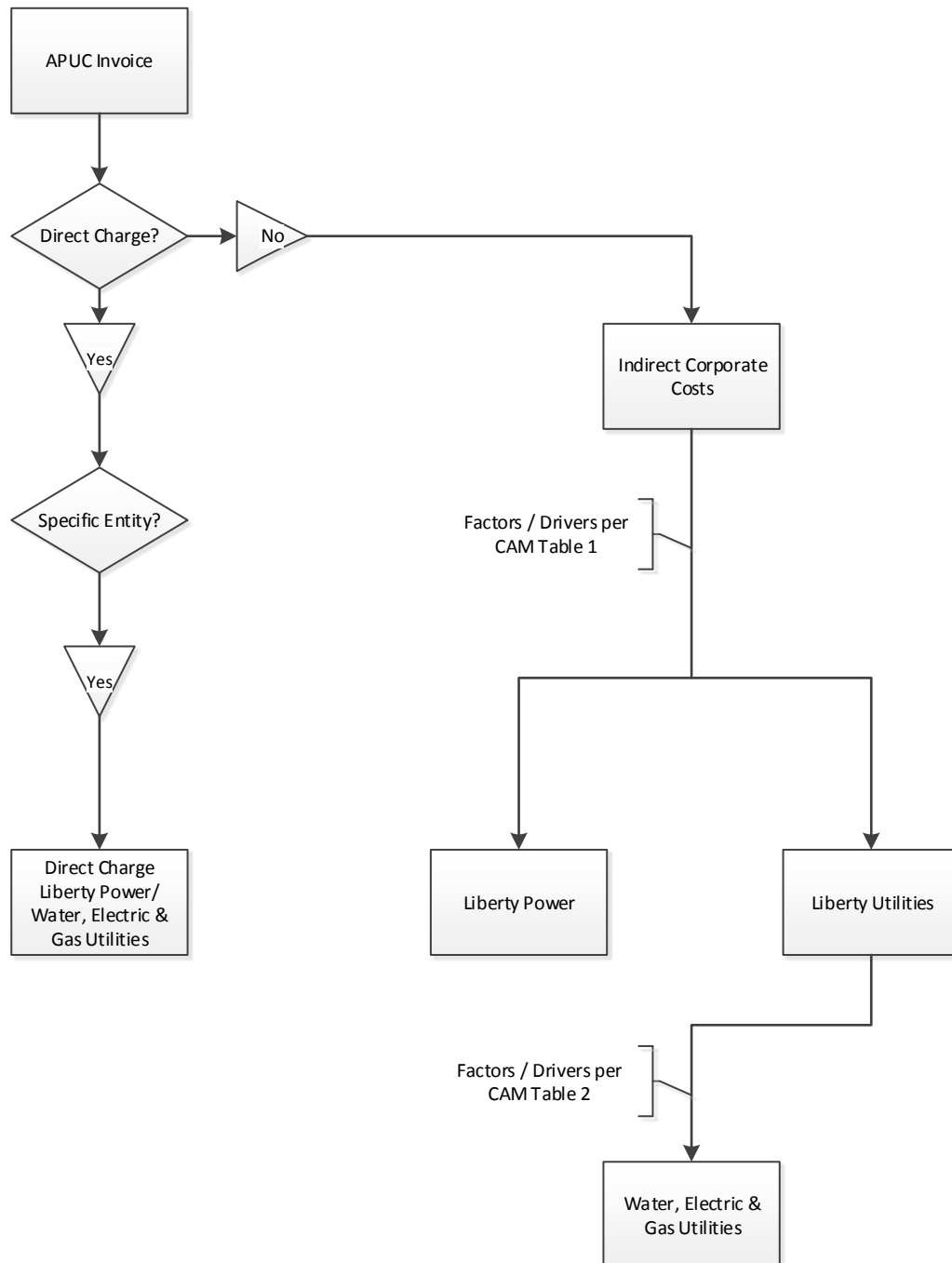
Taxes are paid on behalf of the regulated utilities at the parent level as part of a consolidated United States tax return. Tax services such as planning and filing are provided by third parties. Filing tax returns on a consolidated basis benefits each regulated utility by reducing the costs that otherwise would be incurred by such utility in filing its own separate tax return.

4. **APUC ADMINISTRATIVE COSTS**

Finally, administrative costs incurred by APUC, in some cases via other corporate entities, such as rent, depreciation of office furniture, depreciation of computers, and general office costs are required to house all the services mentioned above. Without these administrative costs, the employees throughout the APUC organization could not perform their work and provide the necessary services to the regulated utilities. These administrative costs also include training for corporate employees.

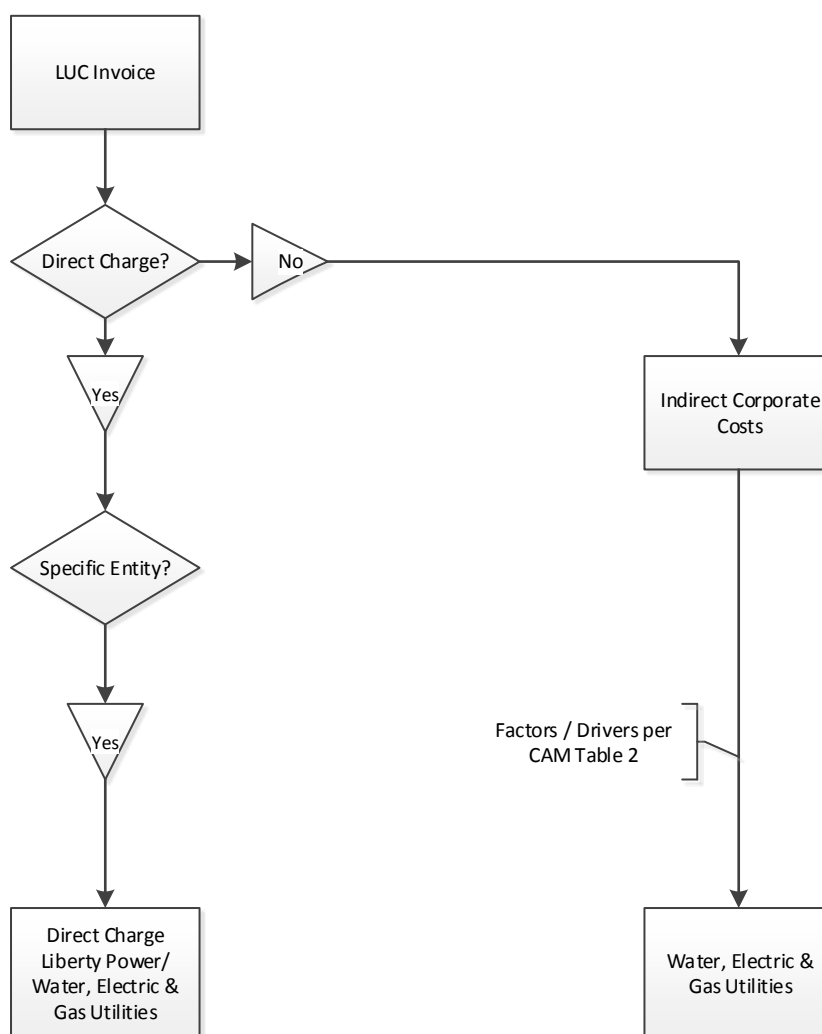
APPENDIX 3 – LIFE OF AN APUC INVOICE

A schematic is provided below showing the trail of an invoice received by APUC for services to be charged to its subsidiaries. The schematic is intended to visually explain the distribution of charges from APUC to Liberty Power and Liberty Utilities companies.



APPENDIX 4 – LIFE OF A LIBERTY UTILITIES INVOICE

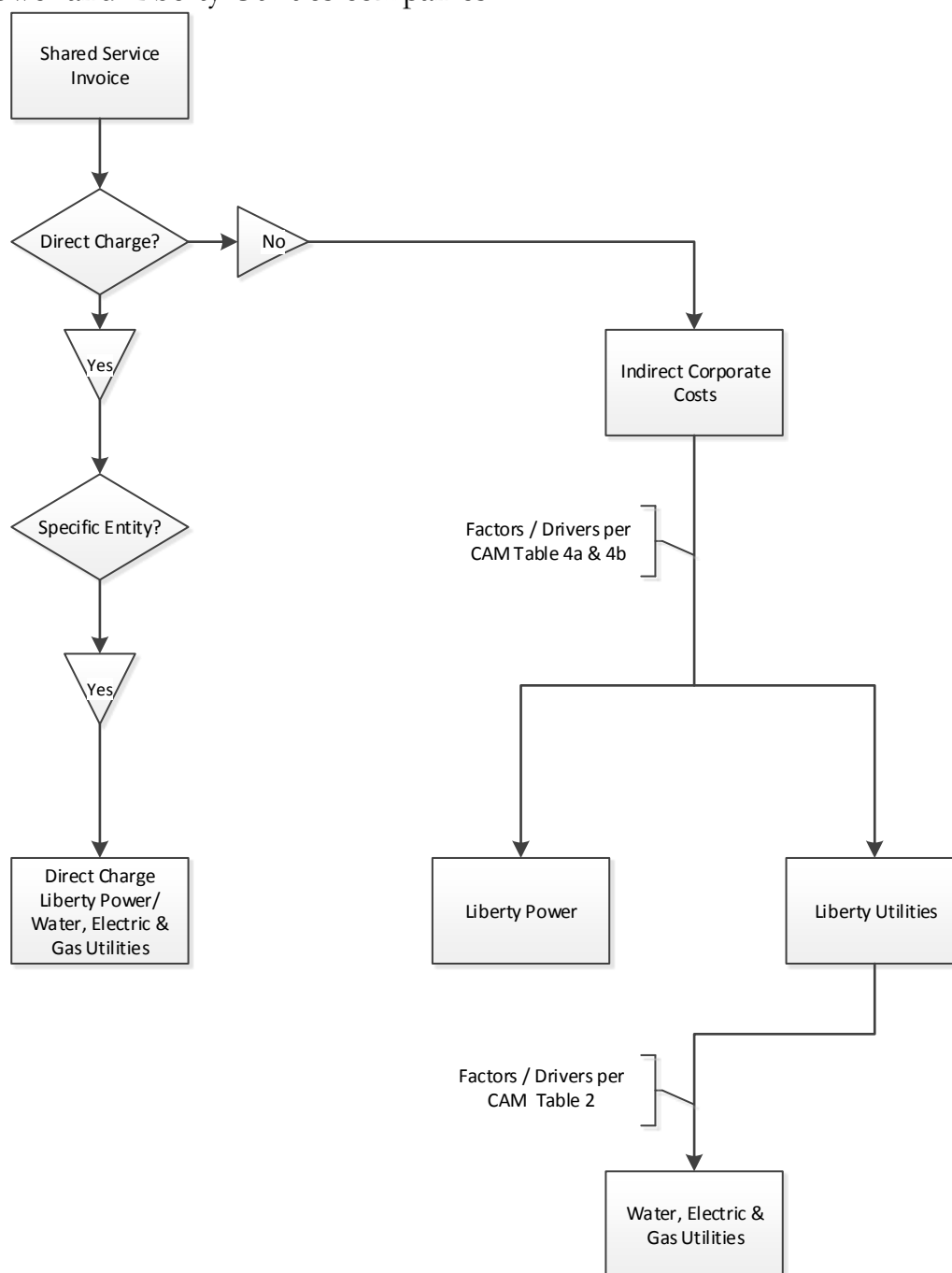
A schematic is provided below showing the trail of an invoice received by Liberty Utilities (LUC) for services to be charged to its utility subsidiaries¹⁸. The schematic is intended to visually explain the distribution of charges from LUC to Liberty Utilities companies.



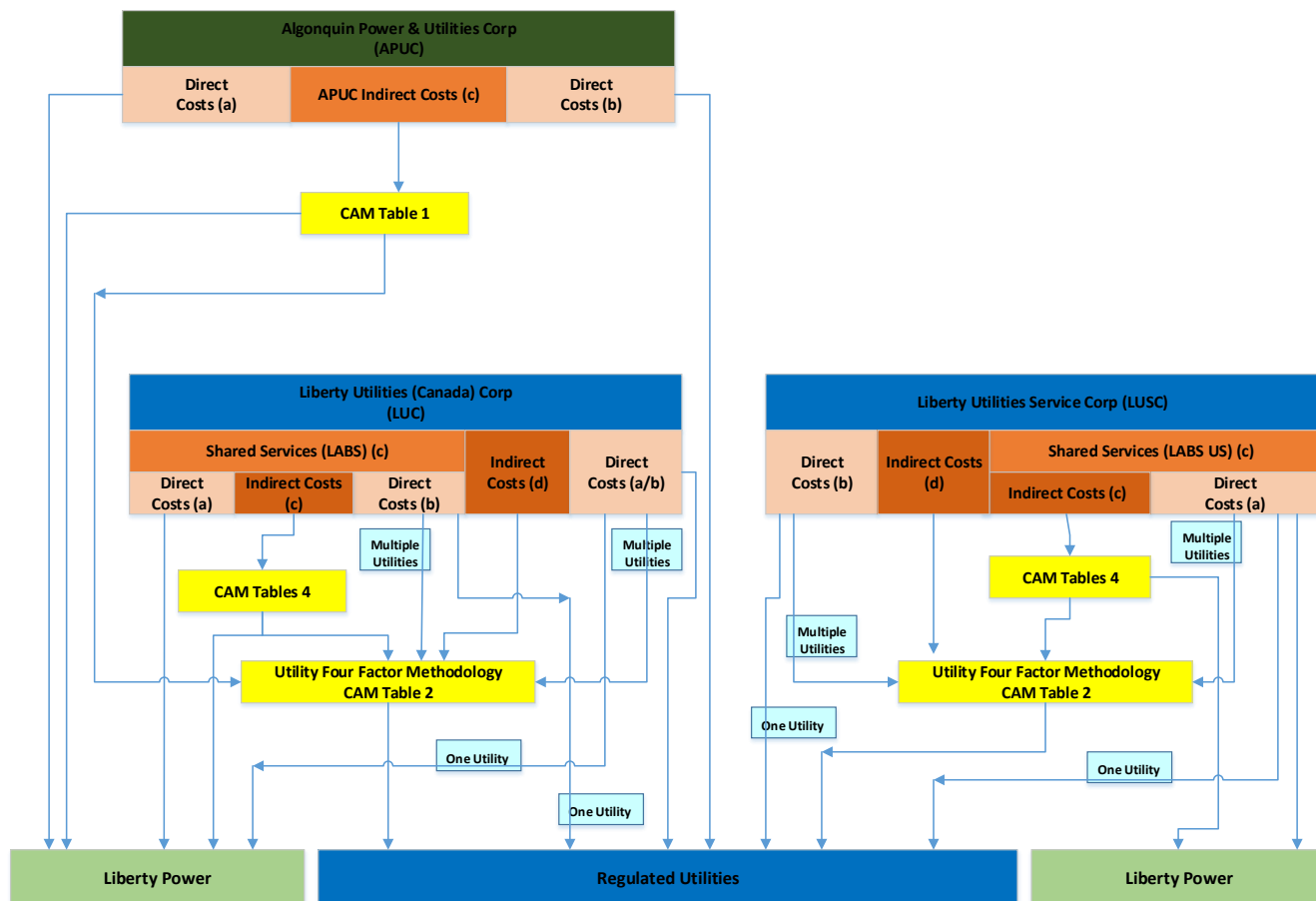
¹⁸ This is for utility-dedicated LUC staff and services (not shared services staff).

APPENDIX 5 – LIFE OF A SHARED SERVICES INVOICE

A schematic is provided below showing the trail of an invoice for shared services provided within Liberty Utilities or LUSC for services to be charged to affiliates and subsidiaries. The schematic is intended to visually explain the distribution of charges from shared services to Liberty Power and Liberty Utilities companies.



APPENDIX 6 – COMPOSITE ILLUSTRATION OF ORGANIZATIONAL COST DISTRIBUTION



Notes:

- (a) Costs that are directly assignable to unregulated companies.
- (b) Costs that are directly assignable to regulated companies.
- (c) Costs that benefit both unregulated and regulated operations
- (d) Costs that benefit all regulated operations.

APPENDIX 7 – GLOSSARY OF TERMS

Algonquin Power & Utilities Corp. (“APUC”)- is a publicly traded company and the ultimate corporate parent of Liberty Utilities and Liberty Power subsidiaries. It provides financial and strategic management, corporate governance, and oversight of administrative and support services to all its subsidiaries.

Algonquin Power Co. (“Liberty Power”)- is a subsidiary of APUC whose primary business is in energy generation through renewal (solar and wind) sources and thermal generating facilities.

Cost Allocation Manual (CAM) – a document that explains how service company costs are assigned to affiliate companies and explains the nature of the services to be provided between affiliates.

Direct Costs- (sometimes referred to as assigned costs)- costs incurred by one company for the exclusive benefit of, or specifically identified with, one or more other companies, and which are directly charged (or assigned) to the company or companies that specifically benefited.

Fully Distributed Cost (FDC)– means a methodology that examines all costs of an enterprise in relation to all the goods and services that are produced. FDC requires recognition of all costs incurred directly or indirectly used to produce a good or service. Costs are assigned either through a direct or allocated approach. Costs that cannot be directly assigned or indirectly allocated (e.g. general and administrative) must also be included in the FDC calculation through a general allocation.

Indirect Costs- costs that cannot be identified with a particular service or product. This includes but not limited to overhead costs, administrative, general, and taxes.

Liberty Utilities Co.- is a subsidiary of APUC and the direct or indirect owner of regulated utilities.

Liberty Utilities (Canada) Corp. (“LUC”) - is a subsidiary of APUC and employs Canadian-based employees.

Liberty Utilities Service Corp. (“LUSC”)-is a subsidiary of APUC and employs U.S.-based distribution utility employees and those U.S. based employees providing shared services.

Liberty Algonquin Business Services (“LABS”)- is a business unit with staff employed within LUC and LUSC. These employees provide shared services to both the utility and non-utility businesses within APUC.

NARUC – National Association of Regulatory Utility Commissioners.

Service Agreement – a written agreement specifying the terms and conditions upon which services are provided to and from affiliated entities.

Utility Four-Factor – is an allocation methodology used to allocate indirect costs to regulated utilities based on the following factors: Utility Net Plant, Customer Count, Non-Labor expenses, and labor expenses.

APPENDIX 8 - VERSION LOG

1. Base Year- January 1 2014
2. V2014, July 1, 2015
3. V2017, January 1 2017 (Includes April 2017 Updates)

PWC Report on Independent Review of Company's CAM

Assessment of cost allocation manual

Algonquin Power and Utilities Corporation

July 16, 2021





July 16, 2021

Ms. Jill Schwartz
Director, Regulatory Shared Services
602 S Joplin Avenue
Joplin, Missouri 64818

Dear Ms. Schwartz:

Thank you for the opportunity to work with you and your team on this project to review the cost allocation manual and allocation process.

We have completed our interviews and meetings with your management team and have prepared this report to summarize observations arising from our meetings.

Please find enclosed our report assessing Algonquin Power and Utilities Corporation's methods for accumulating and allocating holding/service company costs.

Please do not hesitate to contact me ((802) 730-3364) or Alan Felsenthal ((312) 405-9581) should you have any questions or comments on this report.

Very truly yours,

A handwritten signature in black ink, appearing to read "Sean P. Riley".

Sean P. Riley
Partner

A handwritten signature in black ink, appearing to read "Alan D. Felsenthal".

Alan D. Felsenthal
Managing Director

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Scope of the report

At the request of Algonquin Power and Utilities Corporation (“APUC”), we have prepared this report to assess the processes used to capture and allocate holding/service company costs to its regulated and unregulated affiliates.

APUC’s processes are included in their Cost Allocation Manual, V2017 Effective: January 1st, 2017 (“CAM”).

Our process for completing this assessment included the following procedures:

1. Interviewing various APUC management representatives to obtain an understanding of the various activities performed, including the methodology utilized for excluding certain costs from allocation (primarily business development/acquisition activities) and the method of charging/allocating holding/service company costs to the individual affiliates.
2. Comparing the Company’s allocation methodology to allocation methodologies of other United States utility holding/service companies as reported in their annual report to the Federal Energy Regulatory Commission (“FERC”) on Form 60.
3. Reviewing documents and other available support issued by the various regulatory jurisdictions (Canada and United States) relating to allocated costs and recovery of such costs in the ratemaking process.
4. Testing a sample of transactions to determine that the allocation methodology set forth in the CAM was operating as described.

This report includes:

5. A description of the current process used to capture, assign and allocate APUC costs affiliates.
6. An assessment of the current process compared to the guidance provided by National Association of Regulatory Utility Commissioners (“NARUC”) and FERC.
7. An assessment as to whether the processes for allocating holding/service company costs as described in the CAM are being followed.

Limitations & assumptions

Our work was performed on the basis that information provided to us was accurate and complete. Additionally, our engagement cannot be relied upon to disclose errors, irregularities, or illegal acts, including fraud that may exist.

Our Services were performed, and this Deliverable was prepared for the sole use and benefit of, and pursuant to a client relationship exclusively with, Liberty Utilities (“the Company”). PwC is providing no opinion, attestation or other form of assurance and disclaims any contractual or other responsibility to others based on their access to or use of the Deliverable. Accordingly, the information in this Deliverable may not be relied upon by anyone other than Client.

Qualifications of PwC

PricewaterhouseCoopers, which was formed in 1998 from a merger between Price Waterhouse and Coopers & Lybrand, has a long history in client services that dates back to the nineteenth century. Both firms originated in London during the mid-1800s. Today, we serve 26 industries, including the Power & Utilities industry. Our industry-focused services in the fields of assurance, tax, human resources, transactions, performance improvement, information technology and crisis management have helped resolve complex client and stakeholder issues worldwide. We also bring our knowledge and talent to help educational institutions, the federal government, non-profits, and international relief agencies to address their unique business issues.

Our U.S. firm, comprised of over 55,000 professionals, is organized around three core lines of service:

Assurance and Audit: Providing innovative, high quality, independent, and cost-effective services related to an organizations' financial control, regulatory reporting, shareholder value and technology needs;

Tax: Providing a wide range of innovative specialists' resources in three main areas: tax structuring, tax compliance and human resources; and

Advisory: Providing advice and assistance related to transactions, performance improvement, and crisis management based on long-term quality relationships with clients.

As a global network of firms, we share common standards, values, and policies, applying the same processes, systems, and approaches around the world.

PwC's power & utilities practice:

Nationally and globally, we are a leading provider of services in the utility industry. Our philosophy in serving the utility industry is to employ dedicated resources who focus on utility industry clients. This integrated practice demonstrates our commitment to the convergence of the utility industry and enables us to provide worldwide access to information through a variety of local resources. Our depth of resources and range of experience is enhanced by our strong base of utility clients. In the United States, we are the public accountants or consultants for more than 400 clients in the electric, gas, water, and renewable (clean) energy sectors.

Our power and utilities practice provides professional services to companies of many sizes, across many segments of the industry. We serve the needs of utility clients by employing more than 4,500 dedicated resources around the world. This provides our teams with an understanding of regulated and unregulated utility operations and services.

Our U.S. practice consists of more than 1,400 professionals serving clients in the electric, gas, water, and renewable energy sectors, including a dedicated utilities team within our National Office.

Complex accounting and regulatory support practice:

Within our Power and Utilities industry team, we have a highly specialized group, the Complex Accounting and Regulatory Solutions practice (CARS). Our CARS practice is dedicated to helping regulated companies in the energy and utilities industries manage their regulatory risk and solve complex accounting problems. Our seasoned team has deep experience working with regulated entities. The individuals in our CARS practice have many years of experience serving rate regulated entities (electric utilities, gas utilities, water utilities).

Executive summary

We were engaged to assess the company's process for capturing, assigning and allocating holding/service company costs incurred as described in the CAM as well as assess the CAM's compliance with guidance provided by the NARUC and the FERC. Our assessment addressed whether the allocations described in the CAM are based on cost-causative factors (direct charging, indirect attribution) or a multi-factor general allocator that are designed to prevent cross-subsidization (regulated versus unregulated affiliates, regulated electric versus regulated gas versus regulated water, United States versus Canada). In addition, we reviewed management's cost allocation workbooks to determine if the costs were allocated in accordance with the process stated in the CAM.

Based on completing these procedures and analyses, we determined the methodology for capturing holding/service company costs and allocating such costs to the Company's affiliates is reasonable, supportable and consistent with guidance promulgated by NARUC and FERC. The results of transaction testing found that the mechanics of the allocation process are working as designed.

Additionally, to provide background on each of the service companies, refer to the breakout of the fiscal 2020 direct charges and indirect charges as shown in the table below:

Company	Direct - regulated	Direct - unregulated	Indirect - regulated	Indirect - unregulated	Total costs
APUC	\$ -	\$ -	\$ 18,049,595	\$ 5,532,927	\$ 23,582,521
LUC	\$ 9,417,230	\$ -	\$ 5,766,158	\$ -	\$ 15,183,388
LUSC ²	\$ 16,461,390	\$ 192,333	\$ 23,730,840	\$ -	\$ 40,384,563
LABS ³	\$ 56,303,561	\$ 5,007,501	\$ 22,707,695	\$ 4,394,112	\$ 88,412,869
Total	\$ 82,182,181	\$ 5,199,834	\$ 70,254,288	9,927,039	\$ 167,563,341
% of Total Costs	49%	3%	42%	6%	100%

As noted above, costs are directly and indirectly charged at each company level to both the regulated business and unregulated business. In total, 52% of 2020 holding/service company costs were direct charged and 48% of 2020 allocable costs were indirectly charged. Of the \$87,382,014 of direct charged costs, 94% were directly charged to the regulated business. Of the \$80,181,327 of indirect costs, 88% were allocated to the regulated affiliates. Further, of the indirect shared services provided for the enterprise (APUC & LABS), 80% is allocated to the regulated utilities. LUC and LUSC do not allocate indirect costs to LP.

Management reviews the CAM on at least an annual basis to identify any needed updates. If there are changes in the business structure or other material events that impact allocation of costs, management will consider if updates to the CAM or the underlying allocation structure are necessary more frequently.

Reasonableness of cost pool to allocate

To assess the reasonableness of the cost pool to allocate, we performed various procedures to determine peer comparability and the necessity and benefit of such costs to the entity receiving such allocation.

Peer Comparability

We performed a preliminary analysis over peer comparability to assess how APUC, LUC and LUSC compare to other affiliate companies in terms of their percentage of direct vs. indirect billing of holding company/service company costs. Refer to Exhibit 1 for detailed analysis. We conducted interviews with holding/service company representatives to understand how both labor and non-labor costs are billed. Through these discussions, we understand that labor costs are recorded through employees charging their time. Employees are instructed to charge time to specific time codes set up for projects or entities. They understand that only time that cannot be directly billed is recorded to the general charge-code. Employees' time is also then subject to review by their supervisor who further assesses the appropriateness of the time charged. Non-labor costs are directed to the main billing contact who is responsible for assessing the charge for applicability to specific entities' or for general allocation. Again, the billing contact is instructed to direct charge where applicable.

As shown in the previous table, the three business units comprising the consolidated holding/service company allocation pool (APUC, LUC, LUSC) direct charged approximately 52% of the holding/service company pool in fiscal year 2020. To focus on the shared service companies, we also considered the percentage of direct cost charging from LUC and LUSC, calculating that over 60% of costs are direct charged. We observe that this is comparable with other U.S. companies as further discussed below. The percentage of direct charging varies each year depending on the specific activities

² LUSC includes costs from the East, Central and West regions as well as Libcorp cost pools.

³ LABS includes employees in both Canada and the United States.

performed for/requested by the affiliates.

Peer data for fiscal year 2020 was not yet available. However, we were able to review the FERC Form 60's filed with the FERC for fiscal year 2019 (the most recent year that a full population is available as of the date of this report). The FERC Form 60 is the "Annual Report of Centralized Service Companies" required to be filed by all centralized utility service companies in the U.S. (that have not been granted a waiver), and although we recognize that APUC is not a service company, the distinction between holding company and service company activities is typically not significant and the FERC Form 60 data is the most widely representative data available to provide a sample of allocation methodologies that have been adopted across U.S. utilities. Each FERC Form 60 is required to include a schedule, "Schedule XVII - Analysis of Billing - Associate Companies," reporting direct billed and indirect billed costs. Through this analysis we determined that the mean of the percentage of direct cost charges as a percentage of total cost is 63% and the median is 67%. In fiscal year 2019, LUC and LUSC reported percentages greater than these amounts at 72% and 91%, respectively, suggesting a more comprehensive process for direct cost charging.

APUC's percentage was 25%, which is below the mean and median, but consistent with our understanding of the cost pool at the APUC level as it is the holding company and not a shared service company. Given the three companies consolidate into APUC, we also performed a calculation combining the three APUC business units and calculated direct billings of 81%, which is also higher than both the mean and median of other FERC Form 60 filers in 2019, suggesting more cost causative direct billing and smaller cost pools from which to indirectly allocate.

Necessity and Benefit

To elaborate on the Background section above, APUC is the ultimate corporate parent that provides financial and strategic management, corporate governance, and oversight of administrative and support services. The activities in this cost pool are a necessary part of being a publicly traded business, and are designed to complement, rather than duplicate, costs incurred at the subsidiaries. We noted in a review of the fiscal year 2019 reports of 44 utility service companies and past communications by the FERC and the NARUC that it is a common and widely accepted practice for North American utilities to allocate costs to regulated and non-regulated subsidiaries that are of a "corporate overhead" nature. Such costs include, but are not limited to, executive management, investor relations, internal audit and legal. In reviewing the CAM against the NARUC guidelines, we observed the nature of costs in the allocated pools follow this guidance.

LUC and LUSC also provide services to Liberty Utilities. As noted previously, both LUC and LUSC are supported by a centralized shared service company known as LABS that also provides business and corporate support services to the Company and its affiliates. It should be noted that LUC and LUSC only differ in their employee's geography with LUC employees residing in Canada and LUSC employees residing in the United States. Cost pools at LUC, LUSC and LABS relate to the following areas: information technology, human resources, training, facilities and building rent, environment, health, safety and security, procurement, executive and strategic management, technical services, utility planning as well as corporate services including: risk management, financial reporting, planning and administration, treasury, internal audit, external communications, legal costs and compliance.

Whether the costs are incurred by a service company or holding company does not affect the NARUC or FERC allocation guidance and, as a result, the approaches to identify allocable cost pools used by utility service companies such as LUC, LUSC and LABS are generally valid for APUC as well.

In understanding the types of costs included in each cost pool, we then considered the following qualitative and quantitative factors in assessing the reasonableness of the costs that are allocated to its subsidiaries:

1. Are the activities performed necessary for the Company's subsidiaries, and do they provide demonstrated benefits?
2. Are the costs duplicative in nature?
3. Are the costs similar in nature to costs that other utility holding companies have successfully recovered through rate cases in the U.S. and Canada?

To assess these questions, we conducted interviews with certain employees with knowledge of cost types making up each pool. We used a risk-based approach to determine which departments to interview, focusing primarily on the cost pools with larger balances. For those pools where interviews were not performed, we subjected such cost pools to our selection testing of source documents as well as comparative procedures against other companies filing FERC Form 60s. We also obtained the detailed listing of costs included within each company cost pool (APUC, LUC and, LUSC) and scanned the expenses making up those balances against the descriptions included within the CAM. Our primary observation is historically allocated costs are costs required to satisfy responsibilities to customers, shareholders, and regulators, and to enable effective corporate oversight.

For a selection of individual costs within each of the companies' pools, we requested the underlying source documents to review the related invoice(s) and/or calculation spreadsheet to further validate the appropriateness of its inclusion in the cost pool for allocation as well as the appropriate cost-type coding to the extent it is allocated by cost-type. Through these procedures, it was observed that the cost pools are reasonable and consistent with other U.S. companies.

In addition to assessing the costs included in the cost pool, our interviews with members of management also suggest that the Company has appropriately identified specific costs to exclude from the allocable cost pool (e.g., business development costs, retirement costs, meals and entertainment, foreign exchange gains and losses, and donations). Through interviews as well as review of the monthly allocations, we also noted that these costs are either processed through the allocation or removed from the pool prior to allocation to prevent the likelihood of subsidization by certain entities. During the fiscal year 2020, approximately \$58M in costs were originally included within the cost pool for allocation, as they were not direct charged, and subsequently excluded and removed from the cost pool prior to allocation.

Beyond the cost pool exclusions, there is another process by which affiliates may challenge a charge that does not seem to directly benefit the entity. Two examples of this would be if a Canadian entity erroneously received a United States regulatory fee or if a gas company received an electric charge in error. In both cases, the receiving entity may challenge that billing to ensure necessity and benefit of costs allocated. In those instances, management has noted that these costs have historically been removed from those entities suggesting effective internal controls for identification and resolution of costs billed inappropriately.

A necessity and benefit analysis is summarized within Exhibit 2. In analyzing the cost pools that APUC, LUC and LUSC and its subsidiaries have historically allocated to its subsidiaries, we considered information obtained through interviews with management, review of internal records, and review of published data relating to other utility service/holding companies.

Role Clarity

APUC's services allow for access to the capital markets and provide for maximum expertise at lower costs. If the utilities did not have access to the services provided by APUC, LUC and LUSC they would be forced to incur associated costs for financing, capital investment, audits, taxes and other similar services on a stand-alone basis, which would substantially increase such costs. One overriding rationale supporting a service/holding company concept is the scope and scale; that is, rather than each affiliate having a certain individual or group provide services to the individual entity, a service/holding company can provide such services to a number of affiliates with the individual receiving an allocated portion of the service/holding company cost. Costs that may appear to overlap across APUC, LUC, LUSC and the local entity were further reviewed with findings summarized within Exhibit 4. Functions included within this analysis were reviewed based on higher cost balances and discussed with management to assess overlap and functionality. The costs included in the exhibit represent the largest balances with the potential for duplication. While, finance, legal and human resources are cost types for which services are both allocated and performed directly at the local entity, we did not identify any instances of redundancy through this exercise.

Allocation methodology

In addition to assessing the cost pool, we also reviewed the associated allocation factors as well as reperformed management allocation calculation to verify its compliance with the CAM.

Allocation factors

In past decisions and written communications, the regulators in the Company's jurisdictions have expressed the view that direct charging of service/holding company costs to specific entities, where supportable, is preferred. After direct charging, utility service/holding companies should first allocate costs by cost drivers with a cost-causative linkage to the respective cost pool where possible, and finally allocate the remainder of costs using a general factor. The percentage of direct charging will vary from year to year depending on the nature and size of projects and responses to requests from affiliates. As previously stated, the combined APUC, LUC and LUSC directly charged more than half of the holding/service company costs in fiscal year 2020 (more than 60% by the LUC and LUSC service companies) and, in 2019 (where peer information is available) at a higher level than its peers in fiscal year 2019. NARUC's cost allocation principles state that the general method for charging indirect costs should be on a fully allocated cost basis.

APUC

When APUC cannot identify indirect cost drivers for any of its functional areas, a "relevant proxy" as a general allocator for corporate overhead type costs is used. A general allocator is an acceptable approach under NARUC and FERC in order to fully distribute the costs in the cost pools. APUC's costs are organized into cost pools and are weighted through two levels of multi-factored allocations to ensure allocations across entities is appropriate.

Services at APUC are provided to both regulated and non-regulated companies. To first divide between the two, APUC allocates by cost-type and a related cost causative driver or a general allocator to avoid subsidization between regulated and non-regulated companies. The regulated cost pool is then subject to a four-factor general allocator, allocating costs based on a weighting of 40% customer count, 20% utility net plant, 20% non-labor expenses, and 20% labor expenses. This weighting has been determined by management to be most appropriate as to avoid vertically integrated utilities, owning their own generation facilities, from receiving exorbitant allocation. As such, the higher weighting on customer count results in a more equitable and representative distribution of the shared services costs.

LUC and LUSC

At LUC, indirect costs are allocated directly through the general allocator as costs are incurred in support of all regulated entities. At LUSC, costs are recorded based on the various region/group (East, Central, West, Libcorp, and LABS) and then subject to the four-factor methodology. Costs within the East, Central, and West regions are allocated only to the specific utilities within those regions. For example, in the East region costs are only allocated to Granite State, EnergyNorth, Georgia, New England Gas, New Brunswick Gas, St. Lawrence Gas, and Tinker Transmission. Costs within Libcorp are allocated to all utilities following the four-factor methodology with a nuance for energy procurement related costs. Any Libcorp costs related to Energy Procurement are not allocated to water companies. Costs within LABS are first allocated between regulated and nonregulated entities by cost pool percentage as shown in Exhibit 2, and then to the local utilities using the four-factor method.

Although FERC and U.S. state regulators do not have a specific set of rules on the development of a general allocation factor, they have been clear that they prefer a general allocator that incorporates the weighting of multiple factors. Additionally, Canadian regulators appear to also prefer a general allocator that weights multiple factors. This approach recognizes that there is not one perfect allocator and using a combination of factors reduces the subjectivity of using one individual measure as the basis for allocation. The Massachusetts method (or modified Massachusetts method) is the most widely used method of allocating corporate general costs that cannot be assigned a specific cost driver, and it has been widely accepted by the FERC, U.S. state and Canadian regulators. The original Massachusetts method involved the equal weighting of three factors: plant, revenues, and labor. The modified Massachusetts method includes variations of approach (e.g., gross margin as a substitute for revenue, O&M expense as a substitute for labor, etc.). In any event, a general allocation factor that includes some indicator of operations (expense) and capital investment (assets) is often accepted.

We also examined whether the costs are similar in nature to costs that other utility holding companies and/or service companies have historically allocated to their subsidiaries, see Exhibit 3. To aid in this analysis, we reviewed the fiscal year 2019 FERC Form 60s as noted above. Each FERC Form 60 is required to include a schedule, “Schedule XXI – Methods of Allocation,” that specifies all functions for which the service company is allocating costs, and a description of the method of allocation (we discuss methods of allocation later in this report). We analyzed the allocation factors within the FERC Form 60s of APUC’s peers based on the “comparator group” reported within the 2020 and 2019 Management Information Circular posted on the Company’s website. Through this exercise, we compared both the general allocator as well as cost causative factors by cost pools used by APUC allocators that have been accepted by the FERC and the New Brunswick Energy and Utilities Board, noting that the Company’s allocation methodology of utilizing a general allocator is consistent with its peers and there were no cost pools identified that would suggest the Company is an outlier.

Given the costs subject to this pool do not have an obvious cost-causative driver to allocate, this weighting is considered appropriate because, as stated above, to not weigh any one factor more than another. From analysis of the FERC Form 60s filed in 2019, we further verified that the use of a general allocator is common among the Company’s peers.

Mathematical accuracy

We obtained the monthly allocation files for each month during the fiscal year 2020 for each company (APUC, LUC, LUSC and LABS) and reviewed the files for consistency in calculations. Further, we selected two months at random to perform a detailed recalculation from the cost pool detail through the relevant allocations down to the final entity. Through these procedures, for the two-months subject to testing, we determined the costs are being allocated in accordance with the company’s CAM. Refer to the illustrative example below for further detail on the procedures performed.

Illustrative example - Cost allocator

Cost allocation factors are updated annually, and periodically throughout the year when changes to the business occur. The cost allocator calculation is completed for all four business units (APUC, LABS, LUC, and LUSC) within a single manual spreadsheet. During 2020, cost allocation factors were updated in April, June, and November. As such, in accordance with audit testing methodology for attribute testing, we determined it appropriate to test two months (April and November) of allocators and complete the procedures for all business units. Refer to the screenshot below for PwC’s testing over the APUC cost allocator for April:

APUC April 2020 - March 2021 Allocation <i>as at April xx, 2020</i>										
	All Employees		O&M		Revenue		Net Plant		Oakville Employees	
	Headcount	%	USD	%	USD	%	USD	%	Headcount	%
LP (APCO)	176	7%	75,209	15%	240,692	20%	2,444,382	34%	90	29%
LU	2,266	93%	412,456	85%	980,770	80%	4,754,373	66%	219	71%
Total	2,442	100%	487,665	100%	1,221,462	100%	7,198,755	100%	309	100%
Legal Costs		33.333%		33.333%				33.333%		
Tax Services						33.333%		33.333%		
Audit						33.333%		33.333%		
Investor Relations						33.333%		33.333%		
Director Fee & Insurance						33.333%		33.333%		
Licenses, Fees, and Permits						33.333%		33.333%		
Escrow & transfer Agent Fees						33.333%		33.333%		
Other Professional Services						33.333%		33.333%		
Office Administration Costs		50.00%								50.00%
Travel- CAM category is Other Other Professional Services.				33.333%		33.333%		33.333%		
Executive Salaries and Strategic Management				33.333%		33.333%		33.333%		

2020 Percentages			
Summary	APCO	LU	Total
Legal Costs	18.9%	81.1%	100.00%
Tax Services	23.0%	77.0%	100.00%
Audit	23.0%	77.0%	100.00%
Investor Relations	23.0%	77.0%	100.00%
Director Fee & Insurance	23.0%	77.0%	100.00%
Licenses, Fees, and Permits	23.0%	77.0%	100.00%
Escrow & transfer Agent Fees	23.0%	77.0%	100.00%
Other Professional Services	23.0%	77.0%	100.00%
Office Administration Costs	18.2%	81.8%	100.00%
Travel- CAM category is Other Other Professional Services.	23.0%	77.0%	100.00%
Executive and Strategic Management	23.0%	77.0%	100.00%

2019 Percentages			
Summary	APCO	LU	Total
Legal Costs	17.9%	82.1%	100.00%
Tax Services	21.5%	78.5%	100.00%
Audit	21.5%	78.5%	100.00%
Investor Relations	21.5%	78.5%	100.00%
Director Fee & Insurance	21.5%	78.5%	100.00%
Licenses & Fees	21.5%	78.5%	100.00%
Escrow transfer Agent	21.5%	78.5%	100.00%
Other Professional	21.5%	78.5%	100.00%
Office Administration	17.4%	82.6%	100.00%
Travel	21.5%	78.5%	100.00%
Executive Salaries	21.5%	78.5%	100.00%

LU Comparison
-1.0%
-1.5%
-1.5%
-1.5%
-1.5%
-1.5%
-1.5%
-1.5%
-0.8%
-1.5%
-1.5%

As noted in the screenshot above, first we traced and agreed all inputs to the allocations to the original source data. Second, we recalculated the allocation percentage between the regulated and non-regulated business based on the initial inputs. Third, we traced and agreed the cost pool allocation to the CAM guidance. Finally, we recalculated the distinct cost pool allocator by applying the three-factor method as described in the methodology. We completed the same tie out and recalculation procedures on the cost allocator calculations for LABS, LUC, and LUSC, determining that the allocation factors are mathematically accurate.

Illustrative example - Cost pool calculation

Each month the cost allocators, calculated above, are applied to their cost pools to appropriately calculate their allocations. To determine if costs are allocated in accordance with the CAM, we recalculated the allocation of costs to all entities for two months. Refer to the screenshot below for our recalculation over APUC cost pool calculations and final allocation:

Per APUC Report - Consolidated										FX 1.3953																	
Total from report		APCO Allocation - CAD		LU Allocation - USD, in USD		LU Allocation																					
		%		%																							
Legal Costs	\$73,392.6	18.9%	\$ 19,315	81.1%	\$ 59,549	\$ 59,549																					
Tax Services	\$98,363.0	23.0%	\$ 31,605	77.0%	\$ 75,712	\$ 75,712																					
Audit	\$192,329.1	23.0%	\$ 61,796	77.0%	\$ 148,040	\$ 148,040																					
Investor Relations	\$577,138.1	23.0%	\$ 185,438	77.0%	\$ 444,236	\$ 444,236																					
Director Fee & Insurance	\$59,205.8	23.0%	\$ 19,023	77.0%	\$ 45,572	\$ 45,572																					
Licenses & Fees	\$94,317.9	23.0%	\$ 30,305	77.0%	\$ 72,599	\$ 72,599																					
Escrow transfer Agent	\$ 0.0	23.0%	\$ -	77.0%	\$ -	\$ -																					
Other Professional	(\$1,209.2)	23.0%	\$ (389)	77.0%	\$ (931)	\$ (931)																					
Office Administration	\$28,086.1	18.2%	\$ 7,119	81.8%	\$ 22,984	\$ 22,984																					
Other Professional - Travel	\$45,449.9	23.0%	\$ 14,603	77.0%	\$ 34,984	\$ 34,984																					
Other Professional - Travel - Aircraft	\$276,870.5	23.0%	\$ 88,960	77.0%	\$ 213,114	\$ 213,114																					
Executive & Strategic Management - Salaries & Benefits	\$460,094.0	23.0%	\$ 147,831	77.0%	\$ 354,145	\$ 354,145																					
Total	\$1,904,037.8		\$ 605,607		\$ 1,470,004	\$ 1,470,004																					
										7.53%	6.64%	4.60%	10.75%	6.97%	0.31%	0.08%	1.63%	0.04%	5.51%	6.15%	0.17%	0.21%	5.52%	39.41%	2.21%	2.22%	0.07%
										LW/8020	Calpeco 8800	GS 8830	EN 8840	Midstases Gas 8850	Midstases Water 8640	Midstases Sewer 8640	ARK 8606	Woodson-Hensley 8603	Georgia 8862	NEG 8866	Whitehall Water 8608	Whitehall Sewer 8609	Park Water	Empire	NewBrunswick Gas	St Lawrence Gas	Tinker Transmission
Legal Costs	\$	107	\$ 207	\$ (245)	\$ 26	\$ 67	\$ 4	\$ 1	\$ 17	\$ (3)	\$ (14)	\$ 36	\$ (63)	\$ 3	\$ 27	\$ (149)	\$ 23	\$ (27)	\$ (16)								
Tax Services	\$	137	\$ 264	\$ (312)	\$ 35	\$ 86	\$ 5	\$ 21	\$ (3)	\$ (17)	\$ 45	\$ (81)	\$ 4	\$ 35	\$ (189)	\$ 29	\$ (35)	\$ (21)									
Audit	\$	267	\$ 515	\$ (610)	\$ 65	\$ 166	\$ 11	\$ 3	\$ 42	\$ (7)	\$ (34)	\$ 88	\$ (157)	\$ 7	\$ 68	\$ (370)	\$ 56	\$ (68)	\$ (41)								
Investor Relations	\$	801	\$1,546	\$ (1,831)	\$ 193	\$ 497	\$ 32	\$ 8	\$ 125	\$ (20)	\$ (102)	\$265	\$ (473)	\$ 21	\$ 503	\$ (1,109)	\$ 168	\$ (204)	\$ (123)								
Director Fee & Insurance	\$	82	\$ 159	\$ (188)	\$ 20	\$ 51	\$ 3	\$ 1	\$ 13	\$ (2)	\$ (11)	\$ 27	\$ (48)	\$ 2	\$ 21	\$ (114)	\$ 17	\$ (21)	\$ (13)								
Licenses & Fees	\$	131	\$ 253	\$ (299)	\$ 32	\$ 81	\$ 5	\$ 1	\$ 20	\$ (3)	\$ (17)	\$ 43	\$ (77)	\$ 3	\$ 33	\$ (181)	\$ 28	\$ (33)	\$ (20)								
Escrow transfer Agent	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -								
Other Professional	\$	(2)	\$ (3)	\$ 4	\$ (0)	\$ (1)	\$ (0)	\$ (0)	\$ (0)	\$ 0	\$ 0	\$ (1)	\$ 1	\$ (0)	\$ (0)	\$ 2	\$ (0)	\$ 0	\$ 0								
Office Administration	\$	41	\$ 80	\$ (95)	\$ 10	\$ 26	\$ 2	\$ 0	\$ 6	\$ (1)	\$ (5)	\$ 14	\$ (24)	\$ 1	\$ 11	\$ (57)	\$ 9	\$ (11)	\$ (6)								
Other Professional - Travel	\$	63	\$ 122	\$ (144)	\$ 15	\$ 39	\$ 2	\$ 1	\$ 10	\$ (2)	\$ (8)	\$ 21	\$ (37)	\$ 2	\$ 16	\$ (87)	\$ 13	\$ (16)	\$ (10)								
Other Professional - Travel - Aircraft																											
Executive & Strategic Management - Salaries & Benefits	\$	639	\$1,233	\$ (1,459)	\$ 156	\$ 396	\$ 25	\$ 6	\$ 99	\$ (16)	\$ (82)	\$211	\$ (377)	\$ 17	\$ 162	\$ (884)	\$ 134	\$ (162)	\$ (98)								
	\$	2,267	\$4,375	\$ (5,180)	\$ 553	\$ 1,405	\$ 90	\$ 22	\$ 353	\$ (57)	\$ (290)	\$750	\$ (1,337)	\$ 59	\$ 575	\$ (3,138)	\$ 476	\$ (576)	\$ (347)								

Exhibit 1 – FERC Form 60 analysis – Direct charging percentages

Schedule XVII – Analysis of billing – Associate companies (Account 457)⁴

Company	Direct charges	Indirect charges	Total	% Direct
Allegheny Energy Service Corporation	(3,478,868)	0	(3,478,868)	100%
ATC Management Inc.	114,256,597	0	114,256,597	100%
Avangrid Service Company	215,445,184	0	215,445,184	100%
Columbia Pipeline Group Service Company	12,927,828	0	12,927,828	100%
National Grid Engineering & Survey, Inc.	62,724,377	111,955	62,836,332	100%
National Grid USA Service Company Inc.	2,679,362,707	39,549,266	2,718,911,973	99%
Entergy Nuclear Operations, Inc.	538,316,287	11,945,559	550,261,846	98%
Entergy Operations, Inc.	592,825,726	14,157,781	606,983,507	98%
Entergy Enterprises, Inc.	137,526,565	5,436,297	142,962,862	96%
Entergy Services, LLC	1,493,373,708	82,312,730	1,575,686,438	95%
Liberty Utilities Service Corp	185,577,826	19,236,654	204,814,480	91%
Ameren Services Company	438,304,912	66,277,755	504,582,667	87%
Southern Company Services, Inc.	1,641,635,744	266,203,999	1,907,839,743	86%
Southern Nuclear Operating Company, Inc.	872,884,799	150,090,430	1,022,975,229	85%
American Electric Power Service Corporation	1,395,321,358	263,838,026	1,659,159,384	84%
PPL EU Services Corporation	118,378,939	36,711,919	155,090,858	76%
Dominion Energy Southeast Services, Inc.	321,131,139	118,588,606	439,719,745	73%
Liberty Utilities (Canada) Corp.	62,489,175	23,992,759	86,481,934	72%
Alliant Energy Corporate Services, Inc.	219,475,201	98,350,743	317,825,944	69%
Duke Energy Business Services, LLC	2,492,153,525	1,242,623,655	3,734,777,180	67%
AES U.S. Services, LLC	82,321,803	41,619,490	123,941,293	66%
CenterPoint Energy Service Company, LLC	423,258,832	216,453,598	639,712,430	66%
Dominion Energy Services, Inc.	518,940,004	326,727,735	845,667,739	61%

⁴ Source: "Schedule XVII - Analysis of Billing" - Associate Companies per the FERC Form 60's filed with the FERC for fiscal year 2019

Company	Direct charges	Indirect charges	Total	% Direct
GridLiance Management, LLC	12,085,046	9,419,192	21,504,238	56%
Xcel Energy Services Inc.	754,303,916	619,273,619	1,373,577,535	55%
Eversource Energy Service Company	417,811,235	464,890,694	882,701,929	47%
Unitil Service Corporation	28,680,426	33,453,185	62,133,611	46%
Exelon Business Services Company, LLC	840,951,644	1,063,651,695	1,904,603,339	44%
NiSource Corporate Services Company	198,658,714	265,830,801	464,489,515	43%
PPL Services Corporation	51,763,704	89,118,515	140,882,219	37%
FirstEnergy Service Company	318,454,007	591,305,053	909,759,060	35%
WEC Business Services LLC	186,529,804	464,906,991	651,436,795	29%
PHI Service Company	105,727,868	289,546,938	395,274,806	27%
LG&E and KU Services Company	91,447,624	252,903,989	344,351,613	27%
TECO Services, Inc.	22,150,108	65,564,577	87,714,685	25%
Algonquin Power & Utilities Corp.	4,774,034	14,491,067	19,265,101	25%
Sempra North American Infrastructure, LLC	29,809,865	92,018,710	121,828,575	24%
PNMR Services Company	32,978,879	102,332,822	135,311,701	24%
Black Hills Service Company, LLC	69,693,105	275,855,498	345,548,603	20%
Sempra Services Corporation	0	5,737,848	5,737,848	0%
Grand Total	17,780,973,347	7,724,530,151	25,505,503,498	70%
Mean				63%
Median				67%
APUC Consolidated	252,841,035	57,720,480	310,561,515	81%

Exhibit 2 – Necessity and benefits analysis of company costs

Necessity attributes:		Benefit attributes		
1. Corporate governance		1. Reduce risk or avoid risk		
2. Regulatory mandate		2. Increase employee productivity		
3. Legal compliance		3. Provide management information		
4. Management oversight		4. Enhance corporate performance		
5. Corporate Operational execution		5. Increase reliability		
6. Strategic planning				

Business Unit	Cost type	Are the activities performed necessary for the enterprise?	Do the activities provide demonstrated benefits?	Allocation methodology
APUC	Legal Costs ⁵	1, 2, 3	1	Net Plant 33.3% Number of Employees 33.3% O&M 33.3%
APUC	Tax Services	3	1	Revenue 33.3% O&M 33.3% Net Plant 33.3%
APUC	Audit	2, 3	1, 5	Revenue 33.3% O&M 33.3% Net Plant 33.3%
APUC	Investor Relations	1, 6	1, 5	Revenue 33.3% O&M 33.3% Net Plant 33.3%
APUC	Director Fees and Insurance	1, 3, 4, 5, 6	1, 4, 5	Revenue 33.3% O&M 33.3% Net Plant 33.3%
APUC	Licenses, Fees and Permits	2, 3, 5	1, 5	Revenue 33.3% O&M 33.3% Net Plant 33.3%
APUC	Escrow and Transfer Agent Fees	3, 5	1, 5	Revenue 33.3% O&M 33.3%

⁵ Refer to Exhibit 4 for analysis of costs that may appear to overlap across APUC, LUC, LUSC and the local entity

Business Unit	Cost type	Are the activities performed necessary for the enterprise?	Do the activities provide demonstrated benefits?	Allocation methodology
				Net Plant 33.3%
APUC	Other Professional Services	5, 6	4	Revenue 33.3% O&M 33.3% Net Plant 33.3%
APUC	Other Administration Costs	5	2	Oakville Employees 50% Total Employees 50%
APUC	Executive and Strategic Management	5, 6	1, 4	Revenue 33.3% O&M 33.3% Net Plant 33.3%
LABS	Information Technology	5	2, 3, 4, 5	Number of Employees 90% O&M 10%
LABS	Human Resources ⁵	5	1, 3, 4, 5	Number of Employees 100%
LABS	Training	1, 2, 3, 5	1, 2, 4, 5	Number of Employees 100%
LABS	Facilities and Building Rent	5	4	Oakville Employees 100%
LABS	Environment, Health, Safety and Security	2, 3, 5	1, 5	Number of Employees 100%
LABS	Procurement	2, 5	1, 4, 5	O&M 50% Capital Expenditures 50%
LABS	Executive and Strategic Management	5, 6	1, 4	Revenue 33.3% O&M 33.3% Net Plant 33.3%
LABS	Technical Services	5	4	Net Plant 33.3% Revenue 33.3% O&M 33.3%
LABS	Utility Planning	2, 5	1, 4, 5	Net Plant 33.3% Revenue 33.3% O&M 33.3%
LABS	Risk Management	5	1, 5	Net Plant 33.3% Revenue 33.3% O&M 33.3%
LABS	Financial Reporting, Planning and Administration ⁵	2, 3, 5, 6	1, 3, 4	Revenue 33.3% O&M 33.3% Net Plant 33.3%
LABS	Treasury ⁵	3, 5, 6	1, 3, 4	Capital Expenditures 25% O&M 50% Net Plant 25%

Business Unit	Cost type	Are the activities performed necessary for the enterprise?	Do the activities provide demonstrated benefits?	Allocation methodology
LABS	Internal Audit	2, 3, 4	1, 3, 5	Net Plant 25% O&M 75%
LABS	External Communications			Total Employees 100%
LABS	Legal Costs ⁵	3	1, 5	Net Plant 33.3% Number of Employees 33.3% O&M 33.3%
LABS	Compliance	1, 2, 3, 4	1, 3, 5	Revenue 33.3% O&M 33.3% Net Plant 33.3%
LUSC/LUC	Customer Care and Billing	5	4, 5	Four Factor Allocator
LUSC/LUC	IT/Tech Support	5	2, 3, 4, 5	Four Factor Allocator
LUSC/LUC	Human Resources ⁵	5	1, 3, 4, 5	Four Factor Allocator
LUSC/LUC	Gas Control	2, 5	1, 3, 5	Four Factor Allocator
LUSC/LUC	Legal ⁵	1, 2, 3	1	Four Factor Allocator
LUSC/LUC	Compliance	1, 2, 3, 4	1, 3, 5	Four Factor Allocator
LUSC/LUC	Regulatory & Government Relations	1, 2, 3	1, 5	Four Factor Allocator
LUSC/LUC	Environmental, Health, Safety and Security	2, 3, 5	1, 5	Four Factor Allocator
LUSC/LUC	Procurement	2, 5	1, 4, 5	Four Factor Allocator
LUSC/LUC	Operations	5	2, 4, 5	Four Factor Allocator
LUSC/LUC	Engineering; Dispatch and Control	5	2, 4, 5	Four Factor Allocator
LUSC/LUC	Outage Management	5	1, 2, 4, 5	Four Factor Allocator
LUSC/LUC	GIS/Mapping	5	3, 4, 5	Four Factor Allocator
LUSC/LUC	Vegetation Management	5	1, 5	Four Factor Allocator
LUSC/LUC	Energy Procurement	2, 5	1, 4, 5	Four Factor Allocator
LUSC/LUC	Accounting and Finance ⁵	2, 3, 5, 6	1, 3, 4	Four Factor Allocator
LUSC/LUC	Managerial	1, 5, 6	1, 4, 5	Four Factor Allocator
LUSC/LUC	Utility Planning	2, 5	1, 4, 5	Four Factor Allocator
LUSC/LUC	Customer Communication	5	1, 5	Four Factor Allocator

Exhibit 3 – FERC form 60 analysis – General allocator methodology

Schedule XXI – Methods of allocation⁶

	Algonquin power & utilities Corp.	Liberty utilities (Canada) Corp.	Alliant energy corporate services, Inc.	CenterPoint energy service company, LLC	PNMR services company	Black hills corporation
4 Factor	Utilities (40% customer count, 20% utility net plant, 20% non-labor exp, 20% labor exp)	Utilities (40% customer count, 20% utility net plant, 20% non-labor exp, 20% laborexp)				
3 Factor	Legal Costs (33% Plant, 33% # of employees, 33% OM) Tax Services (33% Rev, 33% OM, 33% Plant) Audit (33% Rev, 33% OM, 33% Plant) Investor Relations (33% Rev, 33% OM, 33% Plant) Director Fees and Insurance (33% Rev, 33% OM, 33% Plant) Escrow and transfer Agent Fees (33% Rev, 33% OM, 33% Plant) Other Professional Services (33% Rev, 33% OM, 33% Plant) Executive and Strategic Management (33% Rev, 33% OM, 33% Plant)	Executive and Strategic Management (33% Rev, 33% OM, 33% Plant) Technical Services (33% Rev, 33% OM, 33% Plant) Utility Planning (33% Rev, 33% OM, 33% Plant) Risk Management (33% Rev, 33% OM, 33% Plant) Financial Reporting, Planning, and Administration (33% Rev, 33% OM, 33% Plant) Treasury (25% capex, 50% OM, 25% Plant) Legal Costs (33% # of employees, 33% OM, 33% Plant) Compliance (33% Rev, 33% OM, 33% Plant)	Legal costs (33% # of employees, 33% total assets, 33% op. revs) Taxes (33% # of employees, 33% total assets, 33% op. revs) Benefits (33% # of employees, 33% total assets, 33% op. revs) Planning (33% # of employees, 33% total assets, 33% op. revs) Materials management (materials, supplies, and services)	Asset Ratio Corporate Governance Costs (40% assets, 40% gross margin, 20% head count)	Utility Shared Services (Massachusetts methods)	Blended ratio (33% gross margin, 33% asset cost, 33%, payroll)

⁶ Source: "Schedule XXI – Methods of Allocation" per the FERC Form 60's filed with the FERC for fiscal year 2019

2 Factor	Algonquin power & utilities Corp.	Liberty utilities (Canada) Corp.	Alliant energy corporate services, Inc.	CenterPoint energy service company, LLC	PNMR services company	Black hills corporation
	IT (90% # of employees, 10% OM) Procurement (50% OM, 50% capex) Internal Audit (25% net plant, 75% OM)	Human Resources (# of employees) Training (# of employees) Facilities and Building Rent (# of employees) Environment, Health, Safety, and Security (# of employees) External Communications (# of employees)	Engineering and Construction (utility type and function)	Operating Expense ratio	Facilities and Building (Sq. footage and occupancy)	
1 Factor	Other Admin Costs (# of employees)	IT (# of employees) Transportation (# of employees) Human Resources (# of employees) Facilities and Building (# of employees) Power planning (volumes) Electric production admin (volumes) Electric and gas delivery admin (# of customers) Environmental affairs (volumes) Customer billing/payment processing (# of bills) Customer Service, Customer Assistance and Customer Relations (# of customers) Public and Community Affairs (# of employees or customers) Rates (# of customers) Electric System Maintenance (miles of distribution lines) Investor Relations (total assets) Insurance and Risk Management (Total assets) Internal audit (Op. Revs) Real Estate and Right of way (gross plant) Fuel (volumes) Gas Acquisition and dispatch (volumes) Accounting (Op. Revs) Other Admin (Op. Revs) Finance (Op. Revs)	Head Count Ratio w/retirees Head Count Ratio w/o retirees Head Count Ratio w/retirees and inactive employees Union Head Count Ratio Wellness Head Count Ratio Direct Labor Ratio Client Unit Usage Ratio Sq. Footage Ratio Cross-Charges	IT (# of employee's) Financial Systems (volume of transactions) A/P Admin and Maintenance (volume of transactions) Depreciation, Asset Retirement, clearing completed construction projects to plant, fixed asset software maintenance (depreciable assets) Work management system (transaction count) Benefits (# of employee's) Ethics (# of employee's) Governance (# of employee's) Payroll (# of employee's) People Services (# of employee's) Communications (# of employee's)		

Exhibit 4 – Delineation of roles and responsibilities

This exhibit shows our analysis of costs that may appear to overlap across APUC, LUC, LUSC and the local entity. As shown below, we did not identify any instances of redundancy through this exercise.

Cost pool	Shared service role (costs allocated from APUC, LUC, LUSC or LABS)	Local utility role
Finance	The Finance/Treasury organization ensures that regulated utilities meet audit standards and regulatory requirements, have strong financial and operational controls, and are recording financial transactions accurately and prudently. They receive inputs from the utilities to consolidate and manage intercompany billings. Finance/Treasury also coordinates financing for capital projects for the regulated utilities along with capital planning and related services.	Finance focuses on specific entity performance and reports to the centralized finance group.
Legal	Legal services oversees all general legal matters pertaining to all entities. These legal services include review of audited financial statements, annual information filings, Sedar filings, review of contracts, incorporation, tax issues of a legal nature, market compliance, and other legal issues.	Legal departments at the local utility level focus on specific rate cases or items relevant to the entity's jurisdictions.
Human Resources	The Human Resources functions include the management and oversight of training and development of employees, ensuring employees are provided healthy and safe work environments, and receive competitive salaries and benefits.	Human resource functions at the utility level are focused on activities such as hiring and employee-related matters specific to that entity.

Thank you

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Previous Arizona Rate Cases Involving Allocated Costs

Arizona Rate Cases Involving Allocated Costs from Affiliated Transactions

1. *Liberty Utilities (Black Mountain Sewer) Corp.*, Docket No. SW-02361A-05-0657, Decision No. 69164 (December 5, 2006) **Pre-CAM**
2. *Liberty Utilities (Gold Canyon Sewer) Corp.*, Docket No. SW-02519A-06-0015, Decision No. 69664 (June 28, 2007) **Pre-CAM**
3. *Liberty Utilities (Black Mountain Sewer) Corp.*, Docket No. SW-02361A-08-0609, Decision No. 71865 (September 1, 2010) **Pre-CAM**
4. *Liberty Utilities (Litchfield Park Water & Sewer) Corp.*, Docket No. SW-01428A-090103, *et al.*, Decision No. 72026 (December 10, 2010) **SETTLED**
5. *Liberty Utilities (Rio Rico Water & Sewer) Corp.*, Docket No. WS-02676A-09-0257, Decision No. 72059 (January 6, 2011) **SETTLED**
6. *Liberty Utilities (Bella Vista Water) Corp.*, Docket No. W-02465A-09-0411, *et al.*, Decision No. 72251 (April 7, 2011) **SETTLED**
7. *Liberty Utilities (Rio Rico Water & Sewer) Corp.*, Docket No. WS-02676A-12-0196, Decision No. 73996 (July 30, 2013) **SETTLED**
8. *Liberty Utilities (Litchfield Park Water & Sewer) Corp.*, Docket No. SW-01428A-130042, Decision No. 74437 (April 18, 2014) **SETTLED**
9. *Liberty Utilities (Black Mountain Sewer) Corp.*, Docket No. SW-02361A-15-0206, *et al.*, Decision No. 75510 (April 22, 2016) **SETTLED**
10. *Liberty Utilities (Bella Vista Water) Corp. and Liberty Utilities (Rio Rico Water & Sewer) Corp.*, Docket No. W-02465A-15-0367, *et al.*, Decision No. 75809 (November 21, 2016) **SETTLED**
11. *Liberty Utilities (Entrada Del Oro Sewer) Corp.*, Docket No. SW-04316A-16-0085, *et al.*, Decision No. 76019 (March 22, 2017) **SETTLED**
12. *Liberty Utilities (Litchfield Park Water & Sewer) Corp.*, Docket No. SW-01428A-17-0058, *et al.*, Decision No. 76799 (August 15, 2018) **SETTLED**
13. *Liberty Utilities (Black Mountain Sewer) Corp.*, Docket No. SW-02361A-19-0139, Decision No. 78017 (May 18, 2021) **SETTLED**
14. *Liberty Utilities (Entrada del Oro Sewer) Corp. and (Gold Canyon Sewer) Corp.*, Docket No. SW-04316A-21-0325, *et al.*, Decision No. 78871 (March 16, 2023) **SETTLED**

15. *Liberty Utilities (AZ Consolidated) Corp.*, Docket No. WS-02676A-23-0340 et.al, Decision No. 81361 (February 21, 2025) **SETTLED**
16. *Liberty Utilities (Litchfield Park Water & Sewer) Corp.*, Docket No. W-01427A-25-0126, *et al.*, *Decision Pending anticipating August 2026*, Includes Consideration of Partial Settlement Agreement

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DIRECT TESTIMONY OF REGINA WISE

ON BEHALF OF

LIBERTY UTILITIES (BLACK MOUNTAIN SEWER) CORP.

AND

LIBERTY UTILITIES (GOLD CANYON SEWER) CORP.

June 30, 2026

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1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. Please state your name, employer, and occupation.**

3 A My name is Regina Wise. I am employed by Liberty Utilities Service Corp. as its
4 Senior Manager of Rates and Regulatory Affairs. In that role, I am responsible for
5 water and wastewater rate cases and regulatory proceedings for regulated Liberty
6 Utilities entities in Arizona and Texas, including Liberty Utilities (Black Mountain
7 Sewer) Corp. ("Liberty Black Mountain") and Liberty Utilities (Gold Canyon
8 Sewer) Corp. ("Liberty Gold Canyon") (collectively, the "Companies").

9 **Q. Please describe your experience and qualifications.**

10 A. In 1999, I completed my Bachelor of Science from California State University,
11 Chico in Business Administration. I have ten years' experience in the utility
12 industry. I held the position of Finance Manager and Treasurer for a public utility
13 in Truckee, CA, the Truckee Donner Public Utility District, serving electric and
14 water to the community. Additionally, I worked at NV Energy in Nevada as the
15 Revenue and Rates Manager which led me to a Senior Analyst position for Arizona
16 and Texas with Liberty Utilities. I've since been promoted to my current position
17 of Senior Manager, Rates and Regulatory.

18 **Q. Have you previously testified before the Commission?**

19 A. Yes. I testified in Liberty's most recent rate case filing for Liberty Litchfield Park.¹

20 **II. PURPOSE OF TESTIMONY**

21 **Q. What is the purpose of your testimony?**

22 A. The purpose of my testimony is to support certain tariff revisions proposed by
23 Liberty Black Mountain and Liberty Gold Canyon in their respective rate cases.
24 Because many of the proposed tariff revisions are substantially similar for both
25 companies, I address those common tariff changes together in this testimony.
26 Where a proposed tariff revision applies only to one company, I identify that
27 distinction. Specifically, my testimony addresses proposed revisions to the
28

¹ Docket Nos. W-01427A-25-0126 and SW-01428A-25-0127.

Companies' Customer Assistance Tariffs ("CAT"), Statements of Terms and Conditions, Industrial Pretreatment tariffs, and certain other service charges. For Liberty Black Mountain, my testimony also supports the Company's request for approval of a Purchased Power Adjustment Mechanism ("PPAM"), a Property Tax Adjustment Mechanism ("PTAM"), an influent meter and metering system installation charge, and a Purchased Wastewater Treatment Adjustor Mechanism. Liberty Gold Canyon already has existing PPAM and PTAM mechanisms; therefore, my testimony does not seek initial approval of those mechanisms for Liberty Gold Canyon. The Companies' revised tariffs are included as Appendix RW_Dir 1.

III. CUSTOMER ASSISTANCE TARIFF

Q. Are the Companies proposing changes to their existing customer financial assistance programs?

A. Yes. The Companies are proposing to revise the eligibility requirements for the Low-Income program under their Customer Assistance Tariffs ("CAT"). The CAT includes the Low-Income, Deployed Service Member, and Disabled Veteran programs, which are designed to help alleviate financial hardship for qualifying customers. The Companies are proposing to increase the income eligibility threshold for the Low-Income program from 150% to 200% of the federal poverty level. This change would align the Low-Income program eligibility threshold with the existing income eligibility threshold for the Deployed Service Member and Disabled Veteran programs, which are already set at 200% of the federal poverty level. This proposed change is also consistent with the customer assistance tariff recently approved by the Commission in Decision No. 81361, dated June 18, 2025.

Q. How is the CAT administered?

A. Customers will be eligible to apply for relief on a first come, first served basis with a limit of customers, as stated in the Tariffs, to participate in the CAT programs. Customers submit applications which are reviewed by the Companies' Customer

Care team for verification of eligibility. Enrolled customers must also go through a recertification process every two years to remain eligible for the reduced rate.

Q. How are the costs of the CAT recovered?

A. Costs associated with the CAT are recovered through a surcharge charged to all non-participating customers. The Companies will calculate the monthly surcharge each year based on the active number of customer connections as of December 31 of the prior year. The Companies propose filing notice of the surcharge, along with a report on the CAT, with the Commission on or before January 31 and the surcharge would be implemented on customer bills in February of each year with the recovery period ending in January of the following year.

Q. Are the Companies proposing any other changes to the Customer Assistance Tariff?

A. No.

IV. STATEMENT OF TERMS AND CONDITIONS

Q. Are the Companies proposing changes to the existing Statement of Terms and Conditions within the Tariff?

A. Yes. The Companies are proposing to add language to their tariffs that address the responsibilities of the Companies and their customers when utility service is provided and used. The proposed language is intended to clarify when the Companies may be responsible for damages, and when responsibility remains with the customer or another party.

Q. Why is the proposed liability limitation language appropriate?

A. The Companies are proposing this language to provide greater clarity and certainty for customers and the Companies. The tariff should clearly explain that the Companies are responsible for providing utility service through their own facilities, but do not inspect, maintain, or control customer-owned piping, equipment, or apparatus. The proposed language also recognizes that service issues may arise from events outside of the Companies' control, customer actions, or third-party

1 actions. In those situations, it is reasonable for the tariff to explain the limits of the
2 Companies' responsibility.

3 **Q. Does the proposed language remove all responsibility from the Companies?**

4 A. No. The proposed language does not remove all responsibility from the Companies.
5 The language includes important customer protections by recognizing that the
6 liability limitations do not apply where damages are caused by the Companies'
7 willful misconduct or gross negligence. Therefore, the proposed language is not
8 intended to excuse improper Company conduct. Rather, it is intended to create a
9 reasonable limit on claims arising from matters the Companies do not control.

10 **Q. How does the proposed language address customer-owned facilities and**
11 **customer actions?**

12 A. The proposed language clarifies that customers remain responsible for their own
13 piping, equipment, and actions. This is important because the Companies do not
14 control how customer-owned facilities are installed, maintained, or used. The
15 language also addresses situations where a customer, or someone acting on the
16 customer's behalf, interferes with Company facilities or causes damage through
17 negligent or wrongful conduct. In those situations, the proposed language assigns
18 responsibility to the party whose actions caused the issue.

19 **Q. How does the proposed language benefit customers and the Companies?**

20 A. The proposed language benefits customers and the Companies by making the tariff
21 clearer and easier to apply. Customers benefit because the tariff will better explain
22 the limits of the Companies' responsibility and the customer's responsibility for
23 customer-owned facilities. The Companies benefit because the tariff provides
24 reasonable protection from claims caused by matters outside of their control.
25 Overall, the proposed language promotes clarity, fairness, and consistency, while
26 preserving appropriate customer protections.

1 **V. INDUSTRIAL PRETREATMENT TARIFF**

2 **Q. Are the Companies proposing updates to their Pretreatment tariffs in this rate**
3 **case?**

4 A. Yes. The Companies are proposing to update their Pretreatment tariffs for Liberty
5 Black Mountain and Liberty Gold Canyon. The proposed updates are intended to
6 modernize the tariff language, improve clarity, and align the Pretreatment tariff
7 with the structure and language recently filed in the Liberty Litchfield Park rate
8 case.²

9 **Q. Why are the Companies proposing these updates?**

10 A. The current Pretreatment tariff language for Liberty Black Mountain and Liberty
11 Gold Canyon is being updated to provide a clearer and more organized framework
12 for regulating certain wastewater discharges into the Companies' wastewater
13 collection systems. The proposed updates will make the tariffs easier to understand
14 and administer, while preserving the Companies' ability to protect their wastewater
15 systems from discharges that could interfere with operations, create safety
16 concerns, or result in noncompliance with applicable requirements.

17 **Q. What approach did the Companies use to prepare the proposed Pretreatment**
18 **tariff updates?**

19 A. As noted above, the Companies used the Pretreatment tariff language filed in the
20 Liberty Litchfield Park rate case as the starting point and then made targeted
21 revisions to that language to reflect the circumstances applicable to Liberty Black
22 Mountain and Liberty Gold Canyon.

23 **Q. Why did the Companies use the Liberty Litchfield Park Pretreatment tariff**
24 **as the starting point?**

25 A. The Companies used the Liberty Litchfield Park Pretreatment tariff as the starting
26 point because that language reflects a more current and organized approach to the
27 Companies' pretreatment requirements. In that case, the Liberty Litchfield Park
28

² Docket Nos. W-01427A-25-0126 and SW-01428A-25-0127.

1 worked closely with Staff to develop tariff language that addressed Staff's concerns
2 and provided a more organized framework for pretreatment requirements. It also
3 promotes consistency across Liberty's Arizona wastewater utilities where similar
4 tariff provisions are appropriate. Using that language as the base allowed the
5 Companies to focus the proposed changes on the differences necessary for Liberty
6 Black Mountain and Liberty Gold Canyon, rather than creating unnecessary
7 variation between tariffs.

8 **Q. How is the proposed redline presented?**

9 A. The proposed redline is presented against the Pretreatment tariff language filed in
10 the Liberty Litchfield Park rate case. The Companies used this presentation
11 because the Liberty Black Mountain and Liberty Gold Canyon Pretreatment tariffs
12 are being reorganized to align with the Liberty Litchfield Park structure. A redline
13 against the existing Liberty Black Mountain and Liberty Gold Canyon tariff
14 language would be difficult to follow because the reorganization would make
15 nearly the entire section appear revised, even where the underlying tariff concept
16 is not materially changing from the one proposed in the currently active proceeding
17 for Liberty Litchfield Park rate case, Docket SW-01428A-25-0127.

18 **VI. OTHER SERVICE CHARGES**

19 **Q. Are there any additional tariff changes that apply to both Companies that you**
20 **would like to identify?**

21 A. Yes, in addition to the above, the Companies are proposing increases to the
22 establishment, NSF Check, and after-hours service call charges. The Companies
23 are proposing an additional tariff that enables a charge to be applied when a failed
24 inspection occurs for new wastewater connections for wastewater. The Companies
25 are proposing a fee of \$75.00. This fee is intended to reduce the impact of multiple-
26 failed inspection occurrences while also promoting infrastructure quality and
27 optimizing operator availability. The charge was based on a cost of service analysis
28 on a two-hour minimum, calculated at the mid-range operator rate. Additionally,

the Companies are proposing the addition of a Service Lateral Connection Charge to the existing Tariff.

Q. Why are the Companies proposing to increase the establishment, NSF check, and after-hours service call charges?

A. The Companies are proposing to increase these charges so that they better reflect the costs associated with providing these specific services. These charges are only incurred when a customer requests or causes the need for the related service. Updating the charges helps ensure that the cost of these activities is assigned to the customer receiving the service, rather than being recovered from the general body of ratepayers.

Q. Are the Companies proposing a new charge related to failed inspections for new wastewater connections?

A. Yes. The Companies are proposing a failed inspection charge of \$75.00 for new wastewater connections. This charge would apply when the Companies perform an inspection for a new wastewater connection that fails due to conditions that must be corrected before approval.

Q. Why are the Companies proposing a failed inspection charge?

A. The failed inspection charge is intended to reduce the impact that repeated failed inspections can have on the general body of ratepayers. When a connection fails inspection, Company personnel must spend additional time reviewing the issue, coordinating with the customer or contractor, and performing follow-up inspections. Without a specific charge, those costs may be borne by all ratepayers rather than the party responsible for the failed inspection.

The charge also promotes infrastructure quality and encourages customers and contractors to ensure that work is properly completed before requesting inspection. In addition, it helps preserve operator availability by reducing the amount of time Company personnel spend on repeated inspections for the same connection.

1 **Q. How was the proposed \$75.00 failed inspection charge developed?**

2 A. The proposed charge was developed based on a cost-of-service analysis. The
3 calculation reflects a two-hour minimum charge using the mid-range operator labor
4 rate. The Companies believe this approach reasonably reflects the time and labor
5 required to respond to a failed inspection and perform the related follow-up work.

6 **Q. Are the Companies also proposing a service lateral connection charge?**

7 A. Yes. The Companies are proposing to add a service lateral connection charge to
8 the tariff. This charge is intended to recover the costs associated with connecting a
9 customer's service lateral to the Companies' wastewater system when that work is
10 performed or facilitated by the Companies. Including this charge in the tariff
11 provides transparency and ensures that the cost of the connection is assigned to the
12 customer or development causing the cost to be incurred.

13 **Q. Are the Companies proposing an influent meter and metering system**
14 **installation charge?**

15 A. Yes. The Companies are proposing to add an influent meter and metering system
16 installation charge. This charge is intended to recover the costs associated with
17 installing metering equipment where such equipment is necessary to measure
18 wastewater flows or otherwise support the administration of service. The proposed
19 tariff language will allow Liberty to recover the specific costs associated with this
20 work from the party requiring the installation, rather than from the general body of
21 ratepayers.

22 **VII. LIBERTY BLACK MOUNTAIN-SPECIFIC ADJUSTER MECHANISMS**

23 **Q. Is Liberty Black Mountain seeking approval of any adjuster mechanisms?**

24 A. Yes. Liberty Black Mountain is seeking approval of three adjuster mechanisms: (1)
25 a purchased power adjustment mechanism ("PPAM"), (2) Property Tax adjustment
26 mechanism ("PTAM"), and (3) Purchased Wastewater Treatment adjuster
27 mechanism ("PWTAM").

28 **Q. Does Liberty Gold Canyon already have the PPAM and PTAM?**

1 A. Yes. Liberty Gold Canyon already has existing approved PPAM and PTAM
2 mechanisms, which it seeks to continue to maintain. Therefore, the request for
3 initial approval of these mechanisms applies to Liberty Black Mountain only.

4 **Q. Does Liberty Gold Canyon already have a PWTAM?**

5 A. No. Liberty Gold Canyon does not have an existing PWTAM, and the Company is
6 not requesting approval of a PWTAM for Liberty Gold Canyon in this proceeding.

7 **Q. Please explain Liberty Black Mountain's proposed Purchased Power**
8 **Adjustment Mechanism.**

9 A. The Purchased Power Adjustment Mechanism allows Liberty Black Mountain to
10 increase or decrease rates in order to address changes in purchased power costs
11 resulting from changes in the Commission-approved rates charged by our electric
12 utility provider.

13 **Q. Why is it important for Liberty Black Mountain to have the PPAM?**

14 A. The PPAM is important because purchased power is a necessary cost of providing
15 wastewater service and is outside of Liberty Black Mountain's direct control.
16 Without the PPAM, Liberty Black Mountain would be required to absorb increases
17 in purchased power costs between rate cases, even though those increases result
18 from Commission-approved rate changes rather than Company action. The PPAM
19 helps reduce regulatory lag while ensuring that only changes in this specific cost
20 are reflected in customer rates.

21 **Q. How Does the PPAM actually work?**

22 A. Under the PPAM, the increases or decreases in power costs will be allocated on a
23 per customer basis and passed through to customers as a separate line item on the
24 customer bill. The PPAM Plan of Administration ("POA") is included in Appendix
25 RW_Dir 1. The POA outlines the implementation and filing requirements as well
26 as how the surcharge will be computed. The form of the PPAM is consistent with
27 the form of PPAM approved in Decision No. 76799 (August 15, 2018) for Liberty
28 Litchfield Park.

1 **Q. Does the PTAM work in a similar manner?**

2 A. Yes. The primary difference is that the PTAM would allow rates to adjust upward
3 or downward based on changes in property tax rates and/or assessment ratios.
4 Similar to the electric rates, these factors are outside of Liberty Black Mountain's
5 control. Also, like increases in purchased power costs, increases in property taxes,
6 if unrecovered, could undermine Liberty Black Mountain's ability to earn its
7 authorized return. The PTAM addresses this issue in a manner similar to the
8 PPAM, by providing a narrow and transparent mechanism to reflect changes in a
9 specific cost that is outside of Liberty Black Mountain's control. The PTAM POA
10 is included in Appendix RW_Dir 1.

11 **Q. Please explain Liberty Black Mountain's proposed Purchased Wastewater
12 Treatment Adjustment Mechanism.**

13 A. The PWTAM allows Liberty Black Mountain to increase or decrease rates in order
14 to address changes in purchased wastewater treatment costs resulting from changes
15 in the rates charged by the City of Scottsdale. Liberty Black Mountain provides
16 wastewater collection and conveyance service to its customers, and the wastewater
17 collected through Liberty Black Mountain's system is delivered to the City of
18 Scottsdale's wastewater treatment plant for treatment and disposal. Because
19 Liberty Black Mountain purchases wastewater treatment service from the City of
20 Scottsdale, changes in the City's rates directly impact Liberty Black Mountain's
21 cost to provide wastewater service.

22 **Q Why is it important for Liberty Black Mountain to have the PWTAM?**

23 A. The PWTAM is important because purchased wastewater treatment is a necessary
24 cost of providing wastewater service and is outside of Liberty Black Mountain's
25 direct control. Without the PWTAM, Liberty Black Mountain would be required
26 to absorb increases in purchased wastewater treatment costs between rate cases,
27 even though those increases result from rate changes made by the City of Scottsdale
28

1 rather than Company action. The PWTAM helps reduce regulatory lag while
2 ensuring that only changes in this specific cost are reflected in customer rates.

3 **Q. How does the PWTAM actually work?**

4 A. Under the PWTAM, the increases or decreases in purchased wastewater treatment
5 costs will be allocated on a per customer basis and passed through to customers as
6 a separate line item on the customer bill. The PWTAM POA, as included in
7 Appendix RW_Dir 1, outlines the implementation and filing requirements, as well
8 as how the surcharge or credit will be computed. The PWTAM will only allow
9 Liberty Black Mountain to recover or refund changes in purchased wastewater
10 treatment costs resulting from changes in the rates charged by the City of
11 Scottsdale, and will not recover changes caused by changes in wastewater volume,
12 customer usage, other operating costs, capital costs, return, income taxes, or costs
13 otherwise recovered through base rates or another Commission-approved
14 adjustment mechanism.

15 **Q. Does this conclude your testimony?**

16 A. Yes.

Appendix RW Dir 1, Part A - Proposed Liberty Black Mountain Tariff

Applies to all **WASTEWATER** service areas

PART ONE

STATEMENT OF CHARGES

I. RATES

In Decision No. XXXXX, dated [Month XX], 202X, the Commission approved the following rates and charges to become effective MMM DD, 202X:

A. Monthly Minimum Charge

Customer Class	Charge¹
Residential, per single family unit	\$129.30
Residential – Multi-Family per unit	102.95
Commercial	147.07

B. Commodity Rate

Description	Charge
Commercial (per 1,000 gallons) ²	\$8.858

¹ Customer Assistance Tariff (“CAT”) – A 15% discount is available on monthly minimum and commodity charges to qualified residential customers meeting the CAT qualifications.

² Monthly water usage provided by Town of Carefree and City of Scottsdale.

C. Other Service Related Charges

Description	Charge
Establishment per A.A.C. R14-2-603(D)(1)	\$30.00
Re-Establishment of Service per (within 12 months) per A.A.C. R14-2-603(D)(1)	(a)
Disconnection	At Cost (b)
Reconnection (Delinquent) per A.A.C. R14-2-603(D)(1)	(b)
NSF Check A.A.C. R14-2-608(E)(1)	\$25.00 (c)
Deferred Payment finance charge, per month	1.50%
Late Payment Charge, per month	(d)
Service Calls – After Hours	\$125 (e)
Deposit Requirement	(f)
Deposit Interest per A.A.C. R14-2-603(B)	6%
Service Lateral Connection Charge – All Sizes	(g)
Main Extension Tariff Per A.A.C R14-2-606(B)	(h)
Wastewater Hook-up Fee	(j)
Influent Meter and Metering System Installation	At Cost (i)
Failed Final Inspection Fee	\$75

- a) Minimum charge times the number of full months off the system, per A.A.C. R14-2-603(D). For partial months of service, the minimum charge will be billed on a prorated basis.
- b) Customer shall pay the actual cost including costs for excavation and trenching, pipeline modification, sewer block, backfill and grading, road repairs and permitting. Customer will be provided copies of invoices for actual costs incurred. There shall be no charge if no work is performed, per A.A.C. R14-2-603(D)(1)
- c) Liberty Black Mountain may only charge one NSF fee when customers are billed for water and sewer services on one bill.
- d) Greater of \$5.00 or 1.50% of unpaid balance.
- e) Customer shall be charged for after-hours service calls outside of normal working hours for work performed at customer's request or convenience.
- f) Per A.A.C. R14-2-603(B)(7):
Residential – two times the average bill by class;
Non-residential – two and one-half times the customer's estimated maximum monthly bill.
- g) At cost. Customer/Developer shall install or cause to be installed all Service Laterals as refundable advance in aid of construction.
- h) All Main Extensions shall be completed at cost and shall be treated as refundable advances-in-aid of construction.
- i) The cost of the influent meter and metering system installation shall be at the sole expense of the commercial and industrial user and not subject to refund.
- j) Residential and non-residential – Customers/Developers shall pay the applicable Wastewater Hook-up Fees tariff

IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE TAX. PER COMMISSION RULE R14-2-608(D)(5).

Applies to all **WASTEWATER** service areas

PART ONE

STATEMENT OF CHARGES

II. TAXES AND ASSESSMENTS

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax. Per Commission Rule 14-2-608.D.5.

All advances and/or contributions are to include costs for labor, materials, overheads, and all applicable taxes, including all gross-up taxes for income taxes.

Under applicable law, any contributions or advances provided by a Developer are taxable income to the Utility. In accordance with the Gross-Up Sharing Method policy adopted by the Commission in Decision No. 76974, the Company will collect from the Developer an applicable share of income taxes for the Company's state and federal tax liability on all funds contributed and/or advanced. The funds will be collected prior to the commencement of service.

Applies to all **WASTEWATER** service areas
PART TWO
STATEMENT OF TERMS AND CONDITIONS

I. PERMITTED COSTS

- A. Costs shall be verified by invoice.
- B. For services that are provided by the Company at cost, costs shall include labor, materials, other charges incurred, and overhead. However, prior to any such service being provided, the estimated cost of such service will be provided by Company to the customer. After review of the cost estimate, the customer will pay the amount of the estimated cost to Company.
- C. In the event that the actual cost is less than the estimated cost, the Company will refund the excess to the customer within 30 days after completion of the provision of the service or after the Company's receipt of invoices, timesheets or other related documents, whichever is later.
- D. In the event the actual cost is more than the estimated cost, the Company will bill the customer for the amount due within 30 days after completion of the invoices, timesheets or other related documents, whichever is later. The amount so billed will be due and payable 30 days after the invoice date. However, if the actual cost is more than five percent (5%) greater than the total amount paid, the customer will only be required to pay five percent (5%) more than the total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the total amount paid was made.
- E. At the customer's request, the Company shall make available to the customer all invoices, timesheets or related documents that support the cost for providing such service.
- F. Permitted costs shall include any Federal, State or local taxes that are or may be payable by the Company as a result of any tariff or contract for wastewater facilities under which the Customer advances or contributes funds or facilities to Company.

Applies to all **WASTEWATER** service areas
PART TWO
STATEMENT OF TERMS AND CONDITIONS

II. CUSTOMER DISCHARGE TO SYSTEM

A. Service Subject to Regulation

The Company provides wastewater service using treatment and collection facilities that are regulated by numerous county, state and federal statutes and regulations. Those regulations include limitations as to domestic strength wastewater and the type of wastewater that may be discharged into the system by any person directly or indirectly connected to the plant.

B. Waste Limitations

The Company has established the permissible limits of concentration as domestic strength wastewater and will limit concentration for various specific substances, materials, waters, or wastes that can be accepted in the sewer system, and to specify those substances, materials, waters, or wastes that are prohibited from entering the sewer system. Each permissible limit so established shall be placed on file in the business office of Company, with a copy filed with the Commission. No person shall discharge, or cause to be discharged, any new sources of inflow including, but not limited to, storm water, surface water, groundwater, roof runoffs, subsurface drainage, cooling water, or polluted industrial process waters into the sanitary sewer. Company will require an affidavit from all non-residential customers, and their professional engineer, stating that the wastewater discharged to the system does not exceed domestic strength or applicable pre-treatment standards.

Applies to all **WASTEWATER** service areas
PART TWO
STATEMENT OF TERMS AND CONDITIONS

II. CUSTOMER DISCHARGE TO SYSTEM (cont.)

C. Inspection and Right of Entry

Every facility that is involved directly or indirectly with the discharge of wastewater to the Treatment Plant may be inspected by Company as it deems necessary. These facilities shall include but not be limited to sewer; sewage pumping plants; all processes; devices and connection sewer; and all similar sewerage facilities. Inspections may be made to determine that such facilities are maintained and operated properly and are adequate to meet the provisions of these rules and this tariff. Inspections may include the collection of samples. Authorized personnel of Company shall be provided immediate access to all of the above facilities or to other facilities directly or indirectly connected to the Treatment Plant at all reasonable times including those occasioned by emergency conditions. Any permanent or temporary obstruction to easy access to the user's facility to be inspected shall promptly be removed by the facility user or owner at the written or verbal request of Company and shall not be replaced. No person shall interfere with, delay, resist or refuse entrance to an authorized Company representative attempting to inspect any facility involved directly or indirectly with a discharge of wastewater to the Treatment Plant. Adequate identification shall be provided by Company for all inspectors and other authorized personnel and these persons shall identify themselves when entering any property for inspection purposes or when inspecting the work of any contractor.

All transient motor homes, travel trailers and other units containing holding tanks must arrive at the Company's service area in an empty condition. Inspection will be required of said units prior to their being allowed to hookup to the wastewater system.

D. Termination of Service for Violation of Wastewater Rules and Regulations

The Company is authorized to discontinue service to any person connected to its sewer system who violates the Company's wastewater terms and conditions as set forth in this PART TWO or in any way creates a public health hazard or the likelihood of such a public health hazard. This termination authority also applies to non-payment for wastewater services.

Applies to all **WASTEWATER** service areas
PART TWO
STATEMENT OF TERMS AND CONDITIONS

- E. Certain customers are also subject to additional discharge restrictions under the Wastewater Pre-Treatment Standards set forth in PART EIGHT of this Tariff of Rates and Charges.

III. RULES AND REGULATIONS

Company has adopted the Rules and Regulations established by the Commission as the basis for its operating procedures. A.A.C. R14-2-601 through A.A.C. R14-2-609 will be controlling of Company procedures, unless specifically approved tariffs or Commission Order(s) provide otherwise.

IV. COMPANY'S LIABILITY LIMITATIONS

A. Company Responsibility

- a. The Company does not assume the responsibility of inspecting or maintaining any customer's piping or apparatus and will not be responsible therefor.
- b. ii. In the event service is interrupted, irregular or defective, or fails from causes beyond the Company's control or through ordinary negligence of its employees or agents, the Company will not be liable for any injuries or damages arising therefrom.

B. Third-Party Claims

Company will not be responsible for any third-party claims against Company that arise from customer's use of Company's service unless such claims are caused by the Company's willful misconduct or gross negligence.

C. Indemnity

Customer will indemnify, defend and hold harmless the Company including the costs of reasonable attorney's fees against all claims including, without limitation claims for damages to any business or property, or injury to, or death of, any person arising out of any wrongful act or negligent omission of the customer, or the customer's agents, in connection with the Company's service or facilities.

Applies to all **WASTEWATER** service areas
PART TWO
STATEMENT OF TERMS AND CONDITIONS

D. Limitation of Damages

The liability of the Company for damages of any nature arising from errors, mistakes, omissions, interruptions, or delays of the Company, its agents, servants, or employees, in the course of establishing, furnishing, rearranging, moving, terminating, or changing the service or facilities or equipment shall not exceed an amount equal to the charges applicable under the Company's tariff calculated on a proportionate basis where appropriate to the period during which the error, mistake, omission, interruption or delay occurs, except if such damages are caused by the Company's willful misconduct or gross negligence.

E. Incidental, Indirect, Special, or Consequential Damages

In no event will the Company be liable for any incidental, indirect, special, or consequential damages including lost revenue or profits of any kind whatsoever regardless of the cause or foreseeability thereof.

F. Interference with Company Facilities

The Company will not be responsible in any occasion for any loss or damage caused by the negligence or wrongful act of the Customer or any of his agents, employees or licensees in installing, maintaining, using, operating or interfering with any Company facilities.

Applies to all **WASTEWATER** service areas
PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

APPLICABILITY

Applicable to residential wastewater service for domestic use rendered to individuals who meet all the program qualifications and special conditions of this rate schedule.

PROGRAMS

This Customer Assistance Tariff (CAT) contains the following programs: (1) Low-Income Program; (2) Deployed Services Member Program; and (3) Disabled Veteran Program. Collectively, these three programs are referred to as the “Customer Assistance Programs”.

TERRITORY

Within all customer service areas served by Liberty Utilities (Black Mountain Sewer) Corp. (“Liberty” or “Company”).

RATES

Fifteen percent (15%) discount applied to the regular filed tariff.

PROGRAM QUALIFICATIONS

1. The Liberty bill must be in your name and the address must be your primary residence.
2. You may not be claimed as a dependent on another person’s tax return.
3. You must reapply each time you move residences.
4. You must renew your application once every year, or sooner, if requested.
5. You must notify Liberty within thirty (30) days if you become ineligible for the CAT.

Applies to all **WASTEWATER** service areas
PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE – SINGLE FAMILY ACCOMODATION

SPECIAL CONDITIONS

1. **Application:** An application on a form authorized by the Commission is required for each request for service under this schedule. A customer must reapply every year or sooner, if requested.
2. **Commencement of Rate:** Eligible customers whose applications have been approved shall be billed on this schedule commencing with the next regularly scheduled billing period that follows receipt of application by Liberty.
3. **Verification:** Information provided by the applicant is subject to verification by Liberty. Refusal or failure of a customer to provide documentation of eligibility acceptable to Liberty, upon request by Liberty, shall result in removal from this rate schedule.
4. **Notice from Customer:** It is the customer's responsibility to notify Liberty if there is a change of eligibility status.
5. **Rebiling:** Customers may be re-billed retroactively for periods of ineligibility under the applicable rate schedule.
6. **Participation Limit:** The CAT (for all three programs included) is limited to 225 customers of the Company. Applications will be reviewed and approved on a first come, first served basis. Applicants will be placed on a waiting list if the participation limit has been met.
7. **Qualification:** A customer that qualifies for more than one program will only receive benefits from one program per year. CAT benefits will not be combined or accumulated.

Applies to all **WASTEWATER** service areas
PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE – SINGLE FAMILY ACCOMODATION
LOW INCOME PROGRAM

To qualify for the low-income program, the total gross annual income of all persons living in your household cannot exceed the income levels below:

Effective MONTH X, 20XX

<u>No. of Person in Household</u>	<u>Total Gross Annual Income*</u>
1	\$xx,xxx
2	\$xx,xxx
3	\$xx,xxx
4	\$xx,xxx
5	\$xx,xxx
6	\$xx,xxx

For each additional person residing in the household, add \$xx,xxx

***Qualifying annual incomes are set at 200 percent of the 20xx federal poverty levels.**

Acceptance into the program is subject to verification of income source.

For the purpose of the program the “gross household income” means all money and non-cash benefits, available for living expenses, from all sources, both taxable and non-taxable, before deductions for all people who live in your home. This includes, but is not limited to:

Wages or salaries	Social Security, SSI, SSP	Rental or royalty income
Interest or dividends from:	Scholarships, grants, or other aid	Profit from self-employment
Savings account, stocks or bonds	used for living expenses	(IRS form Schedule C, Line 29)
Unemployment benefits	Disability payments	Worker’s Compensation
TANF (AFDC)	Food Stamps	Child Support
Pensions	Insurance settlements	Spousal Support
Gifts		

Applies to all **WASTEWATER** service areas
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DEPLOYED SERVICE MEMBER PROGRAM

This program allows the Company to provide a 15% discount to deployed service members of the United States Military.

The Company will provide the credit on the deployed service member's bill provided that the following criteria are met:

1. Deployment is not a "permanent change of station." Permanent change of station requires a service member to permanently change his or her place of residence, paid for by the applicable military branch. A service member's decision to keep a secondary residence in Arizona would be discretionary and would not qualify for this credit.
2. Deployed member does not have family living in the premises. Short term deployments, where a spouse, and/or dependents remain in the United States would not qualify, as the service member would receive separate compensation from the military to cover domestic expenses while deployed.
3. The deployed service member is an active member of the military (e.g., Air Force, Army, Coast Guard, Marines, and Navy), as defined by 10 U.S.C. § 101(a)(4) and includes any member of the Reserves or National Guard called to active duty.

ADMINISTRATION

1. Participation shall be determined on a first come, first served basis.
2. Each service member's eligibility must be verified based on written orders from the service member's command.
3. Continued eligibility will be determined periodically through a recertification process.
4. The Company is permitted to seek Commission approval to change participant limits based on level of participation.
5. Qualifying annual incomes are set at 200 percent of the 2020 federal poverty levels.

Applies to all **WASTEWATER** service areas
PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DEPLOYED SERVICES MEMBER PROGRAM

Effective Month X, 202X

<u>No. of Person in Household</u>	<u>Total Gross Annual Income*</u>
1	\$xx,xxx
2	\$xx,xxx
3	\$xx,xxx
4	\$xx,xxx
5	\$xx,xxx
6	\$xx,xxx

For each additional person residing in the household, add \$x,xxx

***Qualifying annual incomes are set at 200 percent of the 20xx federal poverty levels.**

Acceptance into the program is subject to verification of income source.

For the purpose of the program the “gross household income” means all money and non-cash benefits, available for living expenses, from all sources, both taxable and non-taxable, before deductions for all people who live in your home. This includes, but is not limited to:

Wages or salaries	Social Security, SSI, SSP	Rental or royalty income
Interest or dividends from:	Scholarships, grants, or other aid	Profit from self-employment
Savings account, stocks or bonds	used for living expenses	(IRS form Schedule C, Line 29)
Unemployment benefits	Disability payments	Worker’s Compensation
TANF (AFDC)	Food Stamps	Child Support
Pensions	Insurance settlements	Spousal Support
Gifts		

Applies to all **WASTEWATER** service areas
PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DISABLED MILITARY VETERAN PROGRAM

This program allows the Company to provide a 15% discount to disabled military veterans of the United States Military.

The Company will provide the credit on the disabled military veteran's bill provided that the following criteria are met:

1. Disabled military veteran was honorably discharged from the armed forces.
2. Disabled military veteran must have a permanent disability rating related to their military duty service.
3. The disabled military veteran must have been an active member of the military (e.g., Air Force, Army, Coast Guard, Marines, and Navy), as defined by 10 U.S.C. § 101(a)(4), and includes any member of the Reserves or National Guard called to active duty.

ADMINISTRATION

1. Participation shall be determined on a first come, first served basis.
2. Each service member's eligibility must be verified based on documentation demonstrating a medical discharge or other written documentation from the United States Department of Defense or Department of Veteran Affairs.
3. Continued eligibility will be determined periodically through a recertification process.
4. The Company is permitted to seek Commission approval to change participant limits based on level of participation.
5. Qualifying annual incomes are set at 200 percent of the 202x federal poverty levels.

Applies to all **WASTEWATER** service areas
PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DISABLED MILITARY VETERAN PROGRAM

Effective Month X, 202X

<u>No. of Person in Household</u>	<u>Total Gross Annual Income*</u>
1	\$xx,xxx
2	\$xx,xxx
3	\$xx,xxx
4	\$xx,xxx
5	\$xx,xxx
6	\$xx,xxx

For each additional person residing in the household, add \$x,xxx

***Qualifying annual incomes are set at 200 percent of the 20xx federal poverty levels.**

Acceptance into the program is subject to verification of income source.

For the purpose of the program the “gross household income” means all money and non-cash benefits, available for living expenses, from all sources, both taxable and non-taxable, before deductions for all people who live in your home. This includes, but is not limited to:

Wages or salaries	Social Security, SSI, SSP	Rental or royalty income
Interest or dividends from:	Scholarships, grants, or other aid	Profit from self-employment
Savings account, stocks or bonds	used for living expenses	(IRS form Schedule C, Line 29)
Unemployment benefits	Disability payments	Worker’s Compensation
TANF (AFDC)	Food Stamps	Child Support
Pensions	Insurance settlements	Spousal Support
Gifts		

Applies to all **WASTEWATER** service areas
PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

RECOVERY OF COST OF CUSTOMER ASSISTANCE TARIFF AND CUSTOMER
SURCHARGES

The Company shall recover the CAT costs from a monthly CAT surcharge on all residential and non-residential wastewater customers who are not participating in the CAT. Liberty is entitled to seek recovery of direct costs (*i.e.*, those costs directly associated with the programs, which costs would not be incurred in the absence of the programs). The Company shall account for those direct costs separately from other operating costs.

Liberty shall be entitled to implement a CAT surcharge on non-participating residential and non-residential wastewater as follows.

- For customers participating in the CAT, the Company shall maintain a balancing account detailing the beginning and ending balance of the cumulative unrecovered program costs each month.
- Liberty's authorized rate of return shall be applied monthly to the average of the beginning balances of the cumulative unrecovered program costs for wastewater service and included in the beginning balances for the following month.
- Using the balancing account, Liberty shall calculate the monthly surcharge for each customer as follows:

(Ending Balance for Low-Income Tariff Balancing Account including amortized carrying costs during recovery period/Number of active non-participating wastewater connections at year end)/12

- The ending balance in the balancing account shall equal the beginning balances plus discounts allowed on bills for the twelve month tracking period, plus direct program costs incurred in the twelve month period plus the return less surcharge fees billed in the twelve month tracking period.
- Liberty shall implement a monthly surcharge for the CAT for each twelve month period of the CAT. The Company shall calculate the monthly surcharge each year based on the active number of customer connections as of December 31 of the prior year. The Company shall file notice of the surcharge, along with a report on the CAT, with the Arizona Corporation Commission on or before January 31 and the surcharge shall be implemented on customer bills in February of each year with the recovery period ending in January of the following year.

Applies to all **WASTEWATER** service areas

PART FOUR

OFF-SITE FACILITIES HOOK-UP FEE

I. Purpose and Availability

The purpose of the off-site facilities hook-up fees payable to **Liberty Utilities (Black Mountain Sewer) Corp.** (“Company”) pursuant to this tariff is to equitably apportion the costs of constructing additional off-site facilities to provide wastewater treatment and disposal facilities among all new service laterals. These charges are applicable to all new service laterals undertaken via Collection Main Extension Agreements, or requests for service not requiring a Collection Main Extension Agreement, entered into after the effective date of this tariff. The charges are one-time charges and are payable as a condition to Company’s establishment of service, as more particularly provided below.

II. Definitions

Unless the context otherwise requires, the definitions set forth in R-14-2-601 of the Arizona Corporation Commission’s (“Commission”) rules and regulations governing sewer utilities shall apply interpreting this tariff schedule.

“Applicant” means any party entering into an agreement with Company for the installation of wastewater facilities to serve new service laterals, and may include developers and/or builders of new residential subdivisions, and non-residential properties.

“Company” means Liberty Utilities (Black Mountain Sewer) Corp.

“Collection Main Extension Agreement” means an agreement whereby an Applicant, Developer and/or Builder agrees to advance the costs of the installation of wastewater facilities necessary to serve new service laterals, or install wastewater facilities to serve new service laterals and transfer ownership of such wastewater facilities to the Company, which agreement does not require the approval of the Commission pursuant to A.A.C. R-14-2-606, and shall have the same meaning as “Wastewater Facilities Agreement.”

“Off-Site Facilities” means the wastewater treatment plant, sludge disposal facilities, effluent disposal facilities and related appurtenances necessary for proper operation, including engineering and design costs. Off-site facilities may also include lift stations, force mains, transportation mains and related appurtenances necessary for proper operation if these facilities are not for the exclusive use of the Applicant and benefit the entire wastewater system.

“Service Lateral” means and includes all service laterals for single-family residential, commercial, industrial or other uses.

Applies to all **WASTEWATER** service areas
PART FOUR
OFF-SITE FACILITIES HOOK-UP FEE

III. Wastewater Hook-up Fee

For each new residential service lateral, Company shall collect a Hook-Up Fee of \$1,700 based on the Equivalent Residential Unit (“ERU”) of 320 gallons per day. Non-residential applicants shall pay based on the total ERUs of their development calculated by dividing the estimated total daily wastewater capacity usage needed for service using standard engineering standards and criteria by the ERU factor of 320 gallons per day.

IV. Terms and Conditions

A. Assessment of One Time Off-Site Facilities Hook-up Fee: The off-site facilities hook-up fee may be assessed only once per parcel, service lateral, or lot within a subdivision (similar to a service lateral installation charge). If a development or subdivision is upsized or expanded by Applicant, Builder and/or Developer after assessment of Hook-Up Fees by Company, Company may charge additional Hook-Up Fees for such upsizing or expansion by Applicant based on the calculation set forth above.

B. Use of Off-Site Facilities Hook-up Fee: Off-site facilities hook-up fees may only be used to pay for capital items of off-site facilities, repay loans obtained to fund the cost of installation of off-site facilities, or pay state and federal income taxes related to the hook-up fees. Off-site hook-up fees shall not be used to cover repairs, maintenance, the cost of closing wastewater treatment plant, including lift stations, or other operational purposes. The Company shall record amounts collected under the tariff as CIAC; however, such amounts shall not be deducted from rate base until such amounts have been expended for plant.

C. Time of Payment:

1. In the event that the person or entity that will be constructing improvements (“Applicant,” “Developer,” or “Builder”) is otherwise required to enter into a Collection Main Extension Agreement, payment of the fees required hereunder shall be made by the Applicant, Developer or Builder within 15 days of execution of a Main Extension Agreement or as otherwise mutually agreed between Applicant and Company.

2. In the event that the Applicant, Developer or Builder for service is not required to enter into a Collection Main Extension Agreement, the hook-up fee charges hereunder shall be due and payable at the time wastewater service is requested for the property.

Applies to all **WASTEWATER** service areas
PART FOUR
OFF-SITE FACILITIES HOOK-UP FEE

D. Off-Site Facilities Construction by Developer: Company and Applicant, Developer, or Builder may agree to construction of off-site facilities necessary to serve a particular development by Applicant, Developer or Builder, which facilities are then conveyed to Company. In that event, Company shall credit the total cost of such off-site facilities as an offset to off-site hook-up fees due under this Tariff. If the total cost of the off-site facilities constructed by Applicant, Developer or Builder and conveyed to Company is less than the applicable off-site hook-up fees under this Tariff, Applicant, Developer or Builder shall pay the remaining amount of off-site hook-up fees owed hereunder. If the total cost of the off-site facilities contributed by Applicant, Developer or Builder and conveyed to Company is more than the applicable off-site hook-up fees under this Tariff, Developer or Builder shall be refunded the difference upon acceptance of the off-site facilities by the Company.

E. Failure to Pay Charges; Delinquent Payments: Company will not be obligated to make an advance commitment to provide or actually provide wastewater service to any Developer, Builder or other applicant for service in the event that the Developer, Builder or other applicant for service has not paid in full all charges hereunder. Under no circumstances will Company connect service or otherwise allow service to be established if the entire amount of any payment has not been paid.

F. Off-Site Hook-Up Fees Non-refundable: The amounts collected by Company pursuant to the off-site hook-up fee tariff shall be non-refundable contributions in aid of construction ("CIAC").

G. Use of Off-Site Hook-Up Fees Received: All funds collected by Company as off-site facilities hook-up fees shall be deposited into a separate account and bear interest and shall be used for the purposes of paying for the costs of installation of off-site facilities, including repayment of loans obtained for the installation of off-site facilities. In addition, funds may be used to pay state and federal income taxes related to the hook-up fees.

H. Off-Site Facilities Hook-Up Fee in Addition to On-site Facilities: The off-site facilities hook-up fee shall be in addition to any costs associated with the construction of on-site facilities under a

Collection	Main	Extension	Agreement.

Applies to all **WASTEWATER** service areas
PART FOUR
OFF-SITE FACILITIES HOOK-UP FEE

I. Disposition of Excess Funds: After all necessary and desirable off-site facilities are constructed utilizing funds collected pursuant to the off-site facilities hook-up fees, or if the off-site facilities hook-up fee has been terminated by order of the Arizona Corporation Commission, any funds remaining in the trust account shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.

J. Status Reporting Requirements to the Commission: Company shall submit a calendar year Off-Site Facilities Hook-Up Fee status report each January to Docket Control for the prior twelve (12) month period, beginning January 2020, until the hook-up fee tariff is no longer in effect. This status report shall contain a list of all customers that have paid the hook-up fee tariff, the amount each has paid, the physical location/address of the property in respect of which such fee was paid, the amount of money spent from the account, the amount of interest earned on the funds within the tariff account, and an itemization of all facilities that have been installed using the tariff funds during the 12 month period.

Applies to all **WASTEWATER** service areas
PART FIVE
PLAN OF ADMINISTRATION FOR
PURCHASED POWER ADJUSTMENT MECHANISM

I. GENERAL DESCRIPTION.

This document is the Plan of Administration (“POA”) for the Purchased Power Adjustment Mechanism (“PPAM”) for Liberty Utilities (Black Mountain Sewer) Corp. The PPAM allows Liberty BLACK MOUNTAIN to pass through to its customers the increase or decrease in purchased power costs that result from a rate change for any Commission-regulated electric service provider supplying retail electric service to the Company.

II. PPAM RELATED FILINGS.

A. Within 60 days of the effective date of a Commission Decision authorizing a rate change in the approved tariffs for any Commission-regulated electric service provider supplying retail electric service to the Company, the Company shall file with Docket Control an analysis of the actual impact on the energy portion of the Company’s electric service costs.

B. The Company will provide the Commission with spreadsheets detailing exactly how the Company’s purchased power expenses were calculated in the time period prior to a change in the rate that the Company must pay for purchased power. These calculations will include basic service charges and rate and volume figures. That is, the Company will break down its total purchased power bill into the amount due to fixed fees, volume of electricity used, and the rates paid per unit of electricity. For the period following the rate change, the Company will provide the same information, then compare the two periods, isolating any change in purchased power cost that is due exclusively to a rate change. The specific intent is to show exactly how much of any increase or decrease is due to changes in rates beyond the Company’s control and how much is due to a change in the amount of power that the Company consumes. The Company will only recover increases or refund decreases that are due to changes in rates.

C. All revised schedules filed with the Commission pursuant to the provisions of this PPAM will be accompanied by documentation prepared by the Company in a format approved by Utilities Division Staff of the Commission and will contain sufficient detail to enable the Commission to verify accuracy of the Company’s calculations.

D. The surcharges will not become effective until approved by the Commission.

E. The Company will file annually with the Commission a report detailing the Company’s purchased power costs and any conservation or power-shifting measures employed by the Company.

F. The Company shall provide notice (in a form acceptable to Staff) of the rate increases to customers with the bill where the rate increase first appears.

Applies to all **WASTEWATER** service areas
PART FIVE
PLAN OF ADMINISTRATION FOR
PURCHASED POWER ADJUSTMENT MECHANISM

III. APPLICATION TO WATER AND WASTEWATER CUSTOMERS.

A. The increase or decrease in purchased power costs that are due to changes in rates at the Company's water facilities will be allocated on a per capita basis.

B. See the following example for water customers:

Test Year					Current Year			
Purchased Power Rate		\$0.0800	→		Purchased Power Rate		\$0.1000	
Kilowatt Hours Used		1,250,000			Kilowatt Hours Used		1,250,000	
Purchased Power Expense		\$100,000			Purchased Power Expense		\$125,000	

Pass Through Calculation			
Current Year Purchased Power Expense			\$125,000
Test Year Purchased Power Expense			\$100,000
Increase in Purchased Power Expense Due to Rate Increase			\$25,000

PPAM Charge on Sample Customer Bill			
Increase in Purchased Power Expense Due to Rate Increase			\$25,000
Number of Water Customers			20,000
PPAM Charge on Sample Customer Bill			\$1.25

C. See the following example for wastewater customers:

Test Year					Current Year			
Purchased Power Rate		\$0.0800	→		Purchased Power Rate		\$0.1000	
Kilowatt Hours Used		1,250,000			Kilowatt Hours Used		1,250,000	
Purchased Power Expense		\$100,000			Purchased Power Expense		\$125,000	

Pass Through Calculation			
Current Year Purchased Power Expense			\$125,000
Test Year Purchased Power Expense			\$100,000
Increase in Purchased Power Expense Due to Rate Increase			\$25,000

PPAM Charge on Sample Customer Bill			
Increase in Purchased Power Expense Due to Rate Increase			\$25,000
Number of Wastewater Customers			20,000
PPAM Charge on Sample Customer Bill			\$1.25

Applies to all **WASTEWATER** service areas
PART SIX
PLAN OF ADMINISTRATION FOR
PROPERTY TAX ADJUSTMENT MECHANISM

I. GENERAL DESCRIPTION.

This document is the Plan of Administration (“POA”) for the Property Tax Adjustment Mechanism (“PTAM”) for Liberty Utilities (Black Mountain Sewer) Corp. The PTAM allows Liberty BLACK MOUNTAIN to pass through to its water and wastewater customers the increase or decrease in property taxes that results from a change in the applicable assessment ratio and/or property tax rates.

II. PTAM RELATED FILINGS.

A. Within 60 days of the effective date of a change in the assessment ratio and/or property tax rates applicable to the Company, the Company shall file with Docket Control an analysis of the actual impact on the Company’s property tax expenses.

B. The Company will provide the Commission with spreadsheets detailing exactly how the Company’s property tax expenses were calculated in the time period prior to a change in the assessment ratio and/or property tax rate that affects the Company’s property tax expenses. These calculations will include the assessment ratio, the property tax rates, and the value of the property that was taxed. For the period following the change(s), the Company will provide the same information, then compare the two periods, isolating any change in property tax expense that is due exclusively to changes in the assessment ratio and/or property tax rates. The specific intent is to show exactly how much of any increase or decrease in property tax expense is due to changes in the assessment ratio and tax rates beyond the Company’s control and how much is due to changes in the value of the property the Company owns. The Company will only recover increases or refund decreases that are due to changes in the assessment ratio and tax rates.

C. All revised schedules filed with the Commission pursuant to the provisions of this PTAM will be accompanied by documentation prepared by the Company in a format approved by Utilities Division Staff of the Commission and will contain sufficient detail to enable the Commission to verify accuracy of the Company’s calculations.

D. The surcharges will not become effective until approved by the Commission.

E. The Company will file annually with the Commission a report detailing the Company’s property tax expenses.

The Company shall provide notice (in a form acceptable to Staff) of the rate increases to customers with the bill where the rate increase first appears.

Applies to all **WASTEWATER** service areas
PART SIX
PLAN OF ADMINISTRATION FOR
PROPERTY TAX ADJUSTMENT MECHANISM

III. APPLICATION TO WATER CUSTOMERS.

- A.** The increase or decrease in property tax expenses that are due to changes in the assessment ratio and/or property tax rates at the Company's facilities will be allocated on a per capita basis.
- B.** See the examples on the next page:

Applies to all service areas
PART SIX
PLAN OF ADMINISTRATION FOR
PROPERTY TAX ADJUSTMENT MECHANISM

Change in Assessment Ratio Example

Test Year					
Assessment Ratio		20.00%	➡	Current Year	
Property Full Cash Value	\$10,000,000			Assessment Ratio	21.00%
Assessed Valuation	\$2,000,000			Property Full Cash Value	\$10,000,000
				Assessed Valuation	\$2,100,000

Change in Assessed Valuation		
Current Year Assessed Valuation		\$2,100,000
Test Year Assessed Valuation		\$2,000,000
Increase in Assessed Valuation Due to Increase in Assessment Ratio		\$100,000

Test Year					
Total Property Tax Rate	10.00%			Current Year	
Assessed Valuation	\$2,000,000			Total Property Tax Rate	10.00%
Property Tax Expense	\$200,000			Assessed Valuation	\$2,100,000
				Property Tax Expense	\$210,000

PTAM Charge on Sample Customer Bill		
Increase in Property Tax Expense Due to Increase in Assessment Ratio		\$10,000
Number of WATER or WASTEWATER Customers		20,000
PTAM Charge on Sample Customer Bill		\$0.50

Change in Total Property Tax Rate Example

Test Year					
Total Property Tax Rate	10.00%		➡	Current Year	
Assessed Valuation	\$2,000,000			Total Property Tax Rate	11.00%
Property Tax Expense	\$200,000			Assessed Valuation	\$2,000,000
				Property Tax Expense	\$220,000

Pass Through Calculation		
Current Year Property Tax Expense		\$220,000
Test Year Property Tax Expense		\$200,000
Increase in Property Tax Expense Due to Rate Increase		\$20,000

PTAM Charge on Sample Customer Bill		
Increase in Property Tax Expense Due to Rate Increase		\$20,000
Number of WATER or WASTEWATER Customers		20,000
PTAM Charge on Sample Customer Bill		\$1.00

Applies to all service areas

PART SEVEN

**PLAN OF ADMINISTRATION FOR
PURCHASED WASTEWATER TREATMENT ADJUSTOR MECHANISM**

I. GENERAL DESCRIPTION.

This document is the Plan of Administration (“POA”) for the Purchased Wastewater Treatment Adjustment Mechanism (“PWTAM”) for Liberty Utilities (Black Mountain Sewer) Corp. (“Company” or “Liberty Black Mountain”). Liberty Black Mountain provides wastewater collection and conveyance service to its customers. Wastewater collected through Liberty Black Mountain’s system is delivered to the City of Scottsdale’s wastewater treatment plant for treatment and disposal. The PWTAM allows Liberty Black Mountain to pass through to its customers the increase or decrease in purchased wastewater treatment costs that result from a rate change by the City of Scottsdale for wastewater treatment service provided to the Company.

The PWTAM is intended to recover increases, or refund decreases, in purchased wastewater treatment costs that are outside of the Company’s control and not otherwise reflected in base rates. The PWTAM shall recover or refund only changes in purchased wastewater treatment costs caused by changes in rates charged by the City of Scottsdale and shall not recover changes in cost caused by changes in wastewater volume, customer usage, other operating costs, capital costs, return, income taxes, or costs otherwise recovered through base rates or another Commission-approved adjustment mechanism.

II. PWTAM RELATED FILINGS.

A. Within 60 days of the effective date of a rate change by the City of Scottsdale applicable to wastewater treatment service provided to the Company, the Company shall file with Docket Control an analysis of the actual impact on the Company’s purchased wastewater treatment costs.

B. The Company will provide the Commission with spreadsheets detailing exactly how the Company’s purchased wastewater treatment expenses were calculated in the time period prior to a change in the rate that the Company must pay for purchased wastewater treatment service. These calculations will include applicable fixed charges, volume-based charges, capacity charges, billing determinants, and rate and volume figures. That is, the Company will break down its total purchased wastewater treatment bill into the amount due to fixed fees, the volume of wastewater delivered for treatment, and the rates paid per unit of wastewater treatment service. For the period following the rate change, the Company will provide the same information, then compare the two periods, isolating any change in purchased wastewater treatment cost that is due exclusively to a rate change. The specific intent is to show exactly how much of any increase or decrease is due to changes in rates beyond the Company’s control and how much is due to a change in the amount of wastewater delivered to the City of Scottsdale for treatment. The Company will only recover increases or refund decreases that are due to changes in rates.

PART SEVEN
PLAN OF ADMINISTRATION FOR
PURCHASED WASTEWATER TREATMENT ADJUSTOR MECHANISM

C. All revised schedules filed with the Commission pursuant to the provisions of this PWTAM will be accompanied by documentation prepared by the Company in a format approved by Utilities Division Staff of the Commission and will contain sufficient detail to enable the Commission to verify the accuracy of the Company's calculations.

D. Upon confirmation by Utilities Division Staff of the correct PWTAM surcharge or credit, Liberty Black Mountain will file with Docket Control, as a compliance item, a tariff showing the surcharge or credit and the effective date of implementation.

E. The surcharges or credits will not become effective until approved by the Commission.

F. The Company will file annually with the Commission a report detailing the Company's purchased wastewater treatment costs and any operational or flow-management measures employed by the Company to manage purchased wastewater treatment costs.

G. The Company shall provide notice, in a form acceptable to Staff, of any approved PWTAM surcharge or credit to customers with the bill where the surcharge or credit first appears.

III. APPLICATION TO WASTEWATER CUSTOMERS.

A. The increase or decrease in purchased wastewater treatment costs that are due to changes in rates charged by the City of Scottsdale will be allocated to Liberty Black Mountain wastewater customers on a per customer basis, unless otherwise approved by the Commission.

B. The PWTAM shall apply to all customers in the Liberty Black Mountain wastewater service area.

C. The PWTAM may be either a surcharge or a credit. If the City of Scottsdale increases its applicable wastewater treatment rates or charges above the level embedded in the Company's base rates, the difference may be recovered through the PWTAM. If the City of Scottsdale decreases its applicable wastewater treatment rates or charges below the level embedded in the Company's base rates, the difference shall be returned to customers through the PWTAM.

PART SEVEN
PLAN OF ADMINISTRATION FOR
PURCHASED WASTEWATER TREATMENT ADJUSTOR MECHANISM

D. The PWTAM shall recover or refund only changes in purchased wastewater treatment costs caused by changes in rates charged by the City of Scottsdale. The PWTAM shall not include changes in cost resulting from changes in wastewater volume, changes in customer usage, other operating costs, capital costs, return, income taxes, or costs otherwise recovered through base rates or another Commission-approved adjustment mechanism.

E. The PWTAM surcharge or credit shall appear separately on customers' wastewater bills.

IV. CALCULATION OF PWTAM SURCHARGE OR CREDIT.

A. The PWTAM surcharge or credit shall be calculated by comparing the purchased wastewater treatment costs under the City of Scottsdale rates embedded in Liberty Black Mountain's base rates to the purchased wastewater treatment costs under the City of Scottsdale's new rates.

B. The Company shall calculate the difference between the City of Scottsdale's new rate and the City of Scottsdale's base rate for each applicable rate component, including fixed charges, volume-based charges, capacity charges, or any other wastewater treatment charge directly applicable to Liberty Black Mountain.

C. The calculated increase or decrease in purchased wastewater treatment costs shall be divided by the applicable number of Liberty Black Mountain wastewater customers, or by another allocation method approved by the Commission, to determine the customer surcharge or credit.

D. The Company shall maintain all supporting documentation for each PWTAM filing, including the City of Scottsdale's notice of rate change, City of Scottsdale rate schedules, Liberty Black Mountain purchased wastewater treatment invoices, billing determinants, customer counts, and all calculations used to determine the surcharge or credit.

Applies to all **WASTEWATER** service areas
PART EIGHT
INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

SECTION 1 – PRETREATMENT PROGRAM

1.0 INTRODUCTION

To control the discharge of pollutants to the Nation's waters, the Clean Water Act (CWA) requires the Environmental Protection Agency (EPA) to promulgate regulations related to discharges. Discharges from non-domestic dischargers can impact the operations of Water Reclamation Facilities (WRFs) and Publicly Owned Treatment Works (POTWs) as the pollutants can pass through or interfere with the operations of the plants, threaten worker's health and safety, or contaminate sludges. The WRFs and POTWs are designed to treat domestic sewage. The non-domestic discharges are regulated by the National Pretreatment Program. Industrial and commercial dischargers (known as IUs) are required to obtain permits, or other control mechanisms to discharge wastewater to the POTW/WRF under the National Pretreatment Program. EPA promulgated the General Pretreatment Regulations (Title 40 Code of Federal Regulations (CFR) Section 403), which defines the National Pretreatment Program. The Arizona Administrative Code (AAC R18-9-A905(A)(8)(b)) incorporates the General Pretreatment Program/Regulations.

Liberty Utilities (Black Mountain Sewer) Corp. (hereinafter referred to as Liberty Utilities) operates the Black Mountain wastewater collection system. Wastewater collected through the Black Mountain wastewater collection system is conveyed to the City of Scottsdale's water reclamation facility for treatment. Liberty Utilities can regulate discharges from IUs for potential contaminants of concern to minimize impact on its wastewater collection system and the City of Scottsdale WRF under Liberty Utilities' Industrial Pretreatment Program Tariff.

The discharge of toxic and other harmful pollutants from IUs can be effectively controlled through a local pretreatment program that is based on these regulations, structured to address specific local concerns, and enforced through Liberty Utilities Industrial Pretreatment Program and Tariff.

Applies to all **WASTEWATER** service areas
PART EIGHT
INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

The objective of a Pretreatment Program (the General Pretreatment Regulations of the Clean Water Act (40 CFR, Part 403)) is to:

- to promote consistent application of pretreatment requirements among customers and to maintain the integrity of City of Scottsdale WRF wastewater collection system and the City of Scottsdale WRF so that the continuity of safe and reliable service to all customers and the protection of the environment are preserved.
- to prevent the introduction of pollutants into the POTW/WRF that will interfere with its operation.
- to prevent the introduction of inadequately treated pollutants into the collection systems that will pass through the POTW/WRF into the receiving waters, the atmosphere, and landfills, or otherwise be incompatible with the POTW/WRF.
- to protect both POTW/WRF personnel who may be affected by wastewater and sludge in the course of their employment and the general public.
- to promote reuse and recycling of industrial wastewater and sludge from the POTW/WRF.
- to provide fees for the apportionment of the costs of operation, maintenance, and improvement of the POTW/WRF.
- to enable Liberty Utilities to comply with its APP/AZPDES conditions, sludge use and disposal requirements, and any other Federal or State laws to which the POTW/WRF is subject.

The Pretreatment Program and tariff document (collectively, Tariff) shall apply to all IUs Liberty Utilities receiving service from Liberty Utilities. The Pretreatment Program sets forth uniform requirements for industrial discharges into the WRFs, and also establishes a separate industrial discharge permit requirement IUs. The Pretreatment Program includes the issuance of individual wastewater discharge permits; provides monitoring, compliance, and enforcement activities; establishes administrative review procedures; requires IUs reporting; and provides for the setting of fees for the apportionment of costs resulting from the program established herein.

Applies to all **WASTEWATER** service areas
PART EIGHT
INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

1.1 ADMINISTRATION

Except as otherwise provided herein, Liberty Utilities shall administer, implement, and enforce the provisions of this Pretreatment Program. Any powers granted to, or duties imposed upon, Liberty Utilities may be delegated by Liberty Utilities to a duly authorized employee of Liberty Utilities.

1.2 ABBREVIATIONS

The following abbreviations, when used in this document shall have the designated meanings:

AAC	Arizona Administrative Code
ADEQ	Arizona Department of Environmental Quality
APP	Aquifer Protection Permit
ARS	Arizona Revised Statute
AZPDES	Arizona Pollutant Discharge Elimination System
BOD	Biochemical Oxygen Demand (mg/l, typically 5-day equivalent)
BMP	Best Management Practice
BMR	Baseline Monitoring Report
CFR	Code of Federal Regulations
CIU	Categorical Industrial User
COD	Chemical Oxygen Demand (mg/l)
COP	Code of Practice
DMA	Designated Management Agencies
DPA	Designated Planning Agency
EPA	U.S. Environmental Protection Agency
GPD	Gallons per day
IU	Industrial User
O&M	Operation and Maintenance
mg/L	milligrams per liter
MGD	Million Gallons per Day
NPDES	National Pollutant Discharge Elimination System
POTW	Publicly Owned Treatment Works
RCRA	Resource Conservation and Recovery Act
SIU	Significant Industrial User
SNC	Significant Noncompliance
TSS	Total Suspended Solids (mg/l)
TRC	Technical Review Criteria
U.S.C.	United States Code
WMU	Wastewater Management Utilities
WRF	Water Reclamation Facility
U.S.C.	United States Code

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1.3 APPLICABILITY

These Pretreatment Standards and Program requirements apply to any devices and systems used in the storage, treatment, recycling and reclamation of municipal sewage or industrial wastes of a liquid nature. It also includes sewers, pipes, and other conveyances of wastewater to the Facilities.

The Pretreatment Program is applicable as follows:

- A. IUs or users subject to the National Categorical Pretreatment Standards. Any IU, as defined herein, or user subject to the National Categorical Pretreatment Standards (40 CFR Chapter I, Subchapter N - Effluent Guidelines and Standards) shall meet the Pretreatment Standards and the requirements of the Pretreatment Program including applicable categorical standards.
- B. All Non-Residential Dischargers. Any Non-Residential Discharger irrespective of their designation as an IU, shall meet the Pretreatment Standards as described herein for:
 - (1) Specific Limitations (Section 3.0).
 - (2) Local Regulatory Limits based on concentrations and daily flow.
 - (a) Prohibited Waste (Section 3.1)
 - (b) Restricted Waste (Section 3.2)
- C. This application extends to Non-Residential Dischargers, IUs, users subject to the National Categorical Pretreatment Standards and Residential Dischargers who operate practices, or systems from a residence, that changes the constituent nature of the wastewater produced by the customer.
- D. This application extends to PART EIGHT of the Tariff 'Code of Practice'.

1.4 DEFINITIONS

- A. Act or (the Act.) The Federal Water Pollution Control Act, also known as the Clean Water Act, as amended, 33 U.S.C. section 1251 et seq.
- B. Approval Authority. Arizona Department of Environmental Quality, Arizona. *See* Arizona Administrative Code R18-9-A905(A)(8).

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C. Authorized or Duly Authorized Representative of the IU.

(1) If the IU is a corporation:

- (a) The president, secretary, treasurer, or a vice president of the corporation in charge of a principal business function, or any other person who performs similar policy or decision-making functions for the corporation.
- (b) The manager of one or more manufacturing, production, or operating facilities, provided the manager is (i) authorized to make management decisions that govern the operation of the regulated facility including having the explicit or implicit duty of making major capital investment recommendations, and initiate and direct other comprehensive measures to assure long term environmental compliance with environmental laws and regulations; (ii) can ensure that the necessary systems are established or actions taken to gather complete and accurate information for individual wastewater discharge permit requirements; and (iii) where authority to sign documents has been assigned or delegated to the manager in accordance with corporate procedures.

(2) If the IU is a partnership or sole proprietorship: a general partner or proprietor, respectively.

(3) If the IU is a Federal, State, or local governmental facility: a director or highest official appointed or designated to oversee the operation and performance of the activities of the government facility, or their designee.

(4) The individuals described in paragraphs 1 through 3, above, may designate a Duly Authorized Representative if the authorization is in writing, the authorization specifies the individual or position responsible for the overall operation of the facility from which the discharge originates or having overall responsibility for environmental matters for the company, and the written authorization is submitted to Liberty Utilities.

D. Biochemical Oxygen Demand or BOD. The quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedures for five (5) days at 20 degrees centigrade, usually expressed as a concentration (e.g., mg/l).

E. Best Management Practices (or BMPs). Schedules of activities, prohibitions of practices, maintenance procedures, and other management practices to implement the prohibitions listed in 40 CFR 403.5(a)(1) and (b) and/or the Arizona Administrative Code (AAC) R18-9-A905(A)(8)(b). BMPs include treatment requirements, operating procedures, and practices to control plant site runoff, spillage or leaks, sludge or waste disposal, or drainage from raw materials storage.

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- F. Categorical Pretreatment Standard or Categorical Standard. Any regulation containing pollutant discharge limits promulgated by EPA in accordance with sections 307(b) and (c) of the Act (33 U.S.C. section 1317) that apply to a specific category of IUs and that appear in 40 CFR Chapter I, Subchapter N, Parts 405-471c.
- G. Categorical Industrial User or (CIU). An IU subject to a categorical Pretreatment Standard or Categorical Standard.
- H. Liberty Utilities Manager. A duly authorized representative of Liberty Utilities.
- I. Liberty Utilities Organizational Structure. Liberty Utilities, through a duly authorized representative, Liberty Utilities shall administer this Pretreatment Program and Tariff.
- J. Chemical Oxygen Demand or (COD). A measure of the oxygen (as chemical) required to chemically oxidize all compounds, both organic and inorganic, in water.
- K. Control Authority. Liberty Utilities (Liberty Utilities).
- L. Daily Maximum. The arithmetic average of all effluent samples for a pollutant collected during a calendar day. Total mass is a product of concentrations and daily total flow.
- M. Daily Maximum Limit. The maximum allowable discharge limit of a pollutant during a calendar day. Where Daily Maximum Limits are expressed in units of mass, the daily discharge is the total mass discharged over the course of the day. Where Daily Maximum Limits are expressed in terms of a concentration, the daily discharge is the arithmetic average measurement of the pollutant concentration derived from all measurements taken that day.
- N. Environmental Protection Agency or EPA. The U.S. Environmental Protection Agency or, where appropriate, the Regional Water Management Division Director, the Regional Administrator, or other duly authorized official of said agency.
- O. Existing Source. Any source of discharge that is not a "New Source."
- P. Grab Sample. A sample that is taken from a waste stream without regard to the flow in the waste stream and over a period not to exceed fifteen (15) minutes.
- Q. Industrial User (IU). A customer who generates a source of Indirect Discharge (40 CFR § 403.3).

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- R. Indirect Discharge or Discharge. The introduction of pollutants into the POTW/WRF from any nondomestic source.
- S. Instantaneous Limit. The maximum concentration of a pollutant allowed to be discharged at any time, determined from the analysis of any discrete or composited sample collected independent of the industrial flow rate and the duration of the sampling event.
- T. Interference. A discharge that, alone or in conjunction with a discharge or discharges from other sources, inhibits or disrupts the POTW/WRF, its treatment processes or operations or its sludge processes, use or disposal; and therefore, is a cause of a violation of Liberty Utilities' APP/AZPDES permit or of the prevention of sewage sludge use or disposal in compliance with any of the following statutory/regulatory provisions or permits issued thereunder, or any more stringent State or local regulations: Section 405 of the Clean Water Act; the Solid Waste Disposal Act, including Title II commonly referred to as the Resource Conservation and Recovery Act (RCRA); any State regulations contained in any State sludge management plan prepared pursuant to Subtitle D of the Solid Waste Disposal Act; the Clean Air Act; the Toxic Substances Control Act; and the Marine Protection, Research, and Sanctuaries Act.
- U. Local Regulatory Limit. Specific discharge limits developed and enforced by Liberty Utilities upon industrial, or commercial facilities, to implement the general and specific discharge prohibitions listed in 40 CFR 403.5(a)(1) and (b).
- V. Medical Waste. Isolation wastes, infectious agents, human blood and blood products, pathological wastes, sharps, body parts, contaminated bedding, surgical wastes, potentially contaminated laboratory wastes, and dialysis wastes.
- W. Monthly Average. The sum of all "daily discharges" measured during a calendar month divided by the number of "daily discharges" measured during that month.
- X. Monthly Average Limit. The highest allowable of "daily maximum discharges" over a calendar month, calculated as the sum of all "daily discharges" measured during a calendar month divided by the number of "daily discharges" measured during that month.

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Y. New Source

- (1) Any building, structure, facility, or installation from which there is (or may be) a discharge of pollutants, the construction of which commenced after the publication of proposed Pretreatment Standards under section 307(c) of the Act that will be applicable to such source if such Standards are thereafter promulgated in accordance with that section, provided that:
 - (a) The building, structure, facility, or installation is constructed at a site at which no other source is located; or
 - (b) The building, structure, facility, or installation totally replaces the process or production equipment that causes the discharge of pollutants at an Existing Source; or
 - (c) The production or wastewater generating processes of the building, structure, facility, or installation are substantially independent of an Existing Source at the same site. In determining whether these are substantially independent, factors such as the extent to which the new facility is integrated with the existing plant, and the extent to which the new facility is engaged in the same general type of activity as the Existing Source, should be considered.
- (2) Construction on a site at which an Existing Source is located and results in a modification rather than a New Source if the construction does not create a new building, structure, facility, or installation meeting the criteria of Section (1)(b) or (c) above but otherwise alters, replaces, or adds to existing process or production equipment.
- (3) Construction of a New Source as defined under this paragraph has commenced if the owner or operator has:
 - (a) Begun, or caused to begin, as part of a continuous onsite construction program:
 - i. any placement, assembly, or installation of facilities or equipment; or
 - ii. significant site preparation work including clearing, excavation, or removal of existing buildings, structures, or facilities which is necessary for the placement, assembly, or installation of new source facilities or equipment.
 - (b) Entered a binding contractual obligation for the purchase of facilities or equipment which are intended to be used in its operation within a reasonable time. Options to purchase or contracts which can be terminated or modified without substantial loss, and contracts for feasibility, engineering, and design studies do not constitute a contractual obligation under this paragraph.

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- AA. Noncontact Cooling Water. Water used for cooling that does not come into direct contact with any raw material, intermediate product, waste product, or finished product.
- BA. Non-Residential Discharger. A customer discharging into Liberty Utilities that is engaged in any activity that changes the constituent nature of the wastewater from typical household wastewater.
- CA. Pass Through. A discharge which exits the POTW/WRF into waters of the United States in quantities or concentrations which, alone or in conjunction with a discharge or discharges from other sources, is a cause of a violation of any requirement of Liberty Utilities' APP/AZPDES permit, including an increase in the magnitude or duration of a violation.
- DA. Person. Any individual, partnership, corporation, firm, company, corporation, association, joint stock company, trust, estate, governmental entity, or any other legal entity; or their legal representatives, agents, or assigns. This definition includes all Federal, State, and local governmental entities.
- EA. pH. A measure of the acidity, or alkalinity, of a solution, expressed in standard units.
- FA. Pollutant. Dredged spoil, solid waste, incinerator residue, filter backwash, sewage, garbage, sewage sludge, munitions, medical waste, chemical wastes, biological materials, radioactive materials, heat, wrecked or discarded equipment, rock, sand, cellar dirt, municipal, agricultural and industrial wastes, and certain characteristics of wastewater (e.g., pH, temperature, TSS, turbidity, color, BOD, COD, toxicity, or odor).
- GA. Pretreatment. The reduction of the amount of pollutants, the elimination of pollutants, or the alteration of the nature of pollutant properties in wastewater prior to, or in lieu of, introducing such pollutants into the POTW/WRF. This reduction or alteration can be obtained by physical, chemical, or biological processes; by process changes; or by other means, except by diluting the concentration of the pollutants unless allowed by an applicable Pretreatment Standard.
- HA. Pretreatment Requirements. Any substantive, or procedural requirement, related to pretreatment imposed on an IU, other than a Pretreatment Standard.
- IA. Pretreatment Standards or Pretreatment Requirements. Prohibited discharge standards, categorical Pretreatment Standards, and Local Regulatory Limits.
- JA. Prohibited Discharge Standards or Prohibited Discharges. Absolute prohibitions against the discharge of certain substances. These prohibitions appear in Sections 3 and 3.1 of this Pretreatment Program.

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- KA. Publicly Owned Treatment Works (POTW). A treatment works, as defined by section 212 of the Act (33 U.S.C. section 1292), which is owned by a state or municipality (as defined by Section 502(4) of the Clean Water Act). This definition includes any devices and systems used in the storage, treatment, recycling and reclamation of municipal sewage or industrial wastes of a liquid nature. It also includes sewers, pipes, and other conveyances only if they convey wastewater to a POTW. The term also means the municipality as defined in Section 502(4) of the Clean Water Act, which has jurisdiction over the Indirect Discharges to and the discharges from such a wastewater treatment plant.
- LA. Septic Tank Waste. Any sewage from holding tanks such as vessels, chemical toilets, campers, trailers, and septic tanks
- MA. Sewage. Human excrement and gray water (household showers, dishwashing operations, etc.).
- NA. Significant Industrial User (SIU).
- (1) An IU subject to categorical Pretreatment Standards
 - (2) An IU that:
 - (a) Discharges an average of twenty-five thousand (25,000) gpd, or more of process wastewater, to the POTW/WRF (excluding sanitary, noncontact cooling and boiler blowdown wastewater);
 - (b) Contributes a process waste stream which makes up five (5) percent or more of the average dry weather hydraulic, or organic (BOD, ammonia, and/or total nitrogen) capacity of the POTW/WRF; or
 - (c) Is designated as such by Liberty Utilities on the basis that it has a reasonable potential for adversely affecting the POTW's/WRF's operations, or for violating any Pretreatment Standard, or Requirement.
 - (3) Liberty Utilities may determine that an IU is subject to categorical Pretreatment Standards, hereinafter referred to as a Non-Significant Categorical IU, rather than a SIU on a finding that the IU never discharges more than 100 gallons per day (gpd) of total categorical wastewater (excluding sanitary, non-contact cooling and boiler blowdown wastewater, unless specifically included in the Pretreatment Standard) and the following conditions are met:
 - (a) The IU, prior to Liberty Utilities' finding, has consistently complied with all applicable categorical Pretreatment Standards and Requirements.

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- (b) The IU annually submits the certification statement required in Section 7.7.14, together with any additional information necessary to support the certification statement.
- (c) The IU never discharges any untreated concentrated wastewater.
- (4) Upon a finding that an IU meeting the criteria in Subsection (2) of this part has no reasonable potential for adversely affecting the POTW's/WRF's operation or for violating any Pretreatment Standard or Requirement, Liberty Utilities may at any time, on its own initiative or in response to a petition received from an IU, and in accordance with procedures in 40 CFR 403.8(f)(6), determine that such IU should not be considered a SIU.
- OA. Slug Load or Slug Discharge. Any discharge at a flow rate or concentration could cause a violation of the prohibited discharge standards in Section 3 of the Pretreatment Program. A Slug Discharge is any Discharge of a non-routine, episodic nature, including but not limited to an accidental spill or a non-customary batch Discharge, which has a reasonable potential to cause Interference or Pass Through, or in any other way violate the POTW's/WRF's regulations, Local Limits or Permit conditions.
- PA. Storm Water: Any flow occurring during, or following any form of natural precipitation, and resulting from such precipitation, including snowmelt.
- QA. Total Suspended Solids or Suspended Solids. The total suspended matter that floats on the surface of, or is suspended in, water, wastewater, or other liquid, and that is removable by laboratory filtering.
- RA. User or Industrial User. A source of indirect discharge.
- SA. Wastewater. Liquid and water-carried industrial wastes and sewage from residential dwellings, commercial buildings, industrial and manufacturing facilities, and institutions, whether treated or untreated, which are contributed to the POTWWRF.
- TA. Wastewater Treatment Plant or Treatment Plant. That portion of the POTW/WRF which is designed to provide treatment of municipal sewage and industrial waste.
- UA. Water Reclamation Facility (WRF). A treatment works, as defined by section 212 of the Act (33 U.S.C. section 1292), which is owned by Liberty Utilities. This definition includes any devices or systems used in the collection, storage, treatment, recycling, and reclamation of sewage, or industrial wastes, of a liquid nature and any conveyances, which convey wastewater to a treatment plant.

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SECTION 2 - AUTHORITY

Pretreatment Requirements apply to POTWs/WRFs

Regulations under the Federal Water Pollution Control Act (also known as the Clean Water Act), require POTWs/WRFs to develop a pretreatment program for any POTW/WRF (or combination of POTWs operated by the same authority) with a total design flow greater than 5 million gallons per day (MGD) within a single collection system and receive wastewater from Industrial Users pollutants which Pass Through or may Interfere with the operation of the WRF, or are otherwise subject to Pretreatment Standards. A POTW/WRF with a design flow of 5 million gallons per day or less may also be required to develop a pretreatment program if required by the applicable regulatory authority based on the nature or volume of industrial influent, treatment process impacts, permit compliance concerns, sludge contamination, or other circumstances.

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Pretreatment Requirements apply to Non-Domestic Sources of Wastewater

Under 40 CFR 403.1(b), pretreatment requirements apply to:

- (1) Pollutants from non-domestic sources covered by Pretreatment Standards which are indirectly discharged into or transported by truck or rail or otherwise introduced into POTW/WRF as defined in 40 CFR § 403.3.
- (2) POTW/WRF which receives wastewater from sources subject to National Pretreatment Standards.
- (3) States which have or are applying for National Pollutant Discharge Elimination System (NPDES) programs approved in accordance with section 402 of the Act.
- (4) Any new or existing source subject to Pretreatment Standards. National Pretreatment Standards do not apply to sources which Discharge to a sewer which is not connected to a POTW/WRF.

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In Arizona, the requirements of the federal pretreatment standards have been incorporated by reference as AAC R18-9-A905(A)(8)(b).

The Pretreatment Standards and Pretreatment Program are Approved ACC Tariffs

Liberty Utilities - Pretreatment Standards and the Pretreatment Program have been adopted in the Corporation's Terms and Conditions of Service and are approved Tariffs.

SECTION 3 - PRETREATMENT STANDARDS

Liberty Utilities enforces pretreatment standards by limiting the discharges as described below and will review pretreatment prior to approval of any industrial non-domestic discharge into its wastewater systems.

- A. **General Prohibitions.** No IU or non-residential discharger shall introduce or cause to be introduced into the POTW/WRF any pollutant or wastewater which causes Pass Through or Interference. These general prohibitions apply to all IUs and non-residential dischargers of the POTW/WRF whether or not they are subject to categorical Pretreatment Standards or any other National, State, or local Pretreatment Standards or Requirement.

In addition to those pollutants classified as Prohibited Waste (Section 3.1), the following are prohibited from discharge into the POTW/WRF:

- (1) Discharge of any substances which will inhibit the operation or performance of the City of Scottsdale WRF or pass through the system and cause City of Scottsdale WRF to violate any requirements of any operating or discharge permit issued by the county, state or federal government, or any WMU discharge permit limits.
- (2) Discharge of any substance which may cause the City of Scottsdale WRF reclaimed water or treatment residues, biosolids or scum to be unsuitable for reclamation, reuse, or disposal or which may interfere with such reclamation, reuse, or disposal processes.
- (3) Discharge of any wastewater which causes the City of Scottsdale WRF effluent to exhibit toxicity to test organisms in a standard biological toxicity test as defined by local, state, or federal requirements, or which the Company determines would be toxic to or impede the treatment capabilities of the biological processes in the City of Scottsdale WRF

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- (4) Discharge of any substance which may cause the City of Scottsdale WRF to be in a noncompliance with biosolids use or disposal criteria, guidelines or regulations developed under Section 405 of the Clean Water Act, any criteria, guidelines or regulations affecting biosolids uses or disposal developed pursuant to the Solid Waste Disposal Act, the Clean Air Act, the Toxic Substances Control Act or state or local standards applicable to the biosolids management method adopted by Liberty Utilities and/or local and state authorities.
- (5) Discharge of any wastewater containing hazardous substances, toxic, conventional, or non-conventional pollutants in sufficient quantity, either singly or by interaction, which could injure or interfere with any wastewater treatment process, constitutes a health or safety hazard to humans or animals, or exceed the limitations set forth in the Local Regulatory Limits (Section 3.4) or the categorical pretreatment standards appropriate for the specific industrial user is prohibited. Hazardous substances, toxic, conventional or non-conventional pollutants will include, but not be limited to, any pollutant identified in 40 CFR Part 122, Appendix D - Tables II, III, IV, and V (AZPDES Permit Limits that are applicable), or substances alone or in combination with other constituents that are determined to be toxic by the toxicity test as defined in 40 CFR Part 136 for wastewater or the toxicity characteristic leaching procedure test as defined in 40 CFR Part 261 for biosolids.

B. Local Regulatory Limits

No industrial user of the City of Scottsdale WRF shall discharge wastes or wastewaters included in this Section and having concentrations of pollutants higher than those listed in this Section.

The Local Regulatory Limits apply at the point where the wastewater is discharged to the POTW/WRF.

All concentrations for metallic substances are for total metal unless indicated otherwise. Liberty Utilities may impose mass limitations in addition to the concentration-based limitations herein.

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3.1 PROHIBITED WASTE

Prohibited Waste means material or waste streams that shall not be discharged to any of the collection systems operated by City of Scottsdale WRF.

This includes any waste, other than sanitary waste, which by itself or in combination with another substance either:

- (1) constitutes or may constitute a significant health or safety hazard to any person;
- (2) may interfere with any sewer or sewage treatment process;
- (3) may cause a discharge from a sewage facility to contravene any requirements of or under any ADEQ APP, AZPDES discharge permit, Reuse permit, direct or indirect potable water reuse, or any other act, or any other law or regulation governing the quality of the discharge, or may cause the discharge to result in a hazard to people, animals, property or vegetation; or
- (4) may cause biosolids to fail criteria for beneficial land application

Prohibited Wastes include:

Non-Sanitary Wastewater

Discharge of storm water, surface water, ground water, artesian well water, roof runoff, or subsurface drainage.

Air Contaminant Waste

Any waste other than sanitary waste which, by itself or in combination with another substance, is capable of creating, causing or introducing an air contaminant outside any sewer or sewage facility or is capable of creating, causing or introducing an air contaminant within any sewer or sewage facility which would prevent safe entry by authorized personnel.

Flammable or Explosive Waste or High Temperature Wastes

A high temperature waste is any waste which, by itself or in combination with another substance, will create heat in amounts which will interfere with the operation and maintenance of a sewer or sewage facility or with the treatment of waste in a sewage facility.

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Discharge of any waste streams with a closed cup flash point of less than 140 degrees Fahrenheit (60 degrees Celsius) using the test methods specified in federal regulations, 40 CFR § 261.21.

Wastewater having a temperature greater than 100 degrees F, or which will inhibit biological activity in the POTW/WRF resulting in interference.

In addition, any waste which, by itself or in combination with another substance, is capable of causing or contributing to an explosion or supporting combustion in any sewer or sewage facility including, but not limited to gasoline, naphtha, propane, diesel, fuel oil, kerosene or alcohol.

Discharge of any liquids, solids or gases that by reason of their nature or quantity are, or may be, sufficient either alone or by interaction to cause fire or explosion or be injurious in any other way to either:

- (1) the operation of the Liberty Utilities wastewater collection system or the City of Scottsdale WRF
- (2) the integrity of the sewer system or cause a danger to the public health or safety.

Reactive Waste

Any waste which, by itself, or in combination with another substance, is capable of causing or contributing to an undesirable physical or chemical reaction when introduced to sanitary sewer systems, including endothermic reactions, exothermic reactions, precipitation, etc.

Odorous Waste

Discharge of any noxious or malodorous liquids, gases or solids which, either singly or by interaction, can create a public nuisance or hazard to life or are sufficient to prevent entry into the sewers without specialized hazardous material protective equipment or clothing for sewer maintenance or repair.

pH Waste

Any non-domestic waste which, at the point of discharge into a sewer, has a pH lower than 5.5 or higher than 9.0, as determined by either a grab or a composite sample.

Slug Loads

Discharge of any slug load as defined in Sections 1.4 of this Tariff, including oxygen demanding pollutants (BOD, etc.), released in a single extraordinary discharge episode of such volume or strength as to cause interference to City of Scottsdale WRF.

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Obstructive Waste

Discharge of any solid or viscous substances that will or may cause obstruction to the flow in a sewer or other interference with the operation of the wastewater system.

This includes any waste which, by itself or in combination with another substance, is capable of obstructing the flow of, or interfering with, the operation or performance of any sewer or sewage facility including, but not limited to: earth, sand, sweepings, gardening or agricultural waste, ash, chemicals, paint, metal, glass, sharps, rags, cloth, tar, asphalt, cement-based products, plastic, wood, waste portions of animals, fish or fowl, and solidified fat.

Corrosive Waste

Any waste with corrosive properties which, by itself or in combination with any other substance, may cause damage or hazard to any sewer or sewage facility or structure, interference with operations or which may prevent safe entry by authorized personnel.

Radioactive Waste

Discharge of any wastewater containing any radioactive wastes or isotopes of such half-life or concentration as to exceed limits established by the local, state or federal regulations.

Oily Waste

Discharge of any petroleum oil, non-biodegradable cutting oil or products of mineral oil origin that will cause Interference or Pass Through the City of Scottsdale WRF.

Biomedical Waste

Any of the following categories of biomedical waste: human or animal anatomical waste, animal waste, untreated microbiological waste, waste sharps and untreated human or animal blood and body fluids.

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Miscellaneous Prohibited Wastes

Any of the following wastes:

- a. Seawater
- b. Polychlorinated biphenyl compounds (PCBs)
- c. chlorinated phenols
- d. pesticides
- e. tetrachloroethylene
- f. 4,4' - DDE
- g. 4,4' -DDT
- h. Aldrin
- i. BHC-Alpha
- j. BHC-Gamma (Lindane)
- k. Heptachlor
- l. Heptachlor Epoxide
- m. Per- and polyfluoroalkyl substances – known as PFAS

Pollutants which result in the presence of toxic gases, vapors, or fumes within the WRF/POTW in a quantity that may cause acute worker health and safety problems.

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3.2 RESTRICTED WASTE

Restricted waste means waste that may be permitted to be discharged to collection systems operated by Liberty Utilities but have specific criteria which must be met prior to that discharge.

These include:

Non-Residential Wastewater

Condensate, non-contact cooling water and industrial or commercial wastewater unless specifically authorized by the Liberty Utilities in the Pretreatment Program.

Food Waste

Any non-domestic waste from cooking and handling of food that, at the point of discharge into a sewer, contains particles larger than 0.5 centimeters in any dimension.

Trucked or Hauled Waste

Discharge of any trucked or hauled pollutants, unless the hauler has first obtained written approval from Liberty Utilities in accordance with the Pretreatment Program (Section 4).

Detergent Waste

Discharge of detergents, surface active agents, or other substances which might cause excessive foaming in the POTW/WRF.

Sludges & Residue

Sludges, screenings, and other residues from the pretreatment of industrial wastes or from the cleaning of interceptors or sewer collection systems.

Dyes and Coloring Material

Discharge of any substance with objectionable color not removed in the treatment process, such as, but not limited to, dye wastes and vegetable tanning solutions, where the dye is used by Liberty Utilities, or one or more of its agents, as a tracer. Discharge of portable toilet contents utilizing dyes is strictly prohibited.

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Petroleum Oil

Nonbiodegradable cutting oil, or products of mineral oil origin, in amounts that will cause Interference or Pass Through.

Other Pollutants

Other pollutants which result in the presence of toxic gases, vapors, or fumes within the POTW in a quantity that may cause acute worker health and safety problems.

3.3 STATE PRETREATMENT STANDARDS

IUs must comply with AAC R18-9-A905(A)(8) – Effluent guidelines and standards.

3.4 LOCAL LIMITS

- A. Liberty Utilities is authorized to establish Local Limits pursuant to 40 CFR 403.5(c). Any waste which, at the point of discharge into a sewer, contains any contaminant at a concentration in excess of the limits set out Title 18, Chapter 4 of the Arizona Administrative Code. or as more specifically defined in the tables below. All concentrations are expressed as total concentrations which includes all forms of contaminants, whether dissolved or undissolved. The concentration limits apply to both grab and composite samples. Contaminant definitions and methods of analysis are outlined in standard methods.
- B. The following pollutant limits are established to protect against Pass Through and Interference. No person shall discharge wastewater containing in excess of the following Daily Maximum Limits:

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CONVENTIONAL POLLUTANTS [mg/L]		
	Monthly Average	Daily Maximum
Biochemical Oxygen Demand (BOD)	350	525
Chemical Oxygen Demand (COD)	1000	1500
Ammonia	55	80
Total Nitrogen- as NO ₃	100	150
Oil and Grease ¹	64	96
Total Suspended Solids	350	525

ORGANIC CONTAMINANTS (Daily Maximum)	
Benzene	Reserved ¹
Ethyl Benzene	Reserved
Toluene	Reserved
Xylenes	Reserved
Chloroform	Reserved
Total Oil and Grease (hydrocarbons)	96
Perfluoroalkyl Substances (PFAS)	Reserved

¹ “Reserved” indicates that Liberty Utilities requires Industrial Users to conduct monthly monitoring and sampling for these organic contaminants; however, the Arizona Corporation Commission has not yet approved a Daily Maximum discharge limitation for these constituents. A Daily Maximum limit may be established in the future, subject to Commission review and approval.

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TRACE METALS	
PARAMETER	Daily Average Effluent Limitation (mg/L)
Antimony (Sb)	0.0048
Arsenic (As)	0.008
Beryllium (Be)	0.008
Cadmium (Cd)	0.012
Chloride (Cl)	Reserved
Chromium (Cr)	0.0238
Cobalt (Co)	Reserved
Copper (Cu)	Reserved
Cyanide (CN)	Reserved
Fluoride (F)	3.00
Iron (Fe)	Reserved
Lead (Pb)	0.13
Manganese (Mn)	Reserved
Mercury (Hg)	0.005
Molybdenum (Mo)	Reserved
Nitrate (NO ₃)	100

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Nickel (Ni)	0.242
Selenium (Se)	0.142
Silver (Ag)	Reserved
Sulfate (SO4)	Reserved
Sulfide (S)	N/A
Thallium (TI)	0.005
Zinc (Zn)	Reserved

The above limits apply at the point where the wastewater is discharged to the POTW/WRF. All concentrations for metallic substances are for total metal unless indicated otherwise. Liberty Utilities may impose mass limitations in addition to the concentration-based limitations above.

Liberty Utilities may accept certain pollutants which are compatible with the City of Scottsdale WRF treatment processes; however, the IU shall pay a surcharge, established based on quantity, to cover the costs of such treatment. Any surcharge shall be at cost.

3.5 CORPORATION RIGHT OF REVISION

Liberty Utilities reserves the right to establish, by agreement or in individual wastewater discharge permits, more stringent Pretreatment Standards or Requirements on discharges to the POTW/WRF consistent with the purpose of this Tariff.

3.6 DILUTION

No IU shall ever increase the use of process water, or in any way attempt to dilute a discharge, as a partial or complete substitute for adequate treatment to achieve compliance with a discharge limitation unless expressly authorized by an applicable Pretreatment Standard or Requirement. Liberty Utilities may impose mass limitations on IU who are using dilution to meet applicable Pretreatment Standards or Requirements, or in other cases when the imposition of mass limitations is appropriate.

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SECTION 4 - PRETREATMENT PROGRAM

This Pretreatment Program shall apply to all Non-Residential Dischargers, IUs, or users subject to the National Categorical Pretreatment Standards discharging to the City of Scottsdale WRF.

4.1 ADMINISTRATION

Except as otherwise provided herein, Liberty Utilities shall administer, implement, and enforce the provisions of the Pretreatment Program. Liberty Utilities may delegate some or all these duties to duly authorized Liberty Utilities employees.

4.2 NATIONAL CATEGORICAL PRETREATMENT STANDARDS

IUs must comply with the categorical Pretreatment Standards found in 40 CFR Chapter I, Subchapter N, Parts 405-471.

- A. Where a categorical Pretreatment Standard is expressed only in terms of either the mass or the concentration of a pollutant in wastewater, Liberty Utilities may impose equivalent concentration or mass limits.
- B. When the limits in a categorical Pretreatment Standard are expressed only in terms of mass of pollutant per unit of production, the Liberty Utilities may convert the limits to equivalent limitations expressed either as mass of pollutant discharged per day or effluent concentration for purposes of calculating effluent limitations applicable to individual IUs.
- C. When wastewater subject to a categorical Pretreatment Standard is mixed with wastewater not regulated by the same Standard, Liberty Utilities shall impose an alternate limit in accordance with 40 CFR § 403.6(e).
- D. A user may obtain a net/gross adjustment to a categorical pretreatment standard in accordance with 40 CFR § 403.15.
- E. All users subject to a categorical pretreatment standard shall comply with all requirements of such standard and shall also comply with any limitations and prohibitions contained in this article. Where the same pollutant is limited by more than one pretreatment standard, the limitations which are more stringent shall prevail. Compliance with categorical pretreatment standards for existing sources shall be within the timeframe specified in the applicable categorical pretreatment standard. Compliance with categorical pretreatment standards for new sources shall be upon commencement of discharge.
- F. Liberty Utilities may establish more stringent pretreatment standards, or additional Liberty Utilities, site specific effluent limits, when, in its judgment, such limitations are necessary to implement the objectives of the Pretreatment Program.

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4.3 STATE PRETREATMENT STANDARDS

In addition to the requirements of this Pretreatment Program, IUs must comply with AAC R18-9-A906.

4.4 LOCAL REGULATORY LIMITS

- A. Liberty Utilities is authorized to establish Local Regulatory Limits pursuant to 40 CFR § 403.5(c).
- B. Section 3.4 Pretreatment Standards establishes the Local regulatory Limits.
- C. Liberty Utilities may develop BMPs for any significant industrial user or other user, as needed, to implement this Pretreatment Program.
- D. These COPs are Pretreatment Standards.

4.4.1 Right of Revision

Liberty Utilities reserves the right to establish, by tariff, and subsequently in individual wastewater discharge permits, more stringent Standards or Requirements on discharges to the POTW consistent with the purpose of this Pretreatment Program.

4.5 Waste Discharge Permits

A waste discharge permit, as set forth in Section 6, is required for industrial and non-domestic wastewater generators for the following conditions:

- A. Any discharge subject to National Categorical Pretreatment Standards.
- B. Any Significant Industrial discharge as defined by Liberty Utilities.
- C. Any discharger whose discharge would be in violation with Local Regulatory Limits detailed in the Pretreatment Standards.
- D. Any discharger required by the State Pretreatment Standards to obtain a permit.
- E. Any other discharger directed by Liberty Utilities to apply for a permit.
- F. Permit applications and fees, violations and enforcement, and specific penalties are subject to the terms of the approved Tariff.

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SECTION 5 - PRETREATMENT FACILITIES

IUs shall provide wastewater treatment as necessary to comply with this Pretreatment Program and shall achieve compliance with all categorical Pretreatment Standards, Local Limits, and the prohibitions set out in Section 3.0 of this Pretreatment Program within the time limitations specified by EPA, the State, or Liberty Utilities, whichever is more stringent. Any facilities necessary for compliance shall be provided, operated, and maintained at the IU's expense. Detailed plans describing such facilities and operating procedures shall be submitted to Liberty Utilities for review and shall be acceptable to Liberty Utilities before such facilities are constructed. The review of such plans and operating procedures shall in no way relieve the IU from the responsibility of modifying such facilities as necessary to produce a discharge acceptable to Liberty Utilities under the provisions of this Tariff. The IU shall be responsible for all costs incurred by Liberty Utilities in connection with reviewing the plans and operating procedures set forth in this Section and any specialty inspections that may be required at the sole discretion of Liberty Utilities.

5.1 ADDITIONAL PRETREATMENT MEASURES

- A. Whenever deemed necessary, Liberty Utilities may require IUs to restrict their discharge during peak flow periods, designate that certain wastewater be discharged only into specific sewers, relocate and/or consolidate points of discharge, separate sewage waste streams from industrial waste streams, and such other conditions as may be necessary to protect the POTW/WRF and determine the IU's compliance with the requirements of this Pretreatment Program.
- B. Liberty Utilities may require any person discharging into the POTW/WRF to install and maintain, on their property and at their expense, a suitable storage and flow control facility to ensure equalization of flow. An individual wastewater discharge permit may be issued solely for flow equalization.
- C. Grease, oil, and sand interceptors shall be provided when Liberty Utilities claims them necessary for the proper handling of wastewater containing excessive amounts of grease and oil, or sand; except that such interceptors shall not be required for residential users. All interception units shall be of a type and capacity approved by Liberty Utilities, shall be so located to be easily accessible for cleaning and inspection. Such interceptors shall be inspected, cleaned, and repaired by the IU at their expense.
- D. IUs with the potential to discharge flammable substances may be required to install and maintain an approved combustible gas detection meter.

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5.2 ACCIDENTAL DISCHARGE/SLUG DISCHARGE CONTROL PLANS

Liberty Utilities shall evaluate whether each SIU needs an accidental discharge/slug discharge control plan or other action to control Slug Discharges. Liberty Utilities may require any IU to develop, submit for approval, and implement such a plan or take such other action that may be necessary to control Slug Discharges. Alternatively, Liberty Utilities may develop such a plan for any IU. An accidental discharge/slug discharge control plan shall address, at a minimum, the following:

- A. Description of discharge practices, including non-routine batch discharges
- B. Description of stored chemicals
- C. Procedures for immediately notifying Liberty Utilities of any accidental or Slug Discharge, as required by Sections 7.7.6 of this Pretreatment Program
- D. Procedures to prevent adverse impact from any accidental or Slug Discharge. Such procedures include, but are not limited to, inspection and maintenance of storage areas, handling and transfer of materials, loading and unloading operations, control of plant site runoff, worker training, building of containment structures or equipment, measures for containing toxic organic pollutants, including solvents, and/or measures and equipment for emergency response.

5.3 HAULED WASTEWATER

- A. Septic tank waste may be introduced into the POTW/WRF only at locations designated by Liberty Utilities, and at such times as are established by Liberty Utilities. Such waste shall not violate Section 3.2 of this Pretreatment Program, or any other requirements established by Liberty Utilities. Liberty Utilities may require septic tank waste haulers to obtain individual wastewater discharge permits.
- B. Industrial Waste:
 - (1) Liberty Utilities will require haulers of industrial waste to obtain individual wastewater discharge permits.
 - (2) Liberty Utilities will require generators of hauled industrial waste to obtain individual wastewater discharge permits.
 - (3) Liberty Utilities also may prohibit the disposal of hauled industrial waste. The discharge of hauled industrial waste is subject to all other requirements of the Pretreatment Program.
 - (4) Industrial waste haulers may discharge loads only at locations designated by Liberty Utilities. No load may be discharged without prior consent of Liberty Utilities.

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- (5) Liberty Utilities may collect samples of each hauled load to ensure compliance with applicable Pretreatment Standards.
- (6) Liberty Utilities may require the industrial waste hauler to provide a waste analysis of any load prior to discharge.
- (7) Industrial waste haulers must provide a waste tracking form for every load. This form shall include, at a minimum, the name and address of the industrial waste hauler, permit number, truck identification, names and addresses of sources of waste, and volume and characteristics of waste. The form shall identify the type of industry, known or suspected waste constituents, and whether any wastes are RCRA hazardous wastes.

SECTION 6 - INDIVIDUAL WASTEWATER DISCHARGE PERMITS

6.1 WASTEWATER ANALYSIS

When requested by Liberty Utilities, an IU must submit information on the nature and characteristics of its wastewater within 30 days of the request. Liberty Utilities is authorized to prepare a form for this purpose and may periodically require IUs to update this information.

6.2 INDIVIDUAL WASTEWATER DISCHARGE PERMIT REQUIREMENT

- A. No SIU shall discharge wastewater into the POTW/WRF without first obtaining an individual wastewater discharge permit from Liberty Utilities, except that a SIU that has filed a timely application pursuant to Sections 6.3 of this Tariff may continue to discharge for the time period specified therein.
- B. Liberty Utilities may require other IUs to obtain individual wastewater discharge permits as necessary to carry out the purposes of this Tariff.
- C. Any violation of the terms and conditions of an individual wastewater discharge permit shall be deemed a violation of this Tariff and subjects the wastewater discharge permittee to the sanctions set out in the Pretreatment Program. Obtaining an individual wastewater discharge permit does not relieve a permittee of its obligation to comply with all Federal and State Pretreatment Standards or Requirements or with any other requirements of Federal, State, and local law.

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6.3 INDIVIDUAL WASTEWATER DISCHARGE PERMITTING: EXISTING CONNECTIONS

Any IU required to obtain an individual wastewater discharge permit who was discharging wastewater into the POTW/WRF prior to the effective date of this Pretreatment Program and who wishes to continue such discharges in the future, shall, within 90 days after said date, apply to Liberty Utilities for an individual wastewater discharge permit in accordance with Section 6.5 of this Pretreatment Program, and shall not cause or allow discharges to the POTW/WRF to continue after 30 days of the effective date of this Tariff except in accordance with an individual wastewater discharge permit issued by Liberty Utilities.

6.4 INDIVIDUAL WASTEWATER DISCHARGE PERMITTING: NEW CONNECTIONS

Any IU required to obtain an individual wastewater discharge permit who proposes to begin or recommence discharging into the POTW/WRF must obtain such permit prior to the beginning or recommencing of such discharge. An application for this individual wastewater discharge permit, in accordance with Section 6.5 of this Tariff, must be filed at least 90 days prior to the date upon which any discharge will begin or recommence.

6.5 INDIVIDUAL WASTEWATER DISCHARGE PERMIT APPLICATION CONTENTS

- A. All IUs required to obtain an individual wastewater discharge permit must submit a permit application. Liberty Utilities may require IUs to submit all, or some of the following applicable information as part of a permit application:
- (1) Identifying Information.
 - (a) The name and address of the facility, including the name of the operator and owner.
 - (b) Contact information, description of activities, facilities, and plant production processes on the premises.
 - (2) Environmental Permits. A list of any environmental control permits held by or for the facility. For permits that are required or currently pending, a description of the status of each permit.
 - (3) Description of Operations.
 - (a) A brief description of the nature, average rate of production (including each product produced by type, amount, processes, and rate of production), and standard industrial classifications of the operation(s) carried out by such IU. This description should include a schematic process diagram, which indicates points of discharge to the POTW/WRF from the regulated processes.

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- (b) Types of waste generated, and a list of all raw materials and chemicals used, or stored at the facility, which are, or could accidentally or intentionally be, discharged to the POTW/WRF.
 - (c) Number and type of employees, hours of operation, and proposed or actual hours of operation.
 - (d) Type and number of raw materials processed (average and maximum per day).
 - (e) Site plans, floor plans, mechanical and plumbing plans, and details to show all sewers, floor drains, and appurtenances by size, location, and elevation, and all points of discharge.
- (4) Time and duration of discharges.
- (5) The location for monitoring all waste covered by the permit.
- (6) Flow Measurement. Information showing the measured average daily and maximum daily flow, in gallons per day, to the POTW/WRF from regulated process streams and other streams, as necessary, to allow use of the combined waste stream formula set out in 40 CFR 403.6(e).
- (7) Measurement of Pollutants.
- (a) The categorical Pretreatment Standards applicable to each regulated process and any new categorically regulated processes for Existing Sources.
 - (b) The results of sampling and analysis identifying the nature and concentration, and/or mass, where required by the Standard or by Liberty Utilities, of the regulated pollutants in the discharge from each regulated process.
 - (c) Instantaneous, Daily Maximum, and long-term average concentrations, or mass, where required, shall be reported.
 - (d) The sample shall be representative of daily operations and shall be analyzed in accordance with procedures set out in Sections 7.7.8, 7.7.10, 7.7.11, 8.1, and 9 of this Tariff. Where the Standard requires compliance with a BMP, COP, or pollution prevention alternative, the IU shall submit documentation as required by Liberty Utilities, or the applicable Standards to determine compliance with the Standard.
 - (e) Sampling must be performed in accordance with procedures set out in Sections 7.7.8, 7.7.10, 7.7.11, 8.1, and 9 of this Tariff of the Pretreatment Program.

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- (8) Any other information may be deemed necessary by Liberty Utilities to evaluate the permit application.
- (9) Incomplete, or inaccurate applications, will not be processed and will be returned to the IU for revision.

6.6 APPLICATION SIGNATORIES AND REPORTS

- A. All wastewater discharge permit applications, IU reports and certification statements must be signed by an Authorized Representative of the IU and contain the certification statement in Section 7.7.14.
- B. If the designation of an Authorized Representative is no longer accurate because a different individual or position has responsibility for the overall operation of the facility or overall responsibility for environmental matters for the company, a new written authorization satisfying the requirements of this Section must be submitted to Liberty Utilities prior to, or together with, any reports to be signed by an Authorized Representative.

6.7 INDIVIDUAL WASTEWATER DISCHARGE PERMIT DECISIONS

Liberty Utilities will evaluate the data furnished by the IU and may require additional information, if necessary. Within 30 days of receipt of a complete permit application, Liberty Utilities will determine whether to issue an individual wastewater discharge permit. Liberty Utilities may deny any application for an individual wastewater discharge permit.

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SECTION 7 - INDIVIDUAL WASTEWATER DISCHARGE PERMIT ISSUANCE**7.1 INDIVIDUAL WASTEWATER DISCHARGE PERMIT DURATION**

An individual wastewater discharge permit shall be issued for a specified time period, not to exceed five (5) years from the effective date of the permit. An individual wastewater discharge permit may be issued for a period less than five (5) years, at the discretion of Liberty Utilities. Each individual wastewater discharge permit will indicate a specific date upon which it will expire.

7.2 INDIVIDUAL WASTEWATER DISCHARGE PERMIT CONTENTS

An individual wastewater discharge permit shall include such conditions as are deemed reasonably necessary by Liberty Utilities to prevent Pass Through, or Interference, protect the quality of the water body receiving the POTW/WRF effluent, protect worker health and safety, facilitate sludge management and disposal, and protect against damage to the POTW/WRF.

A. Individual wastewater discharge permits must contain:

- (1) A statement that indicates the wastewater discharge permit issuance date, expiration date and effective date.
- (2) A statement that the wastewater discharge permit is nontransferable.
- (3) Effluent limits, including Best Management Practices, based on applicable Pretreatment Standards.
- (4) Self-monitoring, sampling, reporting, notification, and record-keeping requirements. These requirements shall include an identification of pollutants (or best management practice) to be monitored, sampling location, sampling frequency, and sample type based on Federal, State, and local law.
- (5) A statement of applicable civil and criminal penalties for violation of the Pretreatment Standards and Requirements, and any applicable compliance schedule. Such a schedule may not extend the time for compliance beyond that required by applicable Federal, State, or local law.
- (6) Requirements to control Slug Discharge, if determined by Liberty Utilities to be necessary.

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- B. Individual wastewater discharge permits may contain, but need not be limited to, the following conditions:
1. Limits on the average and/or maximum rate of discharge, time of discharge, and/or requirements for flow regulation and equalization.
 2. Requirements for the installation of pretreatment technology, pollution control, or construction of appropriate containment devices, designed to reduce, eliminate, or prevent the introduction of pollutants into the treatment works.
 3. Requirements for the development and implementation of spill control plans or other special conditions including management practices necessary to adequately prevent accidental, unanticipated, or non-routine discharges.
 4. Development and implementation of waste minimization plans to reduce the amount of pollutants discharged to the POTW/WRF for the term of the individual wastewater discharge permit.
 5. The unit charge or schedule of IU charges and fees for the management of the wastewater discharged to the POTW/WRF.
 6. Requirements for installation and maintenance of inspection and sampling facilities and equipment, including flow measurement devices.
 7. A statement that compliance with the individual wastewater discharge permit does not relieve the permittee of responsibility for compliance with all applicable Federal and State Pretreatment Standards, including those which become effective during the term of the individual wastewater discharge permit.
 8. Other conditions as deemed appropriate by Liberty Utilities to ensure compliance with this Pretreatment Program, and State and Federal laws, rules, and regulations.

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7.3 PERMIT MODIFICATION

Liberty Utilities may modify an individual wastewater discharge permit for good cause, including, but not limited to, the following reasons:

- A. To incorporate any new or revised Federal, State, or local Pretreatment Standards or Requirements.
- B. To address significant alterations, or additions to the IU's operation, processes, or wastewater volume or character since the time of the individual wastewater discharge permit issuance
- C. A change in the POTW/WRF that requires either a temporary or permanent reduction or elimination of the authorized discharge.
- D. Information indicating that the permitted discharge poses a threat to a POTW/WRF, Liberty Utilities personnel, or the receiving waters.
- E. Violation of any terms or conditions of the individual wastewater discharge permit.
- F. Misrepresentations, or failure to fully disclose all relevant facts, in the wastewater discharge permit application or in any required reporting.
- G. Revision of, or a grant of variance, from categorical Pretreatment Standards pursuant to 40 CFR 403.13.
- H. To correct typographical, or other errors in the individual wastewater discharge permit.
- I. To reflect a transfer of the facility ownership or operation to a new owner or operator were requested in accordance with Section 6.7.

7.4 INDIVIDUAL WASTEWATER DISCHARGE PERMIT TRANSFER

Individual wastewater discharge permits may be not be transferred. New owner or operator shall apply for a new discharge permit 60 days prior to the date of facility transfer. Failure of new owner or operator to apply for a new discharge permit will render the existing individual wastewater permit void as of the date of facility transfer.

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7.5 INDIVIDUAL WASTEWATER DISCHARGE PERMIT REVOCATION

Liberty Utilities may revoke an individual wastewater discharge permit for good cause, including, but not limited to, the following reasons:

- A. Failure to notify Liberty Utilities of significant changes to the wastewater prior to the changed discharge.
- B. Failure to provide prior notification to Liberty Utilities of changed conditions pursuant to Section 6.3 of this Document.
- C.
- D. Misrepresentation or failure to fully disclose all relevant facts in the wastewater discharge permit application.
- E.
- F. Falsifying self-monitoring reports and certification statements.
- G.
- H. Tampering with monitoring equipment.
- I.
- J. Refusing to allow Liberty Utilities timely access to the facility premises and records.
- K.
- L. Failure to meet effluent limitations.
- M.
- N. Failure to pay fines.
- O.
- P. Failure to pay sewer charges.
- Q.
- R. Failure to meet compliance schedules.
- S.
- T. Failure to complete a wastewater survey or the wastewater discharge permit application.
- U.
- V. Failure to provide advance notice of the transfer of business ownership of a permitted facility.
- W.
- X. Violation of any Pretreatment Standard or Requirement, or any terms of the wastewater discharge permit or this Pretreatment Program.

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Individual wastewater discharge permits will be voidable upon cessation of operations or transfer of business ownership. All individual wastewater discharge permits issued to an IU are void upon the issuance of a new individual wastewater discharge permit to that IU.

7.6 INDIVIDUAL WASTEWATER DISCHARGE PERMIT REISSUANCE

An IU with an expiring individual wastewater discharge permit shall apply for individual wastewater discharge permit reissuance by submitting a complete permit application, in accordance with Section 6.5 of this Pretreatment Program, a minimum of 90 days prior to the expiration of the IU's existing individual wastewater discharge permit.

7.7 REPORTING REQUIREMENTS

7.7.1 METERING

If required by the individual wastewater permit approved by Liberty Utilities, the IU shall install a metering device of a form and at a location acceptable to Liberty Utilities.

Unless designated to the IU in the individual wastewater permit, Liberty Utilities will be responsible for the reading of water and/or wastewater meters when installed in discharger's establishment.

Meters will always be accessible to Liberty Utilities and/or the applicable Liberty Utilities' representatives.

7.7.2 BASELINE MONITORING REPORTS

Within either one hundred eighty (180) days after the effective date of a categorical Pretreatment Standard, or the final administrative decision on a category determination under 40 CFR 403.6(a)(4), whichever is later, existing Categorical IUs currently discharging to or scheduled to discharge to the POTW/WRF shall submit to Liberty Utilities a report which contains the information listed in paragraph B, below. At least ninety (90) days prior to commencement of their discharge, New Sources, and sources that become Categorical IUs subsequent to the promulgation of an applicable categorical Standard, shall submit to Liberty Utilities a report which contains the information listed in paragraph B, below. A New Source shall report on the method of pretreatment it intends to use to meet applicable categorical Standards. A New Source also shall give estimates of its anticipated flow and quantity of pollutants to be discharged.

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IUs described above shall submit the information set forth below:

- A. All information required in Section 6.5A (1) (a), Section 6.5 A (2), Section 6.5A (3), and Section 6.5A (6).
- B. Measurement of pollutants.
 - (1) The IU shall provide the information required in Section 6.5.
 - (2) The IU shall take a minimum of one representative sample to compile that data necessary to comply with the requirements of this paragraph.
 - (3) Samples should be taken immediately downstream from pretreatment facilities (POTW/WRF) if such exist or immediately downstream from the regulated process if no pretreatment exists. If other wastewaters are mixed with the regulated wastewater prior to pretreatment the IU should measure the flows and concentrations necessary to allow use of the combined waste stream formula in 40 CFR 403.6(e) to evaluate compliance with the Pretreatment Standards.
 - (4) Where an alternate concentration or mass limit has been calculated in accordance with 40 CFR 403.6(e) this adjusted limit along with supporting data shall be submitted to Liberty Utilities.
 - (5) Sampling and analysis shall be performed in accordance with Sections 7.7.8, 7.7.10, 7.7.11, 8.1, and 9.
 - (6) Liberty Utilities may allow the submission of a baseline report which utilizes only historical data so long as the data provides information sufficient to determine the need for industrial pretreatment measures.
 - (7) The baseline report shall indicate the time, date and place of sampling and methods of analysis, and shall certify that such sampling and analysis is representative of normal work cycles and expected pollutant Discharges to the POTW/WRF.

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- C. Compliance Certification: A statement, reviewed by the IU's Authorized Representative as defined in Section 1.4 (C) and certified by a qualified professional, indicating whether Pretreatment Standards are being met on a consistent basis, and, if not, whether additional operation and maintenance (O&M) and/or additional pretreatment is required to meet the Pretreatment Standards and Requirements.
- D. Compliance Schedule: If additional pretreatment and/or O&M will be required to meet the Pretreatment Standards, the shortest schedule by which the IU will provide such additional pretreatment and/or O&M must be provided. The completion date in this schedule shall not be later than the compliance date established for the applicable Pretreatment Standard. A compliance schedule pursuant to this Section must meet the requirements set out in Section 7.7.3 of this Pretreatment Program.
- E. Signature and Report Certification: All baseline monitoring reports must be certified in accordance with Section 7.7.14 of this Document and signed by an Authorized Representative as defined in Section 1.4 (C).

7.7.3 COMPLIANCE SCHEDULE PROGRESS REPORTS

The following conditions shall apply to the compliance schedule required this Pretreatment Program:

- A. The schedule shall contain progress increments in the form of dates for the commencement and completion of major events leading to the construction and operation of additional pretreatment required for the IU to meet the applicable Pretreatment Standards (such events include, but are not limited to, hiring an engineer, completing preliminary and final plans, executing contracts for major components, commencing and completing construction, and beginning and conducting routine operation).
- B. No increment referred to above shall exceed nine (9) months.
- C. The IU shall submit a progress report to Liberty Utilities no later than fourteen (14) days following each date in the schedule and the final date of compliance including, as a minimum, whether it complied with the increment of progress, the reason for any delay, and, if appropriate, the steps being taken by the IU to return to the established schedule.

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- D. In no event shall more than nine (9) months elapse between such progress reports to Liberty Utilities and Categorical Pretreatment Standard Deadlines. Within ninety (90) days following the date for final compliance with applicable categorical Pretreatment Standards, or in the case of a New Source following commencement of the introduction of wastewater into the POT/WRF, any IU subject to such Pretreatment Standards and Requirements shall submit to Liberty Utilities a report containing the information described in Section 6.5A of this Pretreatment Program. For IUs subject to equivalent mass or concentration limits established in accordance with the procedures in Section 3, this report shall contain a reasonable measure of the IU's long term production rate. For all other IUs subject to categorical Pretreatment Standards expressed in terms of allowable pollutant discharge per unit of production (or other measure of operation), this report shall include the IU's actual production during the appropriate sampling period. All compliance reports must be signed and certified in accordance with Section 7.7.14 of this Pretreatment Program. All sampling will be done in conformance with 7.7.8, 7.7.10, 7.7.11, 7.7.14, 8.1, and 9.

7.7.4 PERIODIC COMPLIANCE REPORTS

- A. Except as specified in Section 7.7.4 (C), all IUs must, at a frequency determined by Liberty Utilities, submit no less than once per year (January 31) a report indicating the nature and concentration of pollutants in the discharge which are limited by Pretreatment Standards and the measured or estimated average and maximum daily flows for the reporting period. In cases where the Pretreatment Standard requires compliance with a BMP, or pollution prevention alternative, the IU must submit documentation required by Liberty Utilities or the Pretreatment Standard necessary to determine the compliance status of the IU.
- B. Pursuant to 40 CFR 403.12(e)(2), Liberty Utilities may authorize an IU subject to a categorical Pretreatment Standard to forego sampling of a pollutant regulated by a categorical Pretreatment Standard if the IU has demonstrated through sampling and other technical factors that the pollutant is neither present nor expected to be present in the Discharge or is present only at background levels from intake water and without any increase in the pollutant due to activities of the IU. This authorization is subject to the following conditions:

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- (1) The waiver may be authorized where a pollutant is determined to be present solely due to sanitary wastewater discharged from the facility provided that the sanitary wastewater is not regulated by an applicable categorical Standard and otherwise includes no process wastewater.
- (2) The monitoring waiver is valid only for the duration of the effective period of the individual wastewater discharge permit, but in no case longer than five (5) years. The IU must submit a new request for the waiver before the waiver can be granted for each subsequent individual wastewater discharge permit.
- (3) In making a demonstration that a pollutant is not present, the IU must provide data from at least one sampling of the facility's process wastewater prior to any treatment present at the facility that is representative of all wastewaters from all processes.
- (4) The request for a monitoring waiver must be signed in accordance with Section 1.4(C) and include the certification statement in 7.7.14 (40 CFR 403.6(a)(2)(ii)).
- (5) Non-detectable sample results may be used only as a demonstration that a pollutant is not present if the EPA approved method from 40 CFR Part 136 with the lowest minimum detection level for that pollutant was used in the analysis.
- (6) Any grant of the monitoring waiver by Liberty Utilities must be included as a condition in the IU's permit. The reasons supporting the waiver and any information submitted by the IU in its request for the waiver must be maintained by Liberty Utilities for 3 years after expiration of the waiver.
- (7) Upon approval of the monitoring waiver and revision of the IU's permit by Liberty Utilities, the IU must certify on each report with the statement in Section 8.0 below, that there has been no increase in the pollutant in its waste stream due to activities of the IU.
- (8) In the event that a waived pollutant is found to be present or is expected to be present because of changes that occur in the IU's operations, the IU must immediately comply with the monitoring requirements of Section 7.7.14, or other more frequent monitoring requirements imposed by Liberty Utilities, and notify Liberty Utilities.
- (9) This provision does not supersede certification processes and requirements established in categorical Pretreatment Standards, except as otherwise specified in the categorical Pretreatment Standard.

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- C. Reduced reporting is not available to IUs that have in the last two (2) years been in Significant Noncompliance, as defined in Section 10 of this Pretreatment Program. In addition, reduced reporting is not available to an IU with daily flow rates, production levels, or pollutant levels that vary so significantly that, in the opinion of Liberty Utilities, decreasing the reporting requirement for this IU would result in data that are not representative of conditions occurring during the reporting period.
- D. All periodic compliance reports must be signed and certified in accordance with Section 7.7.14 of this Pretreatment Program.
- E. All wastewater samples must be representative of the IU's discharge. Wastewater monitoring and flow measurement facilities shall be properly operated, kept clean, and always maintained in good working order. The failure of an IU to keep its monitoring facility in good working order shall not be grounds for the IU to claim that sample results are unrepresentative of its discharge.
- F. Pursuant to 40 CFR 403.12(g)(6), if an IU subject to the reporting requirement in this Section 7 monitors any regulated pollutant at the appropriate sampling location more frequently than required by Liberty Utilities, using the procedures prescribed in 7.7.8, 7.7.10, 7.7.11, 7.7.14, 8.1, and 9 of this Pretreatment Program, the results of this monitoring shall be included in the report.

7.7.5 REPORTS OF CHANGED CONDITIONS

Each IU must notify Liberty Utilities of any significant changes to the IU's operations or system which might alter the nature, quality, or volume of its wastewater at least ninety (90) days before the change.

- A. Liberty Utilities may require the IU to submit such information as may be deemed necessary to evaluate the changed condition, including the submission of a wastewater discharge permit application under Section 6.5 of this Pretreatment Program.
- B. Liberty Utilities may issue an individual wastewater discharge permit under Section 6 of this Pretreatment Program or modify an existing wastewater discharge permit under Section 6 of this Pretreatment Program in response to changed conditions or anticipated changed conditions.

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7.7.6 REPORTS OF POTENTIAL PROBLEMS

- A. In the case of any Discharge, including, but not limited to, accidental discharges, discharges of a non-routine, episodic nature, a non-customary batch discharge, a Slug Discharge, or Slug Load, that might cause potential problems for the POTW/WRF, the IU shall telephone and notify Liberty Utilities within two hours of the incident. This notification shall include the location of the discharge, type of waste, concentration and volume, if known, and corrective actions taken by the IU.

Within five (5) days following such Discharge, the IU shall, unless waived by Liberty Utilities, submit a detailed written report describing the cause(s) of the discharge and the measures to be taken by the IU to prevent similar future occurrences. Such notification shall not relieve the IU of any expense, loss, damage, or other liability which might be incurred as a result of damage to the POTW/WRF, natural resources, or any other damage to person or property; nor shall such notification relieve the IU of any fines, penalties, or other liability which may be imposed pursuant to this Pretreatment Program.

- B. A notice shall be permanently posted on the IU's bulletin board or other prominent place advising employees who to call in the event of a discharge described in paragraph A, above. Employers shall ensure that all employees who could cause such a discharge to occur, are advised of the emergency notification procedure.
- C. SIUs are required to notify Liberty Utilities immediately of any changes at its facility affecting the potential for a Slug Discharge.

7.7.7 REPORTS FROM UNPERMITTED IUS

All IUs not required to obtain an individual wastewater discharge permit shall provide reports required under this Tariff at Liberty Utilities' request.

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7.7.8 NOTICE OF VIOLATION/REPEAT SAMPLING AND REPORTING

If sampling performed by an IU indicates a violation, the IU must notify Liberty Utilities within twenty-four (24) hours of becoming aware of the violation. The IU shall also repeat the sampling and analysis and submit the results of the repeat analysis to Liberty Utilities within thirty (30) days after becoming aware of the violation. Resampling by the IU is not required if Liberty Utilities performs sampling at the IU's facility at least once a month, or if Liberty Utilities performs sampling at the IU between the time when the initial sampling was conducted and the time when the IU or Liberty Utilities receives the results of this sampling, or if Liberty Utilities has performed the sampling and analysis in lieu of the IU.

7.7.9 NOTIFICATION OF THE DISCHARGE OF HAZARDOUS WASTE

- A. Any IU who commences the discharge of hazardous waste shall notify Liberty Utilities, the EPA Regional Waste Management Division Director, and State hazardous waste authorities, in writing, of any discharge into the POTW/WRF of a substance which, if otherwise disposed of, would be a hazardous waste under 40 CFR Part 261. Such notification must include the name of the hazardous waste as set forth in 40 CFR Part 261, the EPA hazardous waste number, and the type of discharge (continuous, batch, or other). If the IU discharges more than one hundred (100) kilograms of such waste per calendar month to the POTW/WRF, the notification also shall contain the following information to the extent such information is known and readily available to the IU: an identification of the hazardous constituents contained in the wastes, an estimation of the mass and concentration of such constituents in the waste stream discharged during that calendar month, and an estimation of the mass of constituents in the waste stream expected to be discharged during the following twelve (12) months. All notifications must take place no later than one hundred and eighty (180) days after the discharge commences. Any notification under this paragraph needs to be submitted only once for each hazardous waste discharged. However, notifications of changed conditions must be submitted under Section 7.7.5 of this Pretreatment Program. The notification requirement in this Section does not apply to pollutants already reported by IUs subject to categorical Pretreatment Standards under the self-monitoring requirements of Section 7.7.13 of this Pretreatment Program.
- B. Dischargers are exempt from the requirements of paragraph A, above, during a calendar month in which they discharge no more than fifteen (15) kilograms of hazardous wastes, unless the wastes are acute hazardous wastes as specified in 40 CFR 261.30(d) and 261.33(e). Discharge of more than fifteen (15) kilograms of non-acute hazardous wastes in a calendar month, or of any quantity of acute hazardous wastes as specified in 40 CFR 261.30(d) and 261.33(e), requires a onetime notification. Subsequent months during which the IU discharges more than such quantities of any hazardous waste do not require additional notification.

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- C. In the case of any new regulations under section 3001 of RCRA identifying additional characteristics of hazardous waste or listing any additional substance as a hazardous waste, the IU must notify Liberty Utilities, the EPA Regional Waste Management Waste Division Director, and State hazardous waste authorities of the discharge of such substance within ninety (90) days of the effective date of such regulations.
- D. In the case of any notification made under this Section, the IU shall certify that it has a program in place to reduce the volume and toxicity of hazardous wastes generated to the degree it has determined to be economically practical.
- E. This provision does not create a right to discharge any substance not otherwise permitted to be discharged by this Pretreatment Program, a permit issued thereunder, or any applicable Federal or State law.

7.7.10 ANALYTICAL REQUIREMENTS

All pollutant analyses, including sampling techniques, to be submitted as part of a wastewater discharge permit application or report shall be performed in accordance with the techniques prescribed in 40 CFR Part 136 and amendments thereto, unless otherwise specified in an applicable categorical Pretreatment Standard. If 40 CFR Part 136 does not contain sampling or analytical techniques for the pollutant in question, or where the EPA determines that the Part 136 sampling and analytical techniques are inappropriate for the pollutant in question, sampling and analyses shall be performed by using validated analytical methods at a State of Arizona certified lab or any other applicable sampling and analytical procedures, including procedures suggested by Liberty Utilities, or other parties approved by EPA.

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7.7.11 SAMPLE COLLECTION

Samples collected to satisfy reporting requirements must be based on data obtained through appropriate sampling and analysis performed during the period covered by the report, based on data that is representative of conditions occurring during the reporting period.

- A. Except as indicated in Section B and C below, the IU must collect wastewater samples using 24-hour flow proportional composite sampling techniques, unless time proportional composite sampling or grab sampling is authorized by Liberty Utilities. Where time proportional composite sampling or grab sampling is authorized by Liberty Utilities, the samples must be representative of the discharge. Using protocols (including appropriate preservation) specified in 40 CFR Part 136 and appropriate EPA guidance, multiple grab samples collected during a 24-hour period may be composited prior to the analysis as follows: for cyanide, total phenols, and sulfides the samples may be composited in the laboratory or in the field; for volatile organics and oil and grease, the samples may be composited in the laboratory. Composite samples for other parameters unaffected by the compositing procedures as documented in approved EPA methodologies may be authorized by Liberty Utilities, as appropriate. In addition, grab samples may be required to show compliance with Local Limits.
- B. Samples for oil and grease, temperature, pH, cyanide, total phenols, sulfides, and volatile organic compounds must be obtained using grab collection techniques.
- C. For sampling required in support of baseline monitoring and 90 day compliance reports required in Sections 7.7.2 and 7.7.3 of the Pretreatment Program (40 CFR 403.12(b) and (d)), a minimum of four (4) grab samples must be used for pH, cyanide, total phenols, oil and grease, sulfide and volatile organic compounds for facilities for which historical sampling data do not exist; for facilities for which historical sampling data are available, Liberty Utilities may authorize a lower minimum. For the response required by paragraphs Section 7.7.4 (40 CFR 403.12(e) and 403.12(h)), the IU is required to collect the number of grab samples necessary to assess and assure compliance with applicable Pretreatment Standards and Requirements.

7.7.12 DATE OF RECEIPT OF REPORTS

Written reports will be deemed to have been submitted on the date postmarked or if hand delivered, date received by Liberty Utilities.

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7.7.13 RECORDKEEPING

IUs subject to the reporting requirements of this Pretreatment Program shall retain, and make available for inspection and copying, all records of information obtained pursuant to any monitoring activities required by this Pretreatment Program, any additional records of information obtained pursuant to monitoring activities undertaken by the IU independent of such requirements, and documentation associated with Best Management Practices established under Sections 1.4 (E) and 7.7.2. Records shall include the date, exact place, method, and time of sampling, and the name(s) of the person(s) taking the samples; the dates analyses were performed; who performed the analyses; the analytical techniques or methods used; and the results of such analyses. These records shall remain available for a period of at least three (3) years. This period shall be automatically extended for the duration of any litigation concerning the IU or Liberty Utilities, or where the IU has been specifically notified of a longer retention period by Liberty Utilities.

7.7.14 CERTIFICATION STATEMENTS

- A. Certification of Permit Applications, IU Reports and Initial Monitoring Waiver. The following certification statement is required to be signed and submitted by: (i) IUs submitting permit applications in accordance with Section 6.5; (ii) IUs submitting baseline monitoring reports under Section 7.7; (iii) IUs submitting reports on compliance with the categorical Pretreatment Standard deadlines under Section 7.7.3; (iv) IUs submitting periodic compliance reports required by Section 7.7.4; and (v) IUs submitting an initial request to forego sampling of a pollutant on the basis of Section 7.7.4 (B). The following certification statement must be signed by an Authorized Representative as defined in Section 1.4(C):

(1) I certify under penalty of law that this document and all attachments were prepared under my direction, or supervision, in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons, who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

- B. Annual Certification for Non-Significant Categorical IUs. A facility determined to be a Non-Significant Categorical IU by Liberty Utilities pursuant to Section 1.4.NA.3 [Note: See 40 CFR 403.3(v)(2)] must annually submit the following certification statement signed in accordance with the signatory requirements in Section 1.4.C and 40 CFR 403.12. The following certification must accompany an alternative report required by Liberty Utilities:

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Based on my inquiry of the person or persons directly responsible for managing compliance with the categorical Pretreatment Standards under 40 CFR _____, I certify that, to the best of my knowledge and belief that during the period from _____, _____ to _____, _____ [months, days, year]:

- a) The facility described as _____ [facility name] met the definition of a Non-Significant Categorical IU a as described in Section 1.4.NA.3 of Liberty Utilities' Pretreatment Program and Tariff and 40 CFR 403.3(v)(2); and
- b) The facility complied with all applicable Pretreatment Standards and requirements during this reporting period; and the facility never discharged more than 100 gallons of total categorical wastewater on any given day during this reporting period.

This compliance certification is based on the following information.

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SECTION 8 - COMPLIANCE MONITORING**8.1 RIGHT OF ENTRY: INSPECTION AND SAMPLING**

Liberty Utilities shall have the right to enter the premises of any IU to determine whether the IU is complying with all requirements of this Pretreatment Program and any individual wastewater discharge permit or order issued hereunder. IUs shall allow Liberty Utilities ready access to all parts of the premises for the purposes of inspection, sampling, records examination and copying, and the performance of any additional duties.

- A. Where an IU has security measures in force which require proper identification and clearance before entry into its premises, the IU shall make necessary arrangements with its security guards so that, upon presentation of suitable identification, Liberty Utilities shall be permitted to enter without delay for the purposes of performing specific responsibilities.
- B. Liberty Utilities shall have the right to set up on the IU's property or require installation of such devices as are necessary to conduct sampling and/or metering of the IU's operations.

Liberty Utilities may require the IU to install monitoring equipment as necessary. The facility's sampling and monitoring equipment shall be maintained at all times in a safe and proper operating condition by the IU at its own expense. All devices used to measure wastewater flow and quality shall be calibrated no less than annually to ensure their accuracy.

- C. Any temporary or permanent obstruction to safe and easy access to the facility to be inspected and/or sampled shall be promptly removed by the IU at the written or verbal request of Liberty Utilities and shall not be replaced. The costs of clearing such access shall be borne by the IU.
- D. Unreasonable delays in allowing Liberty Utilities access to the IU's premises shall be a violation of this Pretreatment Program.

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8.2 COMPLIANCE WITH PRETREATMENT PROGRAM AS A TERM OF SERVICE

The Pretreatment Program is an approved Tariff under the ACC rules and regulations and is included as part of the Terms of Service for customers. Under AAC R14-2-609 and this Tariff, Liberty Utilities may terminate service for failure of the customer to provide the utility reasonable access to its equipment and property; a breach of a written contract for service, if there is the existence of an obvious hazard to the safety or health of the consumer or the general population, or for noncompliance with this tariff.

If Liberty Utilities has been refused access to a building, structure, or property, or any part thereof, and is able to demonstrate probable cause to believe that there may be a violation of the Pretreatment Program, or that there is a need to inspect and/or sample as part of a routine inspection and sampling program designed to verify compliance with the Pretreatment Program or any permit issued hereunder, or to protect the overall public health, safety and welfare of the community. These remedies are cumulative, and Liberty Utilities may elect to terminate service without recourse to the courts.

SECTION 9 - CONFIDENTIAL INFORMATION

Information and data on an IU obtained from reports, surveys, wastewater discharge permit applications, individual wastewater discharge permits, monitoring programs, and Liberty Utilities inspection and sampling activities, shall be available to the public without restriction, unless the IU specifically requests, and is able to demonstrate to the satisfaction of Liberty Utilities, that the release of such information would divulge information, processes, or methods of production entitled to protection as trade secrets under applicable State law. Any such request must be asserted at the time of submission of the information or data. When requested and demonstrated by the IU furnishing a report that such information should be held confidential, the portions of a report which might disclose trade secrets or secret processes shall not be made available for inspection by the public but shall be made available immediately upon request to governmental agencies for uses related to the NPDES program or pretreatment program, and in enforcement proceedings involving the person furnishing the report. Wastewater constituents and characteristics and other effluent data, as defined at 40 CFR 2.302 shall not be recognized as confidential information and shall be available to the public without restriction.

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SECTION 10 - PUBLICATION OF IUS IN SIGNIFICANT NONCOMPLIANCE

Liberty Utilities shall publish annually, in a newspaper of general circulation that provides meaningful public notice within the jurisdictions served by Liberty Utilities, a list of the IUs which, at any time during the previous twelve (12) months, were in Significant Noncompliance with applicable Pretreatment Standards and Requirements. The term Significant Noncompliance shall be applicable to all Significant IUs (or any other IU that violates paragraphs (C), (D) or (H) of this Section) and shall mean:

- A. Chronic violations of wastewater discharge limits, defined here as those in which sixty six percent (66%) or more of all the measurements taken for the same pollutant parameter taken during a six (6) month period exceed (by any magnitude) a numeric Pretreatment Standard or Requirement, including Instantaneous Limits as defined in Sections 1.4.(S).
- B. Technical Review Criteria (TRC) violations, defined in 40 CFR § 403.8(f)(vii)(B) as those in which thirty three percent (33%) or more of wastewater measurements taken for each pollutant parameter during a six (6) month period equals or exceeds the product of the numeric Pretreatment Standard or Requirement including Instantaneous Limits, as defined by Sections 1.4.(S). multiplied by the applicable criteria (1.4 for BOD, TSS, fats, oils and grease, and 1.2 for all other pollutants except pH).
- C. Any other violation of a Pretreatment Standard or Requirement as defined by Sections 3 and (Daily Maximum, long term average, Instantaneous Limit, or narrative standard) that Liberty Utilities determines has caused, alone or in combination with other discharges, Interference or Pass Through, including endangering the health of POTW/WRF personnel or the general public.
- D. Any discharge of a pollutant that has caused imminent endangerment to the public or to the environment or has resulted in Liberty Utilities exercise of its emergency authority to halt or prevent such a discharge.
- E. Failure to meet, within ninety (90) days of the scheduled date, a compliance schedule milestone contained in an individual wastewater discharge permit or enforcement order for starting construction, completing construction, or attaining final compliance.
- F. Failure to provide within forty-five (45) days after the due date, any required reports, including baseline monitoring reports, reports on compliance with categorical Pretreatment Standard deadlines, periodic self-monitoring reports, and reports on compliance with compliance schedules.
- G. Failure to accurately report noncompliance.
- H. Any other violation(s), which may include a violation of BMP or COP, which Liberty Utilities determines will adversely affect the operation or implementation of the local pretreatment program.

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SECTION 11- ENFORCEMENT REMEDIES AND GUIDELINES**11.1 UTILITY RIGHT TO SHUT OFF AND TERMINATE SERVICE.**

The purpose of this Tariff is to prevent the introduction of pollutants into Liberty Utilities' WRF or a POTW that will interfere with its operation, including interference with its use or disposal of sludge, prevent the introduction of pollutants into a WRF/POTW that could adversely impact the treatment works or otherwise be incompatible with it, and to obtain compliance with all applicable laws and regulations by those regulated dischargers into the WRF/POTW.

11.2 UTILITY DISCRETION TO TERMINATE SERVICE

Liberty Utilities will have sole and complete discretion to shut off wastewater services to any IU for any violation of any provision in this Tariff, or for any violation of any provision in the waste discharge permit in accordance with the terms and conditions of the waste discharge permit between an IU and Liberty Utilities.

11.3 NOTIFICATION REQUIREMENTS

Violation of this Tariff or of any provision of a waste discharge permit is cause for shutting off of or termination of service at Liberty Utilities' discretion. Liberty Utilities will notify the Arizona Corporation Commission at least two business days before it terminates service to any IU.

11.4 PROCESS FOR SUSPENSION OF SERVICE

Shutting off of services for any violation of this Tariff or a wastewater discharge permit between an IU and Liberty Utilities will be in accordance with the terms of the wastewater discharge permit between an IU and Liberty Utilities. The wastewater discharge permit will provide for the suspension of wastewater flows from any IU for a violation of this Tariff or the applicable wastewater discharge permit. This is to ensure the integrity of Liberty Utilities' wastewater operations and avoid adverse impacts to the provision of safe and reliable service to other customers.

- A. IU will provide contact information (including name, service address, contact address (if different), telephone number and email address as part of IU's request for service);
- B. Liberty Utilities will contact IU with a written notification of non-compliance, whereby IU has five (5) calendar days to respond with a written plan for satisfactory correction and prevention of future violations;
- C. Upon providing response, IU will then have 72 hours to implement plan and come into compliance, provided the plan is to Liberty Utilities' satisfaction;

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- D. Failure to come into compliance could then result in Liberty Utilities shutting off service to IU at Liberty Utilities' sole and complete discretion;
- E. Under no circumstances can IU dispute the Liberty Utilities notification until after response and implementation of plan occurs and compliance is achieved.
- F. Service will not be restored to IU until IU has resolved all outstanding violations and penalties to Liberty Utilities' satisfaction

11.5 FLOW INFORMATION

IU must provide information to Liberty Utilities describing maximum average and peak wastewater flows discharged from IU's facility that IU is requesting Liberty Utilities collect and treat during a 24-hour period. Any exceedance of such wastewater flows may be considered a Slug Discharge/Load and a violation of this Tariff for purposes of enforcement and shutting off of services in Liberty Utilities' sole discretion.

11.6 SHUTOFF MECHANISMS

Liberty Utilities will install metering and vault, and other equipment as necessary, so that it has the ability to shut off Indirect Discharge into it's the WRF/POTW when a violation by an IU has occurred in Liberty Utilities sole discretion. Design standards for the discharge point for IU facilities must include plans for the discharge of Indirect Discharge.

11.7 LIABILITY FOR DAMAGES AND INDEMNIFICATION

IU is liable to the extent any violation results in any damage to Liberty Utilities WRF or any facilities used in the provision of wastewater service to any Liberty Utilities customers, as well as to the extent such violation causes any harm to any persons, and the waste discharge permit will include a provision that IU will indemnify Liberty Utilities in accordance with this provision.

11.8 VAULT AND HAUL SERVICES

Should vault and haul services be necessary due to the violation by IU, then IU will be fully and solely responsible for the costs against any IU, to the extent the vault and haul services are due to the violation by the IU.

11.9 REGULATORY ENFORCEMENT AND PENALTIES

Violation of this rule could result in enforcement or other legal action against the IU by interconnected municipalities, the Arizona Department of Environmental Quality and/or the U.S. Environmental Protection Agency. These entities are authorized by law to impose monetary penalties of up to \$37,500 per day per violation.

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11.10 EFFLUENT PARAMETER EXCEEDENCE CHARGES

An effluent parameter exceedance charge may be assessed for any exceedance of the waste discharge permit requirements, when deemed necessary by Liberty Utilities.

11.11 PENALTY SCHEDULE FOR VIOLATIONS

In addition to or instead of any other remedies currently set forth, Liberty Utilities may, in its full discretion, impose the following penalties for the listed violations as set forth in the following table:

Violations	Nature of Violations	Fine/Action	Notifications (Timeframe to Address)
Exceedance of Local Limit, Permit Limit or Federal Standard	A pattern of exceedances will constitute one violation. For purposes of this violation, a pattern will mean exceedances that (1) occur once per day (i.e., a 24-hour period) over three consecutive days or (2) occur more than twice in any specific day.	\$25,000 per each violation.	Discharger will have up to five (5) days from receipt of notification to address before commencement of fines.
Failure to Report	Failure to provide correct information, or provision of missing or incomplete information after notification by Liberty Utilities that information is incorrect, missing or incomplete.	Up to \$5,000 per day per violation (i.e. each piece of incorrect, missing or incomplete information).	Three days from the time of notification of incomplete or missing information to address before commencement of fines.
Failure to Monitor Correctly	Failure to Monitor All Pollutants as set forth in this Tariff or a waste discharge permit (if applicable).	Up to \$5,000 per day per violation	Three days from the time of notification that discharger is failing to monitor as required.
Failure to install monitoring equipment.	Delay of 30 days or more after notification by Liberty Utilities.	Up to \$5,000 per day per violation	Three days after expiration of the 30day period and notification by Liberty Utilities.
Denial of Entry onto Dischargers property for verification of compliance with this Tariff and a waste discharge permit.	Entry Denied or Consent Withdrawn, Liberty Utilities request for copies of records pertinent this Tariff or a waste discharge permit is denied	Up to \$1,000 per day per violation	Commencement of fines can begin 24 hours after denial of entry.

Issued: [DATE]

Effective: [DATE]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (Black Mountain Sewer) Corp.
14920 W Camelback Rd
Litchfield Park, AZ 85340
Decision No. XXXX

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11.12 USE OF FINE PROCEEDS

The proceeds of any fine(s) will be used towards making additional investments as needed in the Liberty Utilities wastewater infrastructure.

11.13 COST RECOVERY FOR DAMAGES

Liberty Utilities may recover the cost of damages caused by any violation of this Tariff or the waste discharge permit by an IU.

11.14 NON-EXCLUSIVITY OF REMEDIES

The remedies provided for in this Pretreatment Program are not exclusive. Liberty Utilities may take any, all, or any combination of these actions against a noncompliant IU when the circumstances warrant. Enforcement of pretreatment violations will generally be in accordance with Liberty Utilities' enforcement response plan. Further, Liberty Utilities is empowered to take more than one enforcement action against any noncompliant IU.

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SECTION 12-SUPPLEMENTAL ENFORCEMENT ACTION**12.1 PENALTIES FOR LATE REPORTS**

A penalty of \$250 shall be assessed to any IU for each day that a report required by this Pretreatment Program, a permit or order issued hereunder is late, beginning five days after the date the report is due. Increased penalties may also be assessed where reports are more than 30-45 days late. Actions taken by Liberty Utilities to collect late reporting penalties shall not limit Liberty Utilities' authority to initiate other enforcement actions that may include penalties for late reporting violations.

12.2 PERFORMANCE BONDS OR LETTER OF CREDIT

Liberty Utilities may decline to issue or reissue an individual wastewater discharge permit to any IU who has failed to comply with any provision of this Pretreatment Program, a previous individual wastewater discharge permit, or any other Pretreatment Standard or Requirement, unless such IU first files a satisfactory bond or letter of credit, payable to Corporation, in a sum not to exceed a value determined by Liberty Utilities to be necessary to achieve consistent compliance.

12.3 LIABILITY INSURANCE

Liberty Utilities may decline to issue or reissue an individual wastewater discharge to any IU who has failed to comply with any provision of this Pretreatment Program, a previous individual wastewater discharge permit, or order issued hereunder, or any other Pretreatment Standard or Requirement, unless the IU first submits proof that it has obtained financial assurances sufficient to restore or repair damage to the POTW/WRF caused by its discharge.

12.4 PAYMENT OF OUTSTANDING FEES AND PENALTIES

Liberty Utilities may decline to issue or reissue an individual wastewater discharge permit to any IU who has failed to pay any outstanding fees, fines or penalties incurred as a result of any provision of this Pretreatment Program, a previous individual wastewater discharge permit, or order issued hereunder.

12.5 WATER AND WASTEWATER SUPPLY SEVERANCE

Whenever an IU has violated or continues to violate any provision of this Pretreatment Program, an individual wastewater discharge permit, or order issued hereunder, or any other Pretreatment Standard or Requirement, wastewater and/or water service to the IU may be severed. Service will recommence, at the IU's expense, only after the IU has satisfactorily demonstrated its ability to comply.

Applies to all **WASTEWATER** service areas
PART EIGHT
INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

SECTION 13-PROHIBITED BYPASS**13.1 BYPASS**

A. For the purposes of this Section,

- (1) Bypass means the intentional diversion of waste streams from any portion of an IU's treatment facility.
- (2) Severe property damage means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.

B. An IU may allow any bypass to occur which does not cause Pretreatment Standards or Requirements to be violated, but only if it also is for essential maintenance to assure efficient operation. These bypasses are not subject to the provision of paragraphs (C) and (D) of this Section.

C. Bypass Notifications

- (1) If an IU knows in advance of the need for a bypass, it shall submit prior notice to Liberty Utilities, at least ten (10) days before the date of the bypass.
- (2) An IU shall submit oral notice to Liberty Utilities of an unanticipated bypass that exceeds applicable Pretreatment Standards within twenty-four (24) hours from the time it becomes aware of the bypass. A written submission shall also be provided within five (5) days of the time the IU becomes aware of the bypass. The written submission shall contain a description of the bypass and its cause; the duration of the bypass, including exact dates and times, and, if the bypass has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent reoccurrence of the bypass. Liberty Utilities may waive the written report on a case-by-case basis if the oral report has been received within twenty-four (24) hours.

Applies to all **WASTEWATER** service areas
PART EIGHT
INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

D. Bypass

- (1) Bypass is prohibited, and Liberty Utilities may take an enforcement action against an IU for a bypass, unless:
 - (a) Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage.
 - (b) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate back up equipment should have been installed in the exercise of reasonable engineering judgment to prevent a bypass which occurred during normal periods of equipment downtime or preventive maintenance.
 - (c) The IU submitted notices as required under paragraph C of this section. Liberty Utilities may approve an anticipated bypass, after considering its adverse effects, if Liberty Utilities determines compliance with Section 14.

Applies to all **WASTEWATER** service areas
PART EIGHT
INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

SECTION 14 – COMPLIANCE AND ENFORCEMENT STANDARDS**14.1 DECLINING TO ISSUE INDIVIDUAL WASTEWATER DISCHARGE PERMIT**

Liberty Utilities may decline to issue or reissue an individual wastewater discharge permit to any IU who has failed to comply with any provision of the Pretreatment Program, a previous individual wastewater discharge permit, or any other Pretreatment Standard or requirement, unless such IU first files a satisfactory bond, payable to Liberty Utilities, in a sum not to exceed a value determined by Liberty Utilities to be necessary to achieve consistent compliance.

14.2 EMERGENCY SHUTDOWN

A. For the purposes of this Section,

- (1) Emergency shut down means the intentional diversion of waste streams from any portion of an IU's treatment facility. Severe property damage means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of an emergency shut down. Severe property damage does not mean economic loss caused by delays in production.

B. An IU may allow any bypass to occur which does not cause Pretreatment Standards or Requirements to be violated, but only if it also is for essential maintenance to assure efficient operation. These emergency shutdowns are not subject to the provision of paragraphs (C) and (D) of this Section.

C. Shut Down Notifications

- (1) If an IU knows in advance of the need for a bypass, it shall submit prior notice to Liberty Utilities at least ten (10) days before the date of the emergency shut down, if possible.
- (2) An IU shall submit oral notice to Liberty Utilities of an unanticipated emergency shutdown that exceeds applicable Pretreatment Standards within twenty-four (24) hours from the time it becomes aware of the emergency shut down. A written submission shall also be provided within five (5) days of the time the IU becomes aware of the emergency shut down. The written submission shall contain a description of the emergency shut down; its cause; the duration of the bypass, including exact dates and times, and, if the emergency shut down has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent reoccurrence of the emergency shut down. Liberty Utilities may waive the written report on a case-by-case basis if the oral report has been received within twenty-four (24) hours.

Applies to all **WASTEWATER** service areas
PART EIGHT
INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

D. Emergency Shutdown

- (1) Emergency shut down is prohibited, and Liberty Utilities may take an enforcement action against an IU for a bypass, unless:
 - (a) Emergency shut down was unavoidable to prevent loss of life, personal injury, or severe property damage.
 - (b) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate back up equipment should have been installed in the exercise of reasonable engineering judgment to prevent a bypass which occurred during normal periods of equipment downtime or preventive maintenance.
 - (c) The IU submitted notice as required under paragraph C of this Section.

Applies to all **WASTEWATER** service areas

PART EIGHT
CODE OF PRACTICE

EXECUTIVE SUMMARY

Liberty Utilities (Black Mountain Sewer) Corp. ("Corporation") hereby declares that the following Code of Practice has been prepared and adopted to provide for pretreatment standards in the maintenance and operation of wastewater treatment at the City of Scottsdale Water Reclamation Facility. This Code of Practice shall be filed with the Arizona Corporation Commission and made part of Corporation's Wastewater Service Tariff, Part Four, Section LB [Waste Limitations].

Corporation hereby expressly reserves the right to make any lawful addition and/or revisions in this Code of Practice when and as they may become advisable to properly manage the WRF and to promote the peace, health, safety and welfare of the customers that will be served. This Code of Practice is supplementary to, and are not to be construed as, any abridgement of any lawful rights of the Company as outlined in the Arizona Revised Statutes governing Public Utilities (Title 40) and the Arizona Administrative Corporation Commission Rules on Sewer (Title 14, Article 6), including the right to disconnect or to refuse permission to connect a customer to the Company's wastewater system for violation of this Code of Practice or any other applicable law of the State of Arizona.

This Code of Practice incorporates pretreatment standards per 40 CFR 403, A.A.C. Title 12, Article 4, and A.A.C. Title 18, Chapter 9, Article 3. This Code of Practice is enforceable per the authority granted to wastewater utilities established under A.A.C. Title 14, Chapter 2, Article 6 of the Arizona Administrative Code.

Issued: [DATE]

Effective: [DATE]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (Black Mountain Sewer) Corp.
14920 W Camelback Rd
Litchfield Park, AZ 85340
Decision No. XXXX

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (BM-CP-01-001)
SECTION 1 – DEFINITIONS

I. PROHIBITED WASTE

Prohibited waste means:

(1) Air Contaminant Waste

Any waste other than sanitary waste which, by itself or in combination with another substance, is capable of creating, causing or introducing an air contaminant outside any sewer or sewage facility or is capable of creating, causing or introducing an air contaminant within any sewer or sewage facility which would prevent safe entry by authorized personnel.

(2) Flammable or Explosive Waste

any pollutants which create a fire or explosion hazard to the sewer or any waste other than sanitary waste which, which by itself or in combination with another substance, is capable of causing or contributing to an explosion or supporting combustion in any sewer or sewage facility including, but not limited to gasoline, naphtha, propane, diesel, fuel oil, kerosene or alcohol.

(3) Obstructive Waste

Any waste other than sanitary waste which, by itself or in combination with another substance, is capable of obstructing the flow of, or interfering with, the operation or performance of any sewer or sewage facility including, but not limited to: earth, sand, sweepings, gardening or agricultural waste, ash, chemicals, paint, metal, glass, sharps, rags, cloth, tar, asphalt, cement-based products, plastic, wood, waste portions of animals, fish or fowl and solidified fat.

(4) Corrosive Waste

Any waste other than sanitary waste which, with corrosive properties which, by itself or in combination with any other substance, may cause damage to any sewer or sewage facility or which may prevent safe entry by authorized personnel.

(5) High Temperature Waste

Any waste other than sanitary waste which, by itself or in combination with another substance, will create heat in amounts which will **interfere** with the operation and maintenance of a sewer or sewage facility or with the treatment of waste in a sewage facility;

Any waste other than sanitary waste which, will raise the temperature of waste entering any sewage facility to 38 degrees Celsius (100 degrees Fahrenheit) or more; or any non-domestic waste entering any sewage facility with a temperature of 65 degrees Celsius (150 degrees Fahrenheit) or more.

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CODE OF PRACTICE (BM-CP-01-001)
SECTION 1 - DEFINITIONS

(6) Biomedical Waste

Any of the following categories of biomedical waste: human anatomical waste, animal waste, untreated microbiological waste, waste sharps, medical products, and untreated human blood and body fluids known to contain viruses and agents.

(7) Miscellaneous Wastes

Any storm water, surface water, groundwater, roof runoff, or surface drainage is prohibited.

(8) Dilution Wastes

Any discharge that has been in any way, been diluted as a substitute for pretreatment, for the purposes of obtaining compliance with any categorical standard or pretreatment requirement or any other requirement imposed by this article except where dilution is expressly authorized by a categorical standard.

(9) Other Discharge Limitations.

Any discharge that is transported from the point of generation to the sewer by any hauler, unless the hauler has first:

- (a) Obtained authorization to discharge from the Company.
- (b) Disclosed the nature, origin, and volume of the discharge.

Any waste, other than sanitary waste, which by itself or in combination with another substance:

- (a) constitutes or may constitute a significant health or safety hazard to any person;
- (b) Any waste other than sanitary waste which may interfere with any sewer or sewage treatment process;
- (c) may cause a discharge from a sewage facility to contravene any requirements by or under any ADEQ or AZPDES discharge permit or any other act, approved Waste Minimization Plan (WMP), or any other law or regulation governing the quality of the discharge, or may cause the discharge to result in a hazard to people, animals, property or vegetation;
- (d) may cause bio-solid to fail criteria for beneficial land application.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (BM-CP-01-001)
SECTION 1 - DEFINITIONS

II. RESTRICTED WASTE (BM-CP-01-001)

Restricted waste means:

(10) **Specified Waste**

Any waste other than sanitary waste which, at the point of discharge into a sewer, contains any contaminant at a concentration in excess of the Limits set out below. All concentrations are expressed as total concentrations which includes all forms of the contaminant, whether dissolved or undissolved. The concentration limits apply to both grab and composite samples. Contaminant definitions and methods of analysis are outlined in standard methods.

CONVENTIONAL CONTAMINANTS (mg/L)	
Biochemical Oxygen Demand (BOD)	350
Chemical Oxygen Demand (COD)	1000
Ammonia	55
Total Nitrogen- as NO ₃	100
Oil and Grease	64
Total Suspended Solids	350

ORGANIC CONTAMINANTS (mg / L)	
Benzene	Reserved ²
Ethyl Benzene	Reserved
Toluene	Reserved
Xylenes	Reserved
Chloroform	Reserved
Total Oil and Grease (hydrocarbons)	96
Perfluoroalkyl Substances (PFAS)	Reserved

² "Reserved" indicates that Liberty Utilities requires Industrial Users to conduct monthly monitoring and sampling for these organic contaminants; however, the Arizona Corporation Commission has not yet approved a Daily Maximum discharge limitation for these constituents. A Daily Maximum limit may be established in the future, subject to Commission review and approval.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (BM-CP-01-001)
SECTION 1 - DEFINITIONS

TRACE METALS	
PARAMETER	DAILY AVERAGE (mg/L)
Antimony (Sb)	0.0048
Arsenic	0.008
Beryllium	0.008
Cadmium (Cd)	0.012
Chloride (Cl)	Reserved
Chromium (Cr)	0.238
Cobalt (Co)	Reserved
Copper (Cu)	Reserved
Cyanide (CN)	Reserved
Fluoride	3.00
Iron (Fe)	Reserved
Lead (Pb)	0.13
Manganese (Mn)	Reserved
Mercury (Hg)	0.0050
Nitrate	100
Molybdenum (Mo)	Reserved
Nickel (Ni)	0.242
Selenium (Se)	0.142
Silver (Ag)	Reserved
Sulfate (SQ4)	Reserved
Sulfide (S)	N/A
Thallium	0.005
Zinc (Zn)	Reserved

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Applies to all **WASTEWATER** service areas

PART EIGHT

CODE OF PRACTICE (BM-CP-01-001)

SECTION 1 - DEFINITIONS

(11) **Food Waste**

Any solid or viscous pollutants, animal fats, oil, and grease (FOG) in amounts that may cause obstruction to the flow in sewers or pass through or other interference or damage to the sewer collection system. Any pollutant, including oxygen demanding pollutants (BOD, COD, TOC, etc.) released in a discharge flow at a rate and/or pollutant concentration which may cause interference with the sewer collection system or wastewater treatment process. This also includes petroleum oil, non-biodegradable cutting oil, or other products of mineral oil origin in amounts that may cause interference or pass through at the wastewater treatment facility.

(12) **Radioactive Waste**

Any discharge containing a toxic, radioactive, poisonous or other substances in which sufficient quantity to cause or have the potential to cause injury or damage to a person or property or interference with any sewage treatment process, cause corrosive structural damage, constitute a hazard to humans or create any hazard to the sewer system or the effluent of the sewer system. All such wastes shall be subject to compliance with Nuclear Regulatory Commission standards for sewer disposal including the Unity Equation. Radioactive waste industrial users shall be treated in accordance with applicable federal and state regulations and guidelines, including section 40 of the Code of Federal Regulations.

(13) **pH Waste**

Any discharge with a pH less than 5.5 standard units (SU) or greater than 9.5 SU as determined by either a grab or a composite sample.

(14) **Dyes and Coloring: Material**

Dyes or coloring materials which may pass through a sewage facility and discolor the effluent from a sewage facility except where the dye is used by the Sewer Company, or one or more of its agents, as a tracer.

(15) **Miscellaneous Restricted Wastes**

Any of the following wastes:

- (a) 4,4' - DDE
- (b) 4,4' - DDT
- (c) Aldrin
- (d) BHC-Alpha
- (e) BHC-Beta
- (f) BHC- Gamma(Lindane)
- (g) Heptachlo

Applies to all **WASTEWATER** service areas

PART EIGHT

CODE OF PRACTICE (BM-CP-01-001)

SECTION 1 - DEFINITIONS

- (h) Heptachlor epoxide.
 - (i) Polychlorinated biphenyl compounds (PCB's)
 - (j) chlorinated phenols³
 - (k) pesticides
 - (l) herbicides
 - (m) tetrachloroethylene
 - (n) polynuclear aromatic hydrocarbons (PAH' s)⁴
- (16) Temperature
- Any waste other than sanitary waste which, will raise the temperature of waste entering any sewage facility to 38 degrees Celsius (100 degrees Fahrenheit) or more; or any non-domestic waste entering any sewage facility with a temperature of 65 degrees Celsius (150 degrees Fahrenheit) or more.

³ include: chlorophenol I (ortho, meta, para); dichlorophenol (2,3, 2,4-, 2,5-, 2,6-, 3,4-, 3,5-); trichlorophenol (2,3,4-, 2,3,5-, 2,3,6-, 2,4,5-, 2,4,6-, 3,4,5-); tetrachlorophenol (2,3,4,5-, 2,3,4,6-, 2,3,5,6-); pentachloro phenol

⁴ includes: naphthalene benzo(a) anthracene; acenaphthylene chrysene; acenaphthene benzo(k)fluoranthene; fluorene benzo(k)fluoranthene; phenanthrene benzo(a)pyrene; anthracene dibenzo(a,h)anthracene fluoranthene indeno(1,2,3-cd)pyrene; pyrene benzo(g,h,i)perylene

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (BM-CP-01-002)
SECTION 2 - DENTAL OPERATIONS

I. APPLICATION

This code of practice for dental operations defines mandatory requirements for managing non-domestic waste discharged directly or indirectly into a sewer connected to a sewage facility.

This code of practice applies to dental operations.

II. DISCHARGE REGULATIONS

An operator of a dental operation must not discharge waste which, at the point of discharge into a sewer, contains;

- (1) prohibited waste, special waste, or storm water; or
- (2) restricted waste with the exception of mercury measured at the point of discharge from a certified amalgam separator.

An operator of a dental operation that produces liquid waste from photographic imaging containing silver shall comply with the requirements of BM-CP-01-001.

An operator of a dental operation that produces wastewater containing dental amalgam must either:

- (1) collect and transport the wastewater from the dental operation for off-site waste management; or
- (2) treat the wastewater at the dental operation site prior to discharge to the sewer using a certified amalgam separator.

An operator of a dental operation must install and maintain the amalgam separator according to the manufacturer's or supplier's recommendations in order that the amalgam separator functions correctly. Such separator must be certified for use by the manufacturer.

An operator of a dental operation who installs an amalgam separator must ensure that:

- (1) all dental operation wastewater that contains dental amalgam is treated using the amalgam separator;
- (2) a monitoring point is installed at the outlet of the amalgam separator or downstream of the amalgam separator at a location upstream of any discharge of other waste;
- (3) the monitoring point must be installed in such a manner that the total flow from the amalgam separator may be intercepted and sampled; and
- (4) the monitoring point shall be readily and easily accessible at all times for inspection.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (BM-CP-01-002)
SECTION 2 - DENTAL OPERATIONS

If the amalgam separator is located downstream of a wet vacuum system, an operator of a dental operation must ensure that:

- (1) the wet vacuum system is fitted with an internal flow control fitting; or
- (2) a flow control fitting is installed on the water supply line to the wet vacuum system.

The flow control fitting must be sized to limit the flow to a rate that is no more than the maximum inlet flow rate of the amalgam separator as stated by the manufacturer of the amalgam separator.

An operator of a dental operation must locate an amalgam separator in such a manner that an accidental spill, leak or collecting container failure will not result in waste containing amalgam entering any sewer. If a location is not available, an operator of a dental operation must do one of the following:

- (1) install spill containment to contain spills or leaks from the amalgam separator; or
- (2) cap all floor drains into which liquid spilled from the amalgam separator would normally flow.

An operator of a dental operation must replace the amalgam separator's collecting container when any one of the following occurs:

- (1) the manufacturer's or supplier's recommended expiry date, as shown on the amalgam separator, has been reached; or
- (2) the warning level specified by the manufacturer has been reached; or
- (3) analytical data obtained using a method of analysis outlined in standard methods, or an alternative method of analysis approved by the manager, having a method detection limit of 0.0000005 mg/L or lower, indicates that the total concentration of mercury in the discharge from the amalgam separator is greater than, or equal to 0.005 mg/L.

An operator of a dental operation shall not dispose of dental amalgam collected in an amalgam separator, a collecting container, or any other device, to a sewer.

III. RECORD KEEPING AND RETENTION

An operator of a dental operation that uses an amalgam separator must keep at the site of installation of the amalgam separator, an operation and maintenance manual containing instructions for installation, use, maintenance and service of the amalgam separator installed.

An operator of a dental operation that uses an amalgam separator must post, at the site of installation of the amalgam separator, a copy of the manufacture's standard test report pertaining to the amalgam separator installed.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (BM-CP-01-002)
SECTION 2 - DENTAL OPERATIONS

- (4) date of installation of the amalgam separator and name of the installation service provider;
- (5) serial number and expiry date of the amalgam separator and/or its components;
- (6) maximum recommended flow rate through the amalgam separator, where applicable;
- (7) dates of inspection, maintenance, cleaning and replacement of any amalgam separation equipment or components;
- (8) dates and descriptions of all operational problems, spills, leaks or collecting container failures associated with the amalgam separator and remedial actions taken;
- (9) name, address and telephone number of any person or company who performs any maintenance or disposal services related to the operation of the amalgam separator; and
- (10) dates of pick-up of the collecting container for off-site disposal, volume of waste disposed and the location of disposal.

The records must be retained for a period of two years and must be available on request by a company representative.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (BM-CP-01-003)
SECTION 3 – DRY-CLEANING OPERATIONS

I. APPLICATION

This code of practice for Dry Cleaning operations defines the requirements for managing waste discharged directly or indirectly into a sewer connected to a sewage facility from dry cleaning businesses, or other facilities employing solvent or chemical cleaning routines.

Definitions are included in BM-CP-01-DEF.

II. DISCHARGE REGULATIONS

An operator of a dry-cleaning operation must not discharge waste, which at the point of discharge into a sewer contains:

- (1) Tetrachloroethylene and Perchloroethylene are prohibited;
- (2) Petroleum solvent in a concentration that is in excess of 15 milligrams per liter as analyzed in a grab sample; and
- (3) Prohibited waste, restricted waste, special waste, storm water, or contaminated water.

An operator of a dry-cleaning operation that generates wastewater containing petroleum solvent shall either:

- (1) Collect and transport the wastewater from the dry-cleaning operation for off-site waste management; or
- (2) Install and maintain a solvent/water separator and holding tank in accordance with this code of practice.

Solvent Water Separators and Holding Tanks

Solvent/water separator and holding tank installations must conform to the requirements of this code of practice.

An operator of a dry-cleaning operation shall not directly discharge wastewater from the solvent/water separator to a sewage facility

- (1) An operator of a dry-cleaning operation must:
- (2) Collect the wastewater discharged from a solvent/water separator into a transparent, solvent-compatible, holding tank with a containment capacity 25% larger than the total volume of the solvent/water separator; and
- (3) Allow the wastewater to stand undisturbed for a period of not less than 12 hours following each operating date.

An operator of a dry-cleaning operation must check the contents of the holding tank after the specified period of time has elapsed to determine whether the wastewater contains any visible residual solvent. If there is no visible residual solvent in the holding tank, the contents may be discharged to the sewer.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (BM-CP-01-003)
SECTION 3 – DRY-CLEANING OPERATIONS

If the holding tank contains any visible tetrachloroethylene or petroleum solvent after the specified period of time, then the tetrachloroethylene or petroleum solvent must be separated and returned to the solvent recovery system. After the removal of all visible solvent, the wastewater may be discharged to the sanitary sewer.

Visual Inspections

An operator of a dry-cleaning operation must:

- (1) Visually inspect the solvent/water separator on a daily basis and
- (2) Clean the solvent/water separator at least once every seven (7) days to manufacturer's standards.

Spills and Leaks

An operator of a dry-cleaning operation must install spill containment facilities in all chemical storage areas and around all dry-cleaning machines.

An operator of a dry-cleaning operation must block off all sewer drains within the containment area for chemical storage and dry-cleaning equipment to prevent any accidental discharge of solvent to a sewer.

An operator of a dry-cleaning operation must inspect all dry-cleaning equipment for liquid leaks at least once per day.

An operator of a dry-cleaning operation must keep all equipment clean to ensure that leaks are visible. The following areas and items are to be checked for leaks:

- (1) hose connections, unions, couplings and valves
- (2) machine door gasket and seating
- (3) filter head gasket and seating
- (4) pumps
- (5) base tanks and storage
- (6) solvent/water separators
- (7) filter sludge recovery
- (8) distillation unit
- (9) diverter valves
- (10)saturated lint in lint baskets
- (11)holding tanks
- (12)cartridge filters

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (BM-CP-01-003)
SECTION 3 – DRY-CLEANING OPERATIONS

An operator of a dry-cleaning operation who detects any liquid leak from dry cleaning equipment or chemical storage must repair the leak within 72 hours and must immediately prevent any discharge of contaminants to a sewer.

III. RECORD KEEPING AND RETENTION

Every dry-cleaning operation must keep a record book on site for inspection with records from the previous two years.

The following information shall be recorded in the record book:

- (1) record of all inspections done by the operator, employees or other hired personnel;
- (2) record of any liquid leaks detected and remedial action taken;
- (3) record of solvent/water separator cleaning;
- (4) record of holding tank cleaning and solvent transfer; and
- (5) record of all other equipment maintenance and repair.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (BM-CP-01-004)
SECTION 4 – FOOD SERVICE OPERATIONS

I. APPLICATION

This code of practice for Food Service operations defines the requirements for managing waste discharged directly or indirectly into a sewer connected to a sewage facility from restaurants, or other facilities employing food service (such as food preparation services) as a primary or secondary business operation. Traps, interceptors and separators shall be provided to prevent the discharge of oil, grease, sand and other substances harmful or hazardous to the building drainage system, the collection system the private sewage disposal system or the sewage treatment plant or processes.

Traps, interceptors and separators shall be installed:

- (1) operators of a food services operation that adds kitchen equipment that discharges oil and grease;
- (2) operators of a food services operation that discharges non-domestic waste to sewer that exceeds any of the restricted waste criteria specified in BM-CP-01-DEF; or
- (3) any food service operation, as determined by Corporation's wastewater operations group.
- (4) at new facilities
- (5) at existing food service facilities, not equipped with a trap, interceptor or separator, when additions, alterations or remodel are done which increase servicing volume, seating capacity, etc.
- (6) at existing food service facilities, equipped with a trap, interceptor or separator, when additions, alterations or remodel are done which increase servicing volume, seating capacity, changes to the menu, etc.
- (7) at any non-food facilities when additions, alterations, or remodeling is proposed for the purpose of food preparation and service.
- (8) at existing facilities not equipped with a trap, interceptor or separator, which is proposed for the purpose of food preparation and service.

Definitions are included in BM-CP-01-DEF.

II. DISCHARGE REGULATIONS

An operator of a Food Service Operation must not discharge waste, which at the point of discharge into a sewer, contains:

- (1) oil and grease in a concentration that is in excess of 100 milligrams per liter as analyzed in a grab sample;
- (2) suspended solids in a concentration that is in excess of 350 milligrams per liter as analyzed in a grab sample;

Applies to all **WASTEWATER** service areas

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Moses Thompson, President
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14920 W Camelback Rd
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Decision No. XXXX

PART EIGHT
CODE OF PRACTICE (BM-CP-01-004)
SECTION 4 – FOOD SERVICE OPERATIONS

- (3) 5-day biochemical oxygen demand (BOD 5) in a concentration that is in excess of 350 milligrams per liter in a grab sample;
- (4) prohibited waste, restricted waste, special waste, storm water, or contaminated water.

III. GREASE INTERCEPTORS

Grease interceptors are required to be installed and maintained by the Owner of food service operations within the collection system of Corporation facilities. Grease interceptor installations shall conform to the requirements of this code of practice.

Interceptors, such as grease, oil, or sand shall be provided by laundries, restaurants, service stations, auto repair shops, carwashes and other industrial users when, in the opinion of Corporation, interceptors are necessary for the proper handling of wastewater containing oil and grease or sand or any flammable wastes. Such interceptors shall not be required for domestic users.

Construction:

All traps, interceptors and separators shall be constructed of impervious materials capable of withstanding abrupt and extreme changes in temperature. New or upgraded grease devices shall have a three-lid manhole, properly sized per Table 1. Traps, interceptors and separators shall be watertight and equipped with easily removable covers. Covers shall be gastight and watertight.

Cleaning and Maintenance:

Cleaning and maintenance must be performed when total volume of captured oil, grease and solids material displaces more than twenty-five (25) percent of the total volume of the trap, interceptor or separator or when the pH of a sample taken from the effluent side of the interceptor drops below 5.0 or when odor generation becomes a health issue or when the Company inspection determines a cleaning is necessary.

Maintenance Records:

All traps, interceptors and separators shall be maintained by the user in efficient operating condition at all times. Written records and documentation of all cleaning, repair, calibration, and maintenance shall be maintained at the facility for a minimum of three (3) years and be made available upon request.

Maintenance Inspection:

All traps, interceptors and separators shall be inspected by Corporation representative during normal working hours. Inspection results shall be made available to person, firm or corporation in reasonable charge of the traps, interceptors and separators. Corporation representative shall require correction in order to enforce Corporation pretreatment code of practices.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (BM-CP-01-004)
SECTION 4 – FOOD SERVICE OPERATIONS

Skimming:

Skimming, decanting or discharging of removed waste or wastewater back into any traps, interceptors and separators or any appurtenance of the wastewater collection system is strictly prohibited.

Pumping:

All oil, sand and grease interceptors shall be pumped out or cleaned out completely not less than once every ninety (90) calendar days. Grease traps must be cleaned out completely not less than once every thirty (30) calendar days. Traps and interceptors shall be cleaned more frequently when necessary or required.

Bacteria as a Substitute:

The use of bacteria additives as a supplement to maintenance may be authorized by Corporation when a written request is made to the Corporation which includes material safety data sheets. The addition of emulsifiers, de-emulsifiers, surface active agents, enzymes, or degreasers directly or into any drain leading to any grease removal device is strictly prohibited unless approved by the Corporation.

Use:

Traps, interceptors and separators shall be single user only. When an interceptor can be safely used by multiple users (e.g., food courts), multiple users may be allowed when approved by Corporation. Multiple facilities operated by the same person, firm or corporation may be allowed to connect to a single interceptor with approval from Corporation. The person, firm or corporation in reasonable charge of the trap, interceptor or separator shall take any and all steps necessary to assure adequacy which includes repair, modification or replacement.

Alternate Devices and Technology:

Alternative devices and technologies shall be submitted to Corporation for approval before any such device is installed. The service facility will be required to furnish analytical data demonstrating the effluent discharge concentration to Corporation wastewater collection system will not exceed those listed in BM-CP-01-001.

Sizing:

All traps, interceptors and separators shall be properly sized per Table 1. When an interceptor is sized less than five hundred (500) gallons or more than two thousand five hundred (2,500) gallons, the person, firm or corporation making the permit application shall first meet with the Corporation to verify the reduced or increased size has been correctly calculated and that no other options are available.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (BM-CP-01-004)
SECTION 4 – FOOD SERVICE OPERATIONS

Size Modification:

Modifying the size of any trap or interceptor shall only be done when sizing per Table 1 allows the modification. Modifying the size of any trap or interceptor shall not be done without the approval of Corporation.

Domestic Wastewater:

Domestic wastewater shall not be discharged to the interceptor.

Minimization Plan:

All facilities required to install and operate a trap, interceptor or separator shall develop and implement a Waste Minimization Plan pertaining to the disposal of grease, oils, and food bearing wastes.

Best Management:

All establishments requiring a trap, interceptor or separator shall adopt BMP's (Best Management Practices) for handling sources of floatable oils, fat or grease originating within their facility. Proof of employee training in BMP's shall be shown to Corporation upon request.

Other Fixtures:

Toilets, urinals, and other similar fixtures shall not discharge through a grease interceptor.

Minimization Program:

The applicant shall establish and submit a written waste minimization plan (maintenance program) outlining specific methods (Best Management Practices) that the facility will use on a daily basis to reduce the discharge of oil and grease as well as solids from entering the interception device and ultimately, the Corporation sewer system. This plan shall be acceptable to and approved by the Corporation. The approved document shall accompany the permit application.

Discharge Permit:

This document will be used in lieu of a discharge permit to assist with enforcing all Corporation codes of practices.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (BM-CP-01-004)
SECTION 4 – FOOD SERVICE OPERATIONS

Grease interceptors automatic grease removal required:

A grease interceptor or automatic grease removal device shall be required to receive the drainage from fixtures and equipment with grease-laden waste located in food preparation areas, such as in restaurants, hotel kitchens, hospitals, school kitchens, bars, factory cafeterias, caterers, nursing homes, day care centers, churches and clubs. Fixtures and equipment shall include pot sinks, pre-rinse sinks; soup kettles or similar devices; workstations; floor drains or sinks into which kettles are drained; automatic hood wash units and dishwashers without pre-rinse sinks. Grease interceptors and automatic grease removal devices shall receive waste only from fixtures and equipment that allow fats, oils or grease to be discharged. Interceptors, such as grease, oil or sand shall be provided at laundries, restaurants, service stations, auto repair shops, carwashes and other industrial users when the proper handling of wastewater containing oil and grease or sand or any flammable wastes is necessary.

Location:

All Interceptors shall be approved and shall be located to be readily and easily accessible for cleaning and inspection.

Food waste grinder:

Where food waste grinders connect to grease interceptors, a solids interceptor shall separate the discharge before connecting to the grease interceptor. Solids interceptors and grease interceptors shall be sized and rated for the discharge of the food waste grinder. Emulsifiers, chemicals, enzymes and bacteria shall not discharge into the food waste grinder. Corporation shall require any user to cease operation of a garbage grinder and permanently remove such equipment when it is determined that the grinder is imposing any adverse effect on interceptor function.

Grease interceptor capacity:

Grease interceptors shall have the grease retention capacity indicated in Table 1 for the flow-through rates indicated. Corporation shall make determinations of interceptor adequacy and need, based on review of all relevant information regarding interceptor performance, facility site and building plan review and to require repairs to, modifications, or replacement of such traps.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (BM-CP-01-004)
SECTION 4 – FOOD SERVICE OPERATIONS

TABLE 1 - CAPACITY OF GREASE INTERCEPTORS - E PA-2 Model

A Determine maximum drainage flow from fixtures:					
Type of Fixture	Total Fixtures		Flow Rate		Amount
Restaurant kitchen sink		X	15 ~~gpm~~	=	
Single compartment sink		X	20gpm	=	
Double compartment sink		X	25gpm	=	
2, single compartment sinks		X	25 ~~gpm~~	=	
2, double compartment sinks		X	35gpm	=	
Triple sink <u>1.5 inch</u> drain		X	35 ~~gpm~~	=	
Triple sink <u>2 inch</u> drain		X	50gpm	=	
30gallon dishwasher		X	15gpm	=	
50gallon dishwasher		X	25gpm	=	
50--100gallon dishwasher		X	40gpm	=	
B. Total	Number of fixtures			--	~~gpm~~
C. Loading Factors					
Restaurant type	Fast food-paper delivery			-	.50
	Low volume			-	.50
	Medium volume			-	.75
	High Volume			-	1.0
D. B x C = D, subtotal					
E. D x 60 = Subtotal x 60 minutes = E, maximum flow for one (1) hour, in gallons					
F. E x 2 = maximum flow for <u>one hour</u> times two (2) hours retention time (based on restaurant volume) = F, volume of trap in gallons =					

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (BM-CP-01-004)
SECTION 4 – FOOD SERVICE OPERATIONS

Access and maintenance of traps, interceptors, and separators:

Complete access shall be provided to each interceptor and separator for service, maintenance and inspection of the inner chamber(s) and viewing and sampling of effluent wastewater discharged to the sewer. Interceptors and separators shall be maintained by periodic removal of accumulated grease, scum, oil, or other floating substances and solids deposited in the interceptor or separator.

Periodic Inspection:

All traps, interceptors and separators shall be subject to periodic inspections by Corporation during normal operating hours. These inspections can be based on an annual inspection or when a complaint is registered with Corporation regarding a grease-removal device. Should the inspection of any trap, interceptor or separator indicate a violation of any item in (1) through (3) below, the person, firm or corporation in reasonable charge shall bring the device into compliance within the timeframe noted on the notice of violation, but not longer than fourteen (14) calendar days.

If twenty-five (25) percent of the interceptor is full; both surface (oil and grease) and bottom (solids). When OSHA (Occupational, Safety and Health Administration) atmospheric levels of Hydrogen Sulfide limits have been exceeded - "Short Term Exposure Limit" (STEL) of fifteen (15) ppm over a fifteen-minute time-weighted average. When the "Immediately Dangerous to Life and Health" (IDLH) level is 100 ppm or above, immediate action shall be performed to return the level of Hydrogen Sulfide to safe and acceptable limits. If the violation cannot be immediately resolved, all use of the Trap, Interceptor or Separator shall cease until compliance is obtained.

When pH in the effluent chamber falls below 5.0 - which is an unhealthy anaerobic interceptor condition.

Maintenance:

Any trap, interceptor or separator not adequately maintained to prevent floatable oils, fat or grease from entering the sewerage system or produce excessive odors shall be in violation of Corporation codes of practice.

Clearing Obstructions:

Corporation shall take appropriate action to clear any obstruction of the Corporation sewer that causes a sewer overflow. When the obstruction is found to be caused by an overburdened or non-maintained trap, interceptor or separator, the person, firm or corporation in reasonable charge of the trap, interceptor or separator reimbursement of Corporation costs associated with clean-up efforts including any fines leveled against Corporation. Any establishments that continuously violate Corporation code of practice shall be subject to having sewer service discontinued.

Contain and/or Clean Up:

Should Corporation find it necessary to contain and/or clean up a private sanitary sewer overflow caused by blockage of private or public sewer lateral or system, all associated cost shall be the responsibility of the person, firm or corporation in reasonable charge of the property.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (BM-CP-01-004)
SECTION 4 – FOOD SERVICE OPERATIONS

Repairs or Replacements:

When repairs or replacements are necessary to a trap, interceptor or separator, all repairs or replacements shall be completed within the time frame stated on the notice to comply. Corporation may authorize a time extension, not to exceed thirty (30) days, for justifiable cause.

Grease Removal:

The person, firm or corporation in reasonable charge shall remove and dispose of grease at a facility permitted to receive and process such waste. Cleaning frequencies shall be dependent on the amount of oil, grease or solids generated at each operation, the size of the grease trap or interceptor, and the approved written waste minimization program, but not to exceed thirty-day intervals for traps and ninety-day intervals for interceptors. Traps and interceptors shall be cleaned by a licensed contractor.

Interference, Operation and Odors:

Any facility whose effluent discharge into the sewerage system causes interference in the conveyance system, operation of the sewerage system, or emits excessive odors shall be required to sample the discharge from the trap, interceptor or separator and have it analyzed for oil and grease and sulfides, total and dissolved. Results of the analysis shall be immediately reported. Corporation may sample the grease interception device at any time, utilizing Corporation representatives. The person, firm or corporation in reasonable charge shall be responsible for any and all associated cost of such testing or sampling.

IV. RECORD KEEPING AND RETENTION

An operator of a food services operation must keep a record at the food services operation of all grease interceptor inspection and maintenance activities including:

- (1) the date of inspection or maintenance;
- (2) the maintenance conducted;
- (3) the type and quantity of material removed from the grease interceptor; and
- (4) the location of disposal of the material removed from the grease interceptor.

The records shall be retained for a period of three years, and shall be available on request.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (BM-CP-01-005)
SECTION 5 - PHOTOGRAPHIC IMAGING OPERATIONS

I. APPLICATION

This code of practice for photographic imaging operations defines mandatory requirements for managing non - domestic waste discharged directly or indirectly into a sewer connected to a sewage facility.

This code of practice applies to photographic imaging operations. Definitions are included in BM-CP-01-DEF.

II. DISCHARGE REGULATIONS

An operator of a photographic imaging operation must not discharge waste which, at the point of discharge into a sewer, contains:

- (1) silver in a concentration that is in excess of prescribed local limit analyzed as analyzed in a grab sample; or,
- (2) prohibited waste, restricted waste, special waste, storm water, or contaminated water as defined in BM-CP-01-DEF.

An operator of a photographic imaging operation that produces liquid waste containing silver must either:

- (1) collect and transport the waste from the photographic imaging operation for off-site waste management; or
- (2) treat the waste at the photographic imaging operation site prior to discharge to the sewer using one of the following silver recovery technologies:
 - (a) two chemical recovery cartridges connected in series;
 - (b) an electrolytic recovery unit followed by two chemical recovery cartridges connected in series; or
 - (c) any other silver recovery technology, or combination of technologies, capable of reducing the concentration of silver in the waste to 1.2 mg/L or less where valid analytical test data has been submitted to, and accepted by, the Corporation wastewater group.

An operator of a photographic imaging operation must install and maintain silver recovery technology according to the manufacturer's or supplier's recommendations.

An operator of a photographic imaging operation must collect all liquid waste containing silver in a holding tank and must deliver this waste to the chemical recovery cartridges using a metering pump.

An operator of a photographic imaging operation must calibrate the metering pump at least once per year.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (BM-CP-01-005)
SECTION 5 - PHOTOGRAPHIC IMAGING OPERATIONS

Spill/ Leak Prevention

An operator of a photographic imaging operation must locate the silver recovery system in such a manner that an accidental spill, leak or container failure will not result in liquid waste containing silver in concentrations greater than 1.2 mg/L entering any sewer.

If a location referred to above is not available, an operator of a photographic imaging operation must do one of the following:

- (1) install spill containment to contain spills or leaks from the silver recovery system; or
- (2) cap all floor drains into which liquid spilled from the silver recovery system would normally flow.

Testing:

When using two separate chemical recovery cartridges, an operator of a photographic imaging operation must test the discharge from the first cartridge for silver content at least once per month using either silver test paper or a portable silver test kit.

When the discharge from the first chemical recovery cartridge referred to above cannot be sampled, an operator of a photographic imaging operation must:

- (1) install a cumulative flow meter on the silver recovery system; and
- (2) test the discharge from the second chemical recovery cartridge once per week using silver test paper or a silver test kit.

Cartridge Replacement

An operator of a photographic imaging operation must replace the chemical recovery cartridges when any one of the following occurs:

- (1) the manufacturer's or supplier's recommended expiry date, as shown on each cartridge, has been reached;
- (2) eighty percent (80%) of the manufacturer's or supplier's maximum recommended capacity, or total cumulative flow, for each cartridge has been reached;
- (3) test data, using silver test paper or a silver test kit, indicates that the discharge from the first cartridge is greater than 1000 mg/L; or
- (4) analytical data using a method of analysis outlined in standard methods, or an alternative method of analysis approved by the manager, having a method detection limit of 0.5 mg/ L silver or lower, indicates that the concentration of silver in the discharge from the silver recovery system is greater than, or equal to, 1.2 mg/ L.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (BM-CP-01-005)
SECTION 5 - PHOTOGRAPHIC IMAGING OPERATIONS

III. RECORD KEEPING AND RETENTION

An operator of a photographic imaging operation that uses a silver recovery system must keep, at the photographic imaging operation site, an operation and maintenance manual pertaining to all equipment used in the silver recovery system.

An operator of a photographic imaging operation that uses two chemical recovery cartridges connected in series must keep a record book at the photographic imaging operation site which includes the following information recorded for the previous two years:

- (1) serial number of each chemical recovery cartridge used;
- (2) installation date of each chemical recovery cartridge used;
- (3) expiry date of each chemical recovery cartridge used (where provided by manufacturers or suppliers);
- (4) maximum recommended capacity, or total cumulative flow, of each chemical recovery cartridge used;
- (5) dates of all metering pump calibrations;
- (6) monthly silver test results on the discharge from the first chemical recovery cartridge; or where the discharge from the first cartridge cannot be sampled, weekly silver test results on the discharge from the second chemical recovery⁵ cartridge and weekly cumulative flows through the silver recovery system; and
- (7) dates and descriptions of all operational problems associated with the chemical recovery cartridges and remedial actions taken.

Both chemical recovery cartridges used following an electrolytic recovery unit must be replaced by the operator of the photographic imaging operation when one of the events referred to above occurs if this is recommended by the manufacturer or supplier of the cartridges.

An operator of a photographic imaging operation that uses an electrolytic recovery unit in addition to two chemical recovery cartridges connected in series must keep a record book at the photographic imaging operation site which includes the following information recorded for the previous two years:

- (1) all information specified above;
- (2) date of each removal of silver from the electrolytic recovery unit;
- (3) date of each maintenance check on the electrolytic recovery unit;
- (4) dates and descriptions of all operational problems associated with the electrolytic recovery unit and remedial actions taken.

⁵ If treatment of liquid waste with two chemical recovery cartridges connected in series is the only silver recovery technology being used, then the owner of the photographic imaging operation must replace both chemical recovery cartridges when one of the events referred to occurs.

Applies to all **WASTEWATER** service areas

PART EIGHT

CODE OF PRACTICE (BM-CP-01-006)

SECTION 6 – RV PARK OPERATIONS

I. APPLICATION

This code of practice for RV park operations defines the requirements for managing waste discharged directly or indirectly into a sewer connected to a sewage facility from RVs, mobile homes, trailers, watercraft and other sources which employ storage, chemical disinfection/stabilization and discharge as a waste disposal mechanism.

This code of practice applies to all RV park operations. Definitions are included in BM-CP-01-DEF.

II. DISCHARGE REGULATIONS

An operator of an RV park operation must not discharge waste, which at the point of discharge into a sewer, contains:

- (1) oil and grease in a concentration that is in excess of 100 milligrams per liter as analyzed in a grab sample;
- (2) suspended solids in a concentration that is in excess of 350 milligrams per liter as analyzed in a grab sample;
- (3) 5-day biochemical oxygen demand (BOD₅) in a concentration that is in excess of 350 milligrams per liter in a grab sample;
- (4) total nitrogen in excess of 100 mg/L;
- (5) prohibited waste, restricted waste, special waste, storm water, or contaminated water.

If the RV park operation accepts RV customers with the intention of providing sewerage hook-ups, that practice is only acceptable if one of the following conditions is met:

- (1) If the RV park operation has a dedicated pre-treatment facility, that facility must be used for the disposal of the first discharge of wastewater from any entering RVs. The facility must be maintained as per manufacturer's or engineer's operating instructions. Discharge from that facility which is directed to a sewer connected to a sewerage facility shall be metered such that large slugs of waste are not introduced to the sewer instantaneously. Discharges from such facilities to sewers are limited to 10% of the average daily sewerage flow (in USGPM) experienced in the sewer.
- (2) In the absence of a dedicated pre-treatment facility, the RV park operation shall require incoming RVs to certify that, prior to connection to a sewer, that the holding tanks of the RV have been discharged at an approved facility.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (BM-CP-01-006)
SECTION 6 – RV PARK OPERATIONS

III. RECORD KEEPING AND RETENTION

An operator of an RV park operation must keep a record at the RV park operation of:

- (1) all disposals of RV waste into a dedicated pre-treatment facility;
- (2) Pre-treatment facility inspection and maintenance activities including:
 - (a) the date of inspection or maintenance;
 - (b) the maintenance conducted; and
 - (c) the type and quantity of material removed from the facility;
- (3) Certifications of waste disposal prior to hook up of RVs to sewer services.

The records shall be retained for a period of two years and shall be available on request by Corporation representative.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (BM-CP-01-007)
SECTION 7 - PRETREATMENT/ INDUSTRIALWASTE CONTROL

Reference **PART EIGHT** Liberty Utilities (Black Mountain Sewer) Corp. **Industrial Pretreatment Program and Tariff.**

Issued: [DATE]

Effective: [DATE]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (Black Mountain Sewer) Corp.
14920 W Camelback Rd
Litchfield Park, AZ 85340
Decision No. XXXX

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (BM-CP-01-008)
SECTION 8 - NONCOMPLIANCE / ENFORCEMENT

I. NOTICE OF VIOLATIONS

Whenever the Company determines that any customer has violated or is violating any provision of this Code, or any directives, orders, or permits issued or approved to which the Company is bound, the Company may serve upon such customer a written notice ("Notice") stating the nature of the violations(s) in accordance with A.A.C. R.14-2-609.C, and requiring that the customer correct the violation(s) within a specified period of time; perform such tasks as the Company determines are necessary for the customer to correct the violations; or perform such tasks and submit such information as is necessary for the Company to evaluate the extent of noncompliance or to determine appropriate enforcement actions to be taken in conjunction with the applicable regulatory agencies. A copy of the Notice shall also be provided to the Director of the Utilities Division of the Arizona Corporation Commission.

II. SUSPENSION OF SERVICE

If the customer does not cure the violation, or present a satisfactory plan of remediation to Company, within the time specified in the Notice, then Company may suspend or disconnect wastewater treatment service in accordance with A.A.C. R.14-2-609.C.

In addition, the Company may suspend wastewater treatment service, in accordance with A.A.C. R.14-2-609.B (without notice), when such suspension is necessary, in the opinion of the Company, in order to stop an actual or threatened discharge which presents or may present an imminent or substantial endangerment to the health or welfare of persons, to the environment, or causes the Company to violate any condition of its aquifer protection permit, AZPDES discharge permit, or any applicable sludge disposal regulations.

Any customer notified of an immediate suspension of the wastewater treatment service shall immediately stop or eliminate the discharge. In the event of a failure of the customer to comply voluntarily with the cease-and-desist request, the Company shall take such steps as deemed necessary, including immediate severance of the sewer connection and/or immediate disconnection of the water service, to prevent or minimize damage to the company's wastewater system or endangerment to any individuals or the environment. Any action that results in the immediate suspension of service, or disconnection, of a customer shall be reported to the Director of the Utilities Division of the Arizona Corporation Commission and Maricopa County Environmental Services Department (MCESD) within twenty-four (24) hours of the suspension or disconnection. Any reconnection of the affected customer shall be in accordance with the Company's Tariff for which the customer must pay the cost of disconnection and reconnection, plus the cost of parts and installation of an Elder valve (or similar equipment) to allow for easier disconnection in the event of a repeated discharge offense by customer.

Issued: [DATE]

Effective: [DATE]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (Black Mountain Sewer) Corp.
14920 W Camelback Rd
Litchfield Park, AZ 85340
Decision No. XXXX

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Appendix RW Dir 1, Part B - Proposed Black Mountain Tariff (showing changes)

Applies to all **WASTEWATER** service areas

PART ONE

STATEMENT OF CHARGES

I. RATES

In Decision No. XXXXX, dated [Month XX], 202X, the Commission approved the following rates and charges to become effective MMM DD, 202X:

A. Monthly Minimum Charge

Customer Class	Charge¹
Residential, per single family unit	~~\$87.99~~ <u>129.30</u>
<u>Residential – Multi-Family per unit</u>	<u>102.95</u>
Commercial	~~94.07~~ <u>147.07</u>

B. Commodity Rate

Description	Charge
Commercial (per 1,000 gallons) ²	~~\$5.666~~ <u>8.858</u>

¹ Customer Assistance Tariff (“CAT”) – A 15% discount is available on monthly minimum and commodity charges to qualified residential customers meeting the CAT qualifications.

² Monthly water usage provided by Town of Carefree and City of Scottsdale.

C. Other Service Related Charges

Description	Charge
Establishment <u>per A.A.C. R14-2-603(D)(1)</u>	~~\$30~~ 25.00
Re-Establishment of Service per (within 12 months) <u>per A.A.C. R14-2-603(D)(1)</u>	~~*(a)~~
Disconnection	~~Cost *****~~ At Cost (b)
Reconnection (Delinquent) <u>per A.A.C. R14-2-603(D)(1)</u>	~~**~~ (b)
NSF Check <u>A.A.C. R14-2-608(E)(1)</u>	\$25.00 (c)
Deferred Payment finance charge, per month	1.50%
Late Payment Charge, per month	~~Greater of \$5.00 or 1.5% per month~~ ~~of unpaid balance~~ (d)
<u>Service Calls – After Hours</u>	\$125 (e)
<u>Min</u> Deposit Requirement ~~(Residential)~~	~~\$50.00~~ (f)
<u>Min</u> Deposit Requirement (Non-Residential)	~~**~~
<u>Deposit Interest per A.A.C. R14-2-603(B)</u>	6%
<u>Service Lateral Connection Charge – All Sizes</u>	(g)
Main Extension Tariff <u>Per A.A.C R14-2-606(B)</u>	~~Cost *****~~ (h)*
<u>Off Site Facilities</u> ~~Wastewater~~ Hook-up Fee	~~Per Tariff~~ (j)
<u>Influent Meter and Metering System Installation</u>	At Cost (i)
<u>Failed Final Inspection Fee</u>	\$75

- a) ~~*Minimum charge times the number of full months off the system, per A.A.C. R14-2-603(D). For partial months of service, the minimum charge will be billed on a prorated basis. Per A.A.C. R14-2-603(D), within 12 months. Residential and non-residential customers shall pay the applicable minimum charge times the number of months disconnected.~~
- b) ~~*****Customer shall pay the actual cost including costs for excavation and trenching, pipeline modification, sewer block, backfill and grading, road repairs and permitting. Customer will be provided copies of invoices for actual costs incurred. There shall be no charge if no work is performed, per A.A.C. R14-2-603(D)(1)** Customer shall pay the actual cost of physical disconnection and establishment (if same customer) and there shall be no charge for disconnection if no physical work is performed.~~
- c) ~~Liberty Black Mountain may only charge one NSF fee when customers are billed for water and sewer services on one bill.~~
- d) ~~Greater of \$5.00 or 1.50% of unpaid balance.~~
~~Customer shall be charged for after-hours service calls outside of normal working hours for work performed at customer's request or convenience.~~
- e) _____
- f) ~~***Per A.A.C. R14-2-603(B)(7):~~
~~Residential – two times the average bill by class;~~
~~Non-residential – two and one-half times the customer's estimated maximum monthly bill average bill.~~
- g) ~~At cost. Customer/Developer shall install or cause to be installed all Service Laterals as refundable advance in aid of construction.~~
- h) ~~All Main Extensions shall be completed at cost and shall be treated as refundable advances-in-aid of construction.~~
- i) ~~The cost of the influent meter and metering system installation shall be at the sole expense of the commercial and industrial user and not subject to refund.~~
- j) ~~Residential and non-residential – Customers/Developers shall pay the applicable Wastewater Hook-up Fees tariff~~

Issued: [DATE, 2020xx]

Effective: [DATE, 2020xx]

ISSUED BY:

~~Matthew Garlick~~ Moses Thompson, President
 Liberty Utilities (Black Mountain Sewer) Corp.
 12725 W. Indian School Road, Suite D-101
 Avondale, AZ 85392 1490 W. Camelback, Rd.
 Decision No. ~~75510~~xxxxx

IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE TAX. PER COMMISSION RULE R14-2-608(D)(5).

~~**** After Hours Service Charge applies to all services performed after regular business hours at the customer's request or for the customer's convenience.~~

~~***** Per A.A.C. R14-2-606(B)~~

~~***** Customers shall pay the actual cost including costs for excavation and trenching, pipeline modifications, sewer block, backfill and grading, road repairs and permitting. Customers will be provided copies of the invoices for actual costs incurred. There shall be no charge if no work is performed.~~

Issued: [DATE, 2020xx]

Effective: [DATE, 2020xx]

ISSUED BY:

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Liberty Utilities (Black Mountain Sewer) Corp.
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~~Avondale, AZ 85392~~1490 W. Camelback, Rd.
Decision No. ~~75510~~xxxxx

Applies to all **WASTEWATER** service areas
PART ONE
STATEMENT OF CHARGES

II. TAXES AND ASSESSMENTS

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax. Per Commission Rule 14-2-608.D.5.

All advances and/or contributions are to include costs for labor, materials, overheads, and all applicable taxes, including all gross-up taxes for income taxes. ~~Cost to include labor, materials and parts, overheads and all applicable taxes.~~

Under applicable law, any contributions or advances provided by a Developer are taxable income to the Utility. In accordance with the Gross-Up Sharing Method policy adopted by the Commission in Decision No. 76974, the Company will collect from the Developer an applicable share of income taxes for the Company's state and federal tax liability on all funds contributed and/or advanced. The funds will be collected prior to the commencement of service.

Applies to all **WASTEWATER** service areas
PART TWO
STATEMENT OF TERMS AND CONDITIONS

I. PERMITTED COSTS

- A. Costs shall be verified by invoice.
- B. For services that are provided by the Company at cost, costs shall include labor, materials, other charges incurred, and overhead. However, prior to any such service being provided, the estimated cost of such service will be provided by Company to the customer. After review of the cost estimate, the customer will pay the amount of the estimated cost to Company.
- C. In the event that the actual cost is less than the estimated cost, the Company will refund the excess to the customer within 30 days after completion of the provision of the service or after the Company's receipt of invoices, timesheets or other related documents, whichever is later.
- D. In the event the actual cost is more than the estimated cost, the Company will bill the customer for the amount due within 30 days after completion of the invoices, timesheets or other related documents, whichever is later. The amount so billed will be due and payable 30 days after the invoice date. However, if the actual cost is more than five percent (5%) greater than the total amount paid, the customer will only be required to pay five percent (5%) more than the total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the total amount paid was made.
- E. At the customer's request, the Company shall make available to the customer all invoices, timesheets or related documents that support the cost for providing such service.
- F. Permitted costs shall include any Federal, State or local taxes that are or may be payable by the Company as a result of any tariff or contract for wastewater facilities under which the Customer advances or contributes funds or facilities to Company.

Applies to all **WASTEWATER** service areas
PART TWO
STATEMENT OF TERMS AND CONDITIONS

II. CUSTOMER DISCHARGE TO SYSTEM

A. Service Subject to Regulation

The Company provides wastewater service using treatment and collection facilities that are regulated by numerous county, state and federal statutes and regulations. Those regulations include limitations as to domestic strength wastewater and the type of wastewater that may be discharged into the system by any person directly or indirectly connected to the plant.

B. Waste Limitations

The Company has established the permissible limits of concentration as domestic strength wastewater and will limit concentration for various specific substances, materials, waters, or wastes that can be accepted in the sewer system, and to specify those substances, materials, waters, or wastes that are prohibited from entering the sewer system. Each permissible limit so established shall be placed on file in the business office of Company, with a copy filed with the Commission. No person shall discharge, or cause to be discharged, any new sources of inflow including, but not limited to, storm water, surface water, groundwater, roof runoffs, subsurface drainage, cooling water, or polluted industrial process waters into the sanitary sewer. Company will require an affidavit from all non-residential customers, and their professional engineer, stating that the wastewater discharged to the system does not exceed domestic strength or applicable pre-treatment standards.

Applies to all **WASTEWATER** service areas
PART TWO
STATEMENT OF TERMS AND CONDITIONS

II. CUSTOMER DISCHARGE TO SYSTEM (cont.)

C. Inspection and Right of Entry

Every facility that is involved directly or indirectly with the discharge of wastewater to the Treatment Plant may be inspected by Company as it deems necessary. These facilities shall include but not be limited to sewer; sewage pumping plants; all processes; devices and connection sewer; and all similar sewerage facilities. Inspections may be made to determine that such facilities are maintained and operated properly and are adequate to meet the provisions of these rules and this tariff. Inspections may include the collection of samples. Authorized personnel of Company shall be provided immediate access to all of the above facilities or to other facilities directly or indirectly connected to the Treatment Plant at all reasonable times including those occasioned by emergency conditions. Any permanent or temporary obstruction to easy access to the user's facility to be inspected shall promptly be removed by the facility user or owner at the written or verbal request of Company and shall not be replaced. No person shall interfere with, delay, resist or refuse entrance to an authorized Company representative attempting to inspect any facility involved directly or indirectly with a discharge of wastewater to the Treatment Plant. Adequate identification shall be provided by Company for all inspectors and other authorized personnel and these persons shall identify themselves when entering any property for inspection purposes or when inspecting the work of any contractor.

All transient motor homes, travel trailers and other units containing holding tanks must arrive at the Company's service area in an empty condition. Inspection will be required of said units prior to their being allowed to hookup to the wastewater system.

D. Termination of Service for Violation of Wastewater Rules and Regulations

The Company is authorized to discontinue service to any person connected to its sewer system who violates the Company's wastewater terms and conditions as set forth in this PART TWO or in any way creates a public health hazard or the likelihood of such a public health hazard. This termination authority also applies to non-payment for wastewater services.

Applies to all **WASTEWATER** service areas
PART TWO
STATEMENT OF TERMS AND CONDITIONS

E. Certain customers are also subject to additional discharge restrictions under the Wastewater Pre-Treatment Standards set forth in PART EIGHT of this Tariff of Rates and Charges.

III. RULES AND REGULATIONS

Company has adopted the Rules and Regulations established by the Commission as the basis for its operating procedures. A.A.C. R14-2-601 through A.A.C. R14-2-609 will be controlling of Company procedures, unless specifically approved tariffs or Commission Order(s) provide otherwise.

IV. COMPANY'S LIABILITY LIMITATIONS

A. Company Responsibility

- a. The Company does not assume the responsibility of inspecting or maintaining any customer's piping or apparatus and will not be responsible therefor.
- b. ii. In the event service is interrupted, irregular or defective, or fails from causes beyond the Company's control or through ordinary negligence of its employees or agents, the Company will not be liable for any injuries or damages arising therefrom.

B. Third-Party Claims

Company will not be responsible for any third-party claims against Company that arise from customer's use of Company's service unless such claims are caused by the Company's willful misconduct or gross negligence.

C. Indemnity

Customer will indemnify, defend and hold harmless the Company including the costs of reasonable attorney's fees against all claims including, without limitation claims for damages to any business or property, or injury to, or death of, any person arising out of any wrongful act or negligent omission of the customer, or the customer's agents, in connection with the Company's service or facilities.

Applies to all WASTEWATER service areas
PART TWO
STATEMENT OF TERMS AND CONDITIONS

D. Limitation of Damages

The liability of the Company for damages of any nature arising from errors, mistakes, omissions, interruptions, or delays of the Company, its agents, servants, or employees, in the course of establishing, furnishing, rearranging, moving, terminating, or changing the service or facilities or equipment shall not exceed an amount equal to the charges applicable under the Company's tariff calculated on a proportionate basis where appropriate to the period during which the error, mistake, omission, interruption or delay occurs, except if such damages are caused by the Company's willful misconduct or gross negligence.

E. Incidental, Indirect, Special, or Consequential Damages

In no event will the Company be liable for any incidental, indirect, special, or consequential damages including lost revenue or profits of any kind whatsoever regardless of the cause or foreseeability thereof.

F. Interference with Company Facilities

The Company will not be responsible in any occasion for any loss or damage caused by the negligence or wrongful act of the Customer or any of his agents, employees or licensees in installing, maintaining, using, operating or interfering with any Company facilities.

Applies to all WASTEWATER service areas

PART THREE

CUSTOMER ASSISTANCE TARIFF

DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

APPLICABILITY

Applicable to residential wastewater service for domestic use rendered to individuals who meet all the program qualifications and special conditions of this rate schedule.

PROGRAMS

This Customer Assistance Tariff (CAT) contains the following programs: (1) Low-Income Program; (2) Deployed Services Member Program; and (3) Disabled Veteran Program. Collectively, these three programs are referred to as the “Customer Assistance Programs”.

TERRITORY

Within all customer service areas served by Liberty Utilities (Black Mountain Sewer) Corp. (“Liberty” or “Company”).

RATES

Fifteen percent (15%) discount applied to the regular filed tariff.

PROGRAM QUALIFICATIONS

1. The Liberty bill must be in your name and the address must be your primary residence.
2. You may not be claimed as a dependent on another person’s tax return.
3. You must reapply each time you move residences.
4. You must renew your application once every year, or sooner, if requested.
5. You must notify Liberty within thirty (30) days if you become ineligible for the CAT.

Applies to all **WASTEWATER** service areas
PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE – SINGLE FAMILY ACCOMODATION

SPECIAL CONDITIONS

1. Application: An application on a form authorized by the Commission is required for each request for service under this schedule. A customer must reapply every year or sooner, if requested.
2. Commencement of Rate: Eligible customers whose applications have been approved shall be billed on this schedule commencing with the next regularly scheduled billing period that follows receipt of application by Liberty.
3. Verification: Information provided by the applicant is subject to verification by Liberty. Refusal or failure of a customer to provide documentation of eligibility acceptable to Liberty, upon request by Liberty, shall result in removal from this rate schedule.
4. Notice from Customer: It is the customer's responsibility to notify Liberty if there is a change of eligibility status.
5. Rebilling: Customers may be re-billed retroactively for periods of ineligibility under the applicable rate schedule.
6. Participation Limit: The CAT (for all three programs included) is limited to 225 customers of the Company. Applications will be reviewed and approved on a first come, first served basis. Applicants will be placed on a waiting list if the participation limit has been met.
7. Qualification: A customer that qualifies for more than one program will only receive benefits from one program per year. CAT benefits will not be combined or accumulated.

Applies to all **WASTEWATER** service areas
PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE – SINGLE FAMILY ACCOMODATION
LOW INCOME PROGRAM

To qualify for the low-income program, the total gross annual income of all persons living in your household cannot exceed the income levels below:

Effective MONTH X, 20XX

<u>No. of Person in Household</u>	<u>Total Gross Annual Income*</u>
1	\$xx,xxx
2	\$xx,xxx
3	\$xx,xxx
4	\$xx,xxx
5	\$xx,xxx
6	\$xx,xxx

For each additional person residing in the household, add \$xx,xxx

***Qualifying annual incomes are set at 150-200 percent of the 20xx federal poverty levels.**

Acceptance into the program is subject to verification of income source.

For the purpose of the program the “gross household income” means all money and non-cash benefits, available for living expenses, from all sources, both taxable and non-taxable, before deductions for all people who live in your home. This includes, but is not limited to:

Wages or salaries	Social Security, SSI, SSP	Rental or royalty income
Interest or dividends from:	Scholarships, grants, or other aid	Profit from self-employment
Savings account, stocks or bonds	used for living expenses	(IRS form Schedule C, Line 29)
Unemployment benefits	Disability payments	Worker’s Compensation
TANF (AFDC)	Food Stamps	Child Support
Pensions	Insurance settlements	Spousal Support
Gifts		

Issued: [DATE, 2020xx]

Effective: [DATE, 2020xx]

ISSUED BY:
~~Matthew Garlick~~ Moses Thompson, President
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~~Avondale, AZ 85392~~ 1490 W. Camelback, Rd.
 Decision No. ~~75510~~ xxxxx

Applies to all WASTEWATER service areas
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DEPLOYED SERVICE MEMBER PROGRAM

This program allows the Company to provide a 15% discount to deployed service members of the United States Military.

The Company will provide the credit on the deployed service member's bill provided that the following criteria are met:

1. Deployment is not a "permanent change of station." Permanent change of station requires a service member to permanently change his or her place of residence, paid for by the applicable military branch. A service member's decision to keep a secondary residence in Arizona would be discretionary and would not qualify for this credit.
2. Deployed member does not have family living in the premises. Short term deployments, where a spouse, and/or dependents remain in the United States would not qualify, as the service member would receive separate compensation from the military to cover domestic expenses while deployed.
3. The deployed service member is an active member of the military (e.g., Air Force, Army, Coast Guard, Marines, and Navy), as defined by 10 U.S.C. § 101(a)(4) and includes any member of the Reserves or National Guard called to active duty.

ADMINISTRATION

1. Participation shall be determined on a first come, first served basis.
2. Each service member's eligibility must be verified based on written orders from the service member's command.
3. Continued eligibility will be determined periodically through a recertification process.
4. The Company is permitted to seek Commission approval to change participant limits based on level of participation.
5. Qualifying annual incomes are set at 200 percent of the 2020 federal poverty levels.

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Decision No. ~~75510~~xxxxx

Applies to all WASTEWATER service areas

PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DEPLOYED SERVICES MEMBER PROGRAM

Effective Month X, 202X

<u>No. of Person in Household</u>	<u>Total Gross Annual Income*</u>
1	\$xx,xxx
2	\$xx,xxx
3	\$xx,xxx
4	\$xx,xxx
5	\$xx,xxx
6	\$xx,xxx

For each additional person residing in the household, add \$x,xxx

*Qualifying annual incomes are set at 200 percent of the 20xx federal poverty levels.

Acceptance into the program is subject to verification of income source.

For the purpose of the program the “gross household income” means all money and non-cash benefits, available for living expenses, from all sources, both taxable and non-taxable, before deductions for all people who live in your home. This includes, but is not limited to:

Wages or salaries	Social Security, SSI, SSP	Rental or royalty income
Interest or dividends from:	Scholarships, grants, or other aid	Profit from self-employment
Savings account, stocks or bonds	used for living expenses	(IRS form Schedule C, Line 29)
Unemployment benefits	Disability payments	Worker’s Compensation
TANF (AFDC)	Food Stamps	Child Support
Pensions	Insurance settlements	Spousal Support
Gifts		

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Applies to all WASTEWATER service areas
PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DISABLED MILITARY VETERAN PROGRAM

This program allows the Company to provide a 15% discount to disabled military veterans of the United States Military.

The Company will provide the credit on the disabled military veteran's bill provided that the following criteria are met:

1. Disabled military veteran was honorably discharged from the armed forces.
2. Disabled military veteran must have a permanent disability rating related to their military duty service.
3. The disabled military veteran must have been an active member of the military (e.g., Air Force, Army, Coast Guard, Marines, and Navy), as defined by 10 U.S.C. § 101(a)(4), and includes any member of the Reserves or National Guard called to active duty.

ADMINISTRATION

1. Participation shall be determined on a first come, first served basis.
2. Each service member's eligibility must be verified based on documentation demonstrating a medical discharge or other written documentation from the United States Department of Defense or Department of Veteran Affairs.
3. Continued eligibility will be determined periodically through a recertification process.
4. The Company is permitted to seek Commission approval to change participant limits based on level of participation.
5. Qualifying annual incomes are set at 200 percent of the 202x federal poverty levels.

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ISSUED BY:
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Decision No. ~~75510~~xxxxx

Applies to all WASTEWATER service areas

PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DISABLED MILITARY VETERAN PROGRAM

Effective Month X, 202X

<u>No. of Person in Household</u>	<u>Total Gross Annual Income*</u>
1	\$xx,xxx
2	\$xx,xxx
3	\$xx,xxx
4	\$xx,xxx
5	\$xx,xxx
6	\$xx,xxx

For each additional person residing in the household, add \$x,xxx

*Qualifying annual incomes are set at 200 percent of the 20xx federal poverty levels.

Acceptance into the program is subject to verification of income source.

For the purpose of the program the “gross household income” means all money and non-cash benefits, available for living expenses, from all sources, both taxable and non-taxable, before deductions for all people who live in your home. This includes, but is not limited to:

Wages or salaries	Social Security, SSI, SSP	Rental or royalty income
Interest or dividends from:	Scholarships, grants, or other aid	Profit from self-employment
Savings account, stocks or bonds	used for living expenses	(IRS form Schedule C, Line 29)
Unemployment benefits	Disability payments	Worker’s Compensation
TANF (AFDC)	Food Stamps	Child Support
Pensions	Insurance settlements	Spousal Support
Gifts		

Issued: [DATE, 2020xx]

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 Decision No. ~~75510~~ xxxxx

Applies to all WASTEWATER service areas

PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

RECOVERY OF COST OF CUSTOMER ASSISTANCE TARIFF AND CUSTOMER
SURCHARGES

The Company shall recover the CAT costs from a monthly CAT surcharge on all residential and non-residential wastewater customers who are not participating in the CAT. Liberty is entitled to seek recovery of direct costs (*i.e.*, those costs directly associated with the programs, which costs would not be incurred in the absence of the programs). The Company shall account for those direct costs separately from other operating costs.

Liberty shall be entitled to implement a CAT surcharge on non-participating residential and non-residential wastewater as follows.

- For customers participating in the CAT, the Company shall maintain a balancing account detailing the beginning and ending balance of the cumulative unrecovered program costs each month.
- Liberty's authorized rate of return shall be applied monthly to the average of the beginning balances of the cumulative unrecovered program costs for wastewater service and included in the beginning balances for the following month.
- Using the balancing account, Liberty shall calculate the monthly surcharge for each customer as follows:

(Ending Balance for Low-Income Tariff Balancing Account including amortized carrying costs during recovery period/Number of active non-participating wastewater connections at year end)/12

- The ending balance in the balancing account shall equal the beginning balances plus discounts allowed on bills for the twelve month tracking period, plus direct program costs incurred in the twelve month period plus the return less surcharge fees billed in the twelve month tracking period.
- Liberty shall implement a monthly surcharge for the CAT for each twelve month period of the CAT. The Company shall calculate the monthly surcharge each year based on the active number of customer connections as of December 31 of the prior year. The Company shall file notice of the surcharge, along with a report on the CAT, with the Arizona Corporation Commission on or before January 31 and the surcharge shall be implemented on customer

bills in February of each year with the recovery period ending in January of the following year.

Issued: [DATE, 2020xx]

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ISSUED BY:
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~~Avondale, AZ 85392~~1490 W. Camelback, Rd.
Decision No. ~~75510~~xxxxx

Applies to all **WASTEWATER** service areas
PART FOUR
OFF-SITE FACILITIES HOOK-UP FEE

I. Purpose and Availability

The purpose of the off-site facilities hook-up fees payable to **Liberty Utilities (Black Mountain Sewer) Corp.** (“Company”) pursuant to this tariff is to equitably apportion the costs of constructing additional off-site facilities to provide wastewater treatment and disposal facilities among all new service laterals. These charges are applicable to all new service laterals undertaken via Collection Main Extension Agreements, or requests for service not requiring a Collection Main Extension Agreement, entered into after the effective date of this tariff. The charges are one-time charges and are payable as a condition to Company’s establishment of service, as more particularly provided below.

II. Definitions

Unless the context otherwise requires, the definitions set forth in R-14-2-601 of the Arizona Corporation Commission’s (“Commission”) rules and regulations governing sewer utilities shall apply interpreting this tariff schedule.

“Applicant” means any party entering into an agreement with Company for the installation of wastewater facilities to serve new service laterals, and may include developers and/or builders of new residential subdivisions, and non-residential properties.

“Company” means Liberty Utilities (Black Mountain Sewer) Corp.

“Collection Main Extension Agreement” means an agreement whereby an Applicant, Developer and/or Builder agrees to advance the costs of the installation of wastewater facilities necessary to serve new service laterals, or install wastewater facilities to serve new service laterals and transfer ownership of such wastewater facilities to the Company, which agreement does not require the approval of the Commission pursuant to A.A.C. R-14-2-606, and shall have the same meaning as “Wastewater Facilities Agreement.”

“Off-Site Facilities” means the wastewater treatment plant, sludge disposal facilities, effluent disposal facilities and related appurtenances necessary for proper operation, including engineering and design costs. Off-site facilities may also include lift stations, force mains, transportation mains and related appurtenances necessary for proper operation if these facilities are not for the exclusive use of the Applicant and benefit the entire wastewater system.

“Service Lateral” means and includes all service laterals for single-family residential, commercial, industrial or other uses.

Applies to all **WASTEWATER** service areas
PART FOUR
OFF-SITE FACILITIES HOOK-UP FEE

III. Wastewater Hook-up Fee

For each new residential service lateral, Company shall collect a Hook-Up Fee of \$1,700 based on the Equivalent Residential Unit (“ERU”) of 320 gallons per day. Non-residential applicants shall pay based on the total ERUs of their development calculated by dividing the estimated total daily wastewater capacity usage needed for service using standard engineering standards and criteria by the ERU factor of 320 gallons per day.

IV. Terms and Conditions

A. Assessment of One Time Off-Site Facilities Hook-up Fee: The off-site facilities hook-up fee may be assessed only once per parcel, service lateral, or lot within a subdivision (similar to a service lateral installation charge). If a development or subdivision is upsized or expanded by Applicant, Builder and/or Developer after assessment of Hook-Up Fees by Company, Company may charge additional Hook-Up Fees for such upsizing or expansion by Applicant based on the calculation set forth above.

B. Use of Off-Site Facilities Hook-up Fee: Off-site facilities hook-up fees may only be used to pay for capital items of off-site facilities, repay loans obtained to fund the cost of installation of off-site facilities, or pay state and federal income taxes related to the hook-up fees. Off-site hook-up fees shall not be used to cover repairs, maintenance, the cost of closing wastewater treatment plant, including lift stations, or other operational purposes. The Company shall record amounts collected under the tariff as CIAC; however, such amounts shall not be deducted from rate base until such amounts have been expended for plant.

C. Time of Payment:

1. In the event that the person or entity that will be constructing improvements (“Applicant,” “Developer,” or “Builder”) is otherwise required to enter into a Collection Main Extension Agreement, payment of the fees required hereunder shall be made by the Applicant, Developer or Builder within 15 days of execution of a Main Extension Agreement or as otherwise mutually agreed between Applicant and Company.

2. In the event that the Applicant, Developer or Builder for service is not required to enter into a Collection Main Extension Agreement, the hook-up fee charges hereunder shall be due and payable at the time wastewater service is requested for the property.

Applies to all **WASTEWATER** service areas
PART FOUR
OFF-SITE FACILITIES HOOK-UP FEE

D. Off-Site Facilities Construction by Developer: Company and Applicant, Developer, or Builder may agree to construction of off-site facilities necessary to serve a particular development by Applicant, Developer or Builder, which facilities are then conveyed to Company. In that event, Company shall credit the total cost of such off-site facilities as an offset to off-site hook-up fees due under this Tariff. If the total cost of the off-site facilities constructed by Applicant, Developer or Builder and conveyed to Company is less than the applicable off-site hook-up fees under this Tariff, Applicant, Developer or Builder shall pay the remaining amount of off-site hook-up fees owed hereunder. If the total cost of the off-site facilities contributed by Applicant, Developer or Builder and conveyed to Company is more than the applicable off-site hook-up fees under this Tariff, Developer or Builder shall be refunded the difference upon acceptance of the off-site facilities by the Company.

E. Failure to Pay Charges; Delinquent Payments: Company will not be obligated to make an advance commitment to provide or actually provide wastewater service to any Developer, Builder or other applicant for service in the event that the Developer, Builder or other applicant for service has not paid in full all charges hereunder. Under no circumstances will Company connect service or otherwise allow service to be established if the entire amount of any payment has not been paid.

F. Off-Site Hook-Up Fees Non-refundable: The amounts collected by Company pursuant to the off-site hook-up fee tariff shall be non-refundable contributions in aid of construction ("CIAC").

G. Use of Off-Site Hook-Up Fees Received: All funds collected by Company as off-site facilities hook-up fees shall be deposited into a separate account and bear interest and shall be used for the purposes of paying for the costs of installation of off-site facilities, including repayment of loans obtained for the installation of off-site facilities. In addition, funds may be used to pay state and federal income taxes related to the hook-up fees.

H. Off-Site Facilities Hook-Up Fee in Addition to On-site Facilities: The off-site facilities hook-up fee shall be in addition to any costs associated with the construction of on-site facilities under a

Collection	Main	Extension	Agreement.

Applies to all **WASTEWATER** service areas
PART FOUR
OFF-SITE FACILITIES HOOK-UP FEE

I. Disposition of Excess Funds: After all necessary and desirable off-site facilities are constructed utilizing funds collected pursuant to the off-site facilities hook-up fees, or if the off-site facilities hook-up fee has been terminated by order of the Arizona Corporation Commission, any funds remaining in the trust account shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.

J. Status Reporting Requirements to the Commission: Company shall submit a calendar year Off-Site Facilities Hook-Up Fee status report each January to Docket Control for the prior twelve (12) month period, beginning January 2020, until the hook-up fee tariff is no longer in effect. This status report shall contain a list of all customers that have paid the hook-up fee tariff, the amount each has paid, the physical location/address of the property in respect of which such fee was paid, the amount of money spent from the account, the amount of interest earned on the funds within the tariff account, and an itemization of all facilities that have been installed using the tariff funds during the 12 month period.

Applies to all WASTEWATER service areas
PART FIVE
PLAN OF ADMINISTRATION FOR
PURCHASED POWER ADJUSTMENT MECHANISM

I. GENERAL DESCRIPTION.

This document is the Plan of Administration (“POA”) for the Purchased Power Adjustment Mechanism (“PPAM”) for Liberty Utilities (Black Mountain Sewer) Corp. The PPAM allows Liberty BLACK MOUNTAIN to pass through to its customers the increase or decrease in purchased power costs that result from a rate change for any Commission-regulated electric service provider supplying retail electric service to the Company.

II. PPAM RELATED FILINGS.

A. Within 60 days of the effective date of a Commission Decision authorizing a rate change in the approved tariffs for any Commission-regulated electric service provider supplying retail electric service to the Company, the Company shall file with Docket Control an analysis of the actual impact on the energy portion of the Company’s electric service costs.

B. The Company will provide the Commission with spreadsheets detailing exactly how the Company’s purchased power expenses were calculated in the time period prior to a change in the rate that the Company must pay for purchased power. These calculations will include basic service charges and rate and volume figures. That is, the Company will break down its total purchased power bill into the amount due to fixed fees, volume of electricity used, and the rates paid per unit of electricity. For the period following the rate change, the Company will provide the same information, then compare the two periods, isolating any change in purchased power cost that is due exclusively to a rate change. The specific intent is to show exactly how much of any increase or decrease is due to changes in rates beyond the Company’s control and how much is due to a change in the amount of power that the Company consumes. The Company will only recover increases or refund decreases that are due to changes in rates.

C. All revised schedules filed with the Commission pursuant to the provisions of this PPAM will be accompanied by documentation prepared by the Company in a format approved by Utilities Division Staff of the Commission and will contain sufficient detail to enable the Commission to verify accuracy of the Company’s calculations.

D. The surcharges will not become effective until approved by the Commission.

E. The Company will file annually with the Commission a report detailing the Company’s purchased power costs and any conservation or power-shifting measures employed by the Company.

F. The Company shall provide notice (in a form acceptable to Staff) of the rate increases to customers with the bill where the rate increase first appears.

Applies to all WASTEWATER service areas
PART FIVE
PLAN OF ADMINISTRATION FOR
PURCHASED POWER ADJUSTMENT MECHANISM

III. APPLICATION TO WATER AND WASTEWATER CUSTOMERS.

A. The increase or decrease in purchased power costs that are due to changes in rates at the Company's water facilities will be allocated on a per capita basis.

B. See the following example for water customers:

<u>Test Year</u>	-		<u>Current Year</u>	-	
<u>Purchased Power Rate</u>		<u>\$0.0800</u>	<u>Purchased Power Rate</u>		<u>\$0.1000</u>
<u>Kilowatt Hours Used</u>		<u>1,250,000</u>	<u>Kilowatt Hours Used</u>		<u>1,250,000</u>
<u>Purchased Power Expense</u>		<u>\$100,000</u>	<u>Purchased Power Expense</u>		<u>\$125,000</u>

<u>Pass Through Calculation</u>	-	
<u>Current Year Purchased Power Expense</u>		<u>\$125,000</u>
<u>Test Year Purchased Power Expense</u>		<u>\$100,000</u>
<u>Increase in Purchased Power Expense Due to Rate Increase</u>		<u>\$25,000</u>

<u>PPAM Charge on Sample Customer Bill</u>	-	
<u>Increase in Purchased Power Expense Due to Rate Increase</u>		<u>\$25,000</u>
<u>Number of Water Customers</u>		<u>20,000</u>
<u>PPAM Charge on Sample Customer Bill</u>		<u>\$1.25</u>

C. See the following example for wastewater customers:

<u>Test Year</u>	-		<u>Current Year</u>	-	
<u>Purchased Power Rate</u>		<u>\$0.0800</u>	<u>Purchased Power Rate</u>		<u>\$0.1000</u>
<u>Kilowatt Hours Used</u>		<u>1,250,000</u>	<u>Kilowatt Hours Used</u>		<u>1,250,000</u>
<u>Purchased Power Expense</u>		<u>\$100,000</u>	<u>Purchased Power Expense</u>		<u>\$125,000</u>

<u>Pass Through Calculation</u>	-	
<u>Current Year Purchased Power Expense</u>		<u>\$125,000</u>
<u>Test Year Purchased Power Expense</u>		<u>\$100,000</u>
<u>Increase in Purchased Power Expense Due to Rate Increase</u>		<u>\$25,000</u>

<u>PPAM Charge on Sample Customer Bill</u>	-	
<u>Increase in Purchased Power Expense Due to Rate Increase</u>		<u>\$25,000</u>
<u>Number of Wastewater Customers</u>		<u>20,000</u>
<u>PPAM Charge on Sample Customer Bill</u>		<u>\$1.25</u>

Issued: [DATE, 2020xx]

Effective: [DATE, 2020xx]

ISSUED BY:
Matthew Garlick Moses Thompson, President
 Liberty Utilities (Black Mountain Sewer) Corp.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392 1490 W. Camelback, Rd.
 Decision No. 75510 XXXXX

Applies to all WASTEWATER service areas
-PART SIX
PLAN OF ADMINISTRATION FOR
PROPERTY TAX ADJUSTMENT MECHANISM

I. GENERAL DESCRIPTION.

This document is the Plan of Administration ("POA") for the Property Tax Adjustment Mechanism ("PTAM") for Liberty Utilities (Black Mountain Sewer) Corp. The PTAM allows Liberty BLACK MOUNTAIN to pass through to its water and wastewater customers the increase or decrease in property taxes that results from a change in the applicable assessment ratio and/or property tax rates.

II. PTAM RELATED FILINGS.

A. Within 60 days of the effective date of a change in the assessment ratio and/or property tax rates applicable to the Company, the Company shall file with Docket Control an analysis of the actual impact on the Company's property tax expenses.

B. The Company will provide the Commission with spreadsheets detailing exactly how the Company's property tax expenses were calculated in the time period prior to a change in the assessment ratio and/or property tax rate that affects the Company's property tax expenses. These calculations will include the assessment ratio, the property tax rates, and the value of the property that was taxed. For the period following the change(s), the Company will provide the same information, then compare the two periods, isolating any change in property tax expense that is due exclusively to changes in the assessment ratio and/or property tax rates. The specific intent is to show exactly how much of any increase or decrease in property tax expense is due to changes in the assessment ratio and tax rates beyond the Company's control and how much is due to changes in the value of the property the Company owns. The Company will only recover increases or refund decreases that are due to changes in the assessment ratio and tax rates.

C. All revised schedules filed with the Commission pursuant to the provisions of this PTAM will be accompanied by documentation prepared by the Company in a format approved by Utilities Division Staff of the Commission and will contain sufficient detail to enable the Commission to verify accuracy of the Company's calculations.

D. The surcharges will not become effective until approved by the Commission.

E. The Company will file annually with the Commission a report detailing the Company's property tax expenses.

The Company shall provide notice (in a form acceptable to Staff) of the rate increases to customers with the bill where the rate increase first appears.

Applies to all WASTEWATER service areas
PART SIX
PLAN OF ADMINISTRATION FOR
PROPERTY TAX ADJUSTMENT MECHANISM

III. APPLICATION TO WATER CUSTOMERS.

A. The increase or decrease in property tax expenses that are due to changes in the assessment ratio and/or property tax rates at the Company's facilities will be allocated on a per capita basis.

B. See the examples on the next page:

Applies to all service areas
PART SIX
PLAN OF ADMINISTRATION FOR
PROPERTY TAX ADJUSTMENT MECHANISM

Change in Assessment Ratio Example

<u>Test Year</u>	-		<u>Current Year</u>	-	
<u>Assessment Ratio</u>		20.00%	<u>Assessment Ratio</u>		21.00%
<u>Property Full Cash Value</u>		\$10,000,000	<u>Property Full Cash Value</u>		\$10,000,000
<u>Assessed Valuation</u>		\$2,000,000	<u>Assessed Valuation</u>		\$2,100,000
Change in Assessed Valuation					
<u>Current Year Assessed Valuation</u>					\$2,100,000
<u>Test Year Assessed Valuation</u>					\$2,000,000
<u>Increase in Assessed Valuation Due to Increase in Assessment Ratio</u>					\$100,000
<u>Test Year</u>	-		<u>Current Year</u>	-	
<u>Total Property Tax Rate</u>		10.00%	<u>Total Property Tax Rate</u>		10.00%
<u>Assessed Valuation</u>		\$2,000,000	<u>Assessed Valuation</u>		\$2,100,000
<u>Property Tax Expense</u>		\$200,000	<u>Property Tax Expense</u>		\$210,000
PTAM Charge on Sample Customer Bill					
<u>Increase in Property Tax Expense Due to Increase in Assessment Ratio</u>					\$10,000
<u>Number of WATER or WASTEWATER Customers</u>					20,000
<u>PTAM Charge on Sample Customer Bill</u>					\$0.50

Change in Total Property Tax Rate Example

<u>Test Year</u>	-		<u>Current Year</u>	-	
<u>Total Property Tax Rate</u>		10.00%	<u>Total Property Tax Rate</u>		11.00%
<u>Assessed Valuation</u>		\$2,000,000	<u>Assessed Valuation</u>		\$2,000,000
<u>Property Tax Expense</u>		\$200,000	<u>Property Tax Expense</u>		\$220,000
Pass Through Calculation					
<u>Current Year Property Tax Expense</u>					\$220,000
<u>Test Year Property Tax Expense</u>					\$200,000
<u>Increase in Property Tax Expense Due to Rate Increase</u>					\$20,000
PTAM Charge on Sample Customer Bill					
<u>Increase in Property Tax Expense Due to Rate Increase</u>					\$20,000
<u>Number of WATER or WASTEWATER Customers</u>					20,000
<u>PTAM Charge on Sample Customer Bill</u>					\$1.00

Applies to all service areas

PART SEVEN

**PLAN OF ADMINISTRATION FOR
PURCHASED WASTEWATER TREATMENT ADJUSTOR MECHANISM**

I. GENERAL DESCRIPTION.

This document is the Plan of Administration (“POA”) for the Purchased Wastewater Treatment Adjustment Mechanism (“PWTAM”) for Liberty Utilities (Black Mountain Sewer) Corp. (“Company” or “Liberty Black Mountain”). Liberty Black Mountain provides wastewater collection and conveyance service to its customers. Wastewater collected through Liberty Black Mountain’s system is delivered to the City of Scottsdale’s wastewater treatment plant for treatment and disposal. The PWTAM allows Liberty Black Mountain to pass through to its customers the increase or decrease in purchased wastewater treatment costs that result from a rate change by the City of Scottsdale for wastewater treatment service provided to the Company.

The PWTAM is intended to recover increases, or refund decreases, in purchased wastewater treatment costs that are outside of the Company’s control and not otherwise reflected in base rates. The PWTAM shall recover or refund only changes in purchased wastewater treatment costs caused by changes in rates charged by the City of Scottsdale and shall not recover changes in cost caused by changes in wastewater volume, customer usage, other operating costs, capital costs, return, income taxes, or costs otherwise recovered through base rates or another Commission-approved adjustment mechanism.

II. PWTAM RELATED FILINGS.

A. Within 60 days of the effective date of a rate change by the City of Scottsdale applicable to wastewater treatment service provided to the Company, the Company shall file with Docket Control an analysis of the actual impact on the Company’s purchased wastewater treatment costs.

B. The Company will provide the Commission with spreadsheets detailing exactly how the Company’s purchased wastewater treatment expenses were calculated in the time period prior to a change in the rate that the Company must pay for purchased wastewater treatment service. These calculations will include applicable fixed charges, volume-based charges, capacity charges, billing determinants, and rate and volume figures. That is, the Company will break down its total purchased wastewater treatment bill into the amount due to fixed fees, the volume of wastewater delivered for treatment, and the rates paid per unit of wastewater treatment service. For the period following the rate change, the Company will provide the same information, then compare the two periods, isolating any change in purchased wastewater treatment cost that is due exclusively to a rate change. The specific intent is to show exactly how much of any increase or decrease is due to changes in rates beyond the Company’s control and how much is due to a change in the amount of wastewater delivered to the City of Scottsdale for treatment. The Company will only recover increases or refund decreases that are due to changes in rates.

Issued: [DATE, 2020xx]

Effective: [DATE, 2020xx]

ISSUED BY:

Matthew Garlick~~Moses Thompson~~, President
Liberty Utilities (Black Mountain Sewer) Corp.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392 | 490 W. Camelback, Rd.
Decision No. ~~75510~~xxxxx

PART SEVEN
PLAN OF ADMINISTRATION FOR
PURCHASED WASTEWATER TREATMENT ADJUSTOR MECHANISM

C. All revised schedules filed with the Commission pursuant to the provisions of this PWTAM will be accompanied by documentation prepared by the Company in a format approved by Utilities Division Staff of the Commission and will contain sufficient detail to enable the Commission to verify the accuracy of the Company's calculations.

D. Upon confirmation by Utilities Division Staff of the correct PWTAM surcharge or credit, Liberty Black Mountain will file with Docket Control, as a compliance item, a tariff showing the surcharge or credit and the effective date of implementation.

E. The surcharges or credits will not become effective until approved by the Commission.

F. The Company will file annually with the Commission a report detailing the Company's purchased wastewater treatment costs and any operational or flow-management measures employed by the Company to manage purchased wastewater treatment costs.

G. The Company shall provide notice, in a form acceptable to Staff, of any approved PWTAM surcharge or credit to customers with the bill where the surcharge or credit first appears.

III. APPLICATION TO WASTEWATER CUSTOMERS.

A. The increase or decrease in purchased wastewater treatment costs that are due to changes in rates charged by the City of Scottsdale will be allocated to Liberty Black Mountain wastewater customers on a per customer basis, unless otherwise approved by the Commission.

B. The PWTAM shall apply to all customers in the Liberty Black Mountain wastewater service area.

C. The PWTAM may be either a surcharge or a credit. If the City of Scottsdale increases its applicable wastewater treatment rates or charges above the level embedded in the Company's base rates, the difference may be recovered through the PWTAM. If the City of Scottsdale decreases its applicable wastewater treatment rates or charges below the level embedded in the Company's base rates, the difference shall be returned to customers through the PWTAM.

PART SEVEN
PLAN OF ADMINISTRATION FOR
PURCHASED WASTEWATER TREATMENT ADJUSTOR MECHANISM

D. The PWTAM shall recover or refund only changes in purchased wastewater treatment costs caused by changes in rates charged by the City of Scottsdale. The PWTAM shall not include changes in cost resulting from changes in wastewater volume, changes in customer usage, other operating costs, capital costs, return, income taxes, or costs otherwise recovered through base rates or another Commission-approved adjustment mechanism.

E. The PWTAM surcharge or credit shall appear separately on customers' wastewater bills.

IV. CALCULATION OF PWTAM SURCHARGE OR CREDIT.

A. The PWTAM surcharge or credit shall be calculated by comparing the purchased wastewater treatment costs under the City of Scottsdale rates embedded in Liberty Black Mountain's base rates to the purchased wastewater treatment costs under the City of Scottsdale's new rates.

B. The Company shall calculate the difference between the City of Scottsdale's new rate and the City of Scottsdale's base rate for each applicable rate component, including fixed charges, volume-based charges, capacity charges, or any other wastewater treatment charge directly applicable to Liberty Black Mountain.

C. The calculated increase or decrease in purchased wastewater treatment costs shall be divided by the applicable number of Liberty Black Mountain wastewater customers, or by another allocation method approved by the Commission, to determine the customer surcharge or credit.

D. The Company shall maintain all supporting documentation for each PWTAM filing, including the City of Scottsdale's notice of rate change, City of Scottsdale rate schedules, Liberty Black Mountain purchased wastewater treatment invoices, billing determinants, customer counts, and all calculations used to determine the surcharge or credit.

Applies to all **WASTEWATER** service areas

PART EIGHT

INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

The objective of a Pretreatment Program (the General Pretreatment Regulations of the Clean Water Act (40 CFR, Part 403)) is to:

- to promote consistent application of pretreatment requirements among customers and to maintain the integrity of ~~Liberty Utilities — PVWRF and SWRF~~City of Scottsdale WRF wastewater collection system and the City of Scottsdale WRF so that the continuity of safe and reliable service to all customers and the protection of the environment are preserved.
- to prevent the introduction of pollutants into the POTW/WRF that will interfere with its operation.
- to prevent the introduction of inadequately treated pollutants into the collection systems that will pass through the POTW/WRF into the receiving waters, the atmosphere, and landfills, or otherwise be incompatible with the POTW/WRF.
- to protect both POTW/WRF personnel who may be affected by wastewater and sludge in the course of their employment and the general public.
- to promote reuse and recycling of industrial wastewater and sludge from the POTW/WRF.
- to provide fees for the apportionment of the costs of operation, maintenance, and improvement of the POTW/WRF.
- to enable Liberty Utilities to comply with its APP/AZPDES conditions, sludge use and disposal requirements, and any other Federal or State laws to which the POTW/WRF is subject.

The Pretreatment Program and tariff document (collectively, Tariff) shall apply to all IUs Liberty Utilities receiving service from Liberty Utilities. The Pretreatment Program sets forth uniform requirements for industrial discharges into the WRFs, and also establishes a separate industrial discharge permit requirement IUs. The Pretreatment Program includes the issuance of individual wastewater discharge permits; provides monitoring, compliance, and enforcement activities; establishes administrative review procedures; requires IUs reporting; and provides for the setting of fees for the apportionment of costs resulting from the program established herein.

Applies to all **WASTEWATER** service areas**PART EIGHT****INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF****1.1 ADMINISTRATION**

Except as otherwise provided herein, Liberty Utilities shall administer, implement, and enforce the provisions of this Pretreatment Program. Any powers granted to, or duties imposed upon, Liberty Utilities may be delegated by Liberty Utilities to a duly authorized employee of Liberty Utilities.

1.2 ABBREVIATIONS

The following abbreviations, when used in this document shall have the designated meanings:

AAC	Arizona Administrative Code
ADEQ	Arizona Department of Environmental Quality
APP	Aquifer Protection Permit
ARS	Arizona Revised Statute
AZPDES	Arizona Pollutant Discharge Elimination System
BOD	Biochemical Oxygen Demand (mg/l, typically 5-day equivalent)
BMP	Best Management Practice
BMR	Baseline Monitoring Report
CFR	Code of Federal Regulations
CIU	Categorical Industrial User
COD	Chemical Oxygen Demand (mg/l)
COP	Code of Practice
DMA	Designated Management Agencies
DPA	Designated Planning Agency
EPA	U.S. Environmental Protection Agency
GPD	Gallons per day
IU	Industrial User
O&M	Operation and Maintenance
~~MAG~~	~~Maricopa Association of Governments~~
mg/L	milligrams per liter
MGD	Million Gallons per Day
NPDES	National Pollutant Discharge Elimination System
POTW	Publicly Owned Treatment Works
RCRA	Resource Conservation and Recovery Act
SIU	Significant Industrial User
SNC	Significant Noncompliance
TSS	Total Suspended Solids (mg/l)
TRC	Technical Review Criteria
U.S.C.	United States Code
WMU	Wastewater Management Utilities
WRF	Water Reclamation Facility
U.S.C.	United States Code

Applies to all **WASTEWATER** service areas

PART EIGHT

INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

1.3 APPLICABILITY

These Pretreatment Standards and Program requirements apply to any devices and systems used in the storage, treatment, recycling and reclamation of municipal sewage or industrial wastes of a liquid nature. It also includes sewers, pipes, and other conveyances of wastewater to the Facilities.

The Pretreatment Program is applicable as follows:

- A. IUs or users subject to the National Categorical Pretreatment Standards. Any IU, as defined herein, or user subject to the National Categorical Pretreatment Standards (40 CFR Chapter I, Subchapter N - Effluent Guidelines and Standards) shall meet the Pretreatment Standards and the requirements of the Pretreatment Program including applicable categorical standards.
- B. All Non-Residential Dischargers. Any Non-Residential Discharger irrespective of their designation as an IU, shall meet the Pretreatment Standards as described herein for:
 - (1) Specific Limitations (Section 3.0).
 - (2) Local Regulatory Limits based on concentrations and daily flow.
 - (a) Prohibited Waste (Section 3.1)
 - (b) Restricted Waste (Section 3.2)
- C. This application extends to Non-Residential Dischargers, IUs, users subject to the National Categorical Pretreatment Standards and Residential Dischargers who operate practices, or systems from a residence, that changes the constituent nature of the wastewater produced by the customer.
- D. This application extends to PART EIGHT of the Tariff 'Code of Practice'.

1.4 DEFINITIONS

- A. Act or (the Act.) The Federal Water Pollution Control Act, also known as the Clean Water Act, as amended, 33 U.S.C. section 1251 et seq.
- B. Approval Authority. Arizona Department of Environmental Quality, Arizona. *See* Arizona Administrative Code R18-9-A905(A)(8).

Applies to all **WASTEWATER** service areas
PART EIGHT
INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

C. Authorized or Duly Authorized Representative of the IU.

(1) If the IU is a corporation:

- (a) The president, secretary, treasurer, or a vice president of the corporation in charge of a principal business function, or any other person who performs similar policy or decision-making functions for the corporation.
- (b) The manager of one or more manufacturing, production, or operating facilities, provided the manager is (i) authorized to make management decisions that govern the operation of the regulated facility including having the explicit or implicit duty of making major capital investment recommendations, and initiate and direct other comprehensive measures to assure long term environmental compliance with environmental laws and regulations; (ii) can ensure that the necessary systems are established or actions taken to gather complete and accurate information for individual wastewater discharge permit requirements; and (iii) where authority to sign documents has been assigned or delegated to the manager in accordance with corporate procedures.

(2) If the IU is a partnership or sole proprietorship: a general partner or proprietor, respectively.

(3) If the IU is a Federal, State, or local governmental facility: a director or highest official appointed or designated to oversee the operation and performance of the activities of the government facility, or their designee.

(4) The individuals described in paragraphs 1 through 3, above, may designate a Duly Authorized Representative if the authorization is in writing, the authorization specifies the individual or position responsible for the overall operation of the facility from which the discharge originates or having overall responsibility for environmental matters for the company, and the written authorization is submitted to Liberty Utilities.

D. Biochemical Oxygen Demand or BOD. The quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedures for five (5) days at 20 degrees centigrade, usually expressed as a concentration (e.g., mg/l).

E. Best Management Practices (or BMPs). Schedules of activities, prohibitions of practices, maintenance procedures, and other management practices to implement the prohibitions listed in 40 CFR 403.5(a)(1) and (b) and/or the Arizona Administrative Code (AAC) R18-9-A905(A)(8)(b). BMPs include treatment requirements, operating procedures, and practices to control plant site runoff, spillage or leaks, sludge or waste disposal, or drainage from raw materials storage.

Applies to all **WASTEWATER** service areas

PART EIGHT

INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

- F. Categorical Pretreatment Standard or Categorical Standard. Any regulation containing pollutant discharge limits promulgated by EPA in accordance with sections 307(b) and (c) of the Act (33 U.S.C. section 1317) that apply to a specific category of IUs and that appear in 40 CFR Chapter I, Subchapter N, Parts 405-471c.
- G. Categorical Industrial User or (CIU). An IU subject to a categorical Pretreatment Standard or Categorical Standard.
- H. Liberty Utilities Manager. A duly authorized representative of Liberty Utilities.
- I. Liberty Utilities Organizational Structure. Liberty Utilities, through a duly authorized representative, Liberty Utilities shall administer this Pretreatment Program and Tariff.
- J. Chemical Oxygen Demand or (COD). A measure of the oxygen (as chemical) required to chemically oxidize all compounds, both organic and inorganic, in water.
- K. Control Authority. Liberty Utilities (Liberty Utilities).
- L. Daily Maximum. The arithmetic average of all effluent samples for a pollutant collected during a calendar day. Total mass is a product of concentrations and daily total flow.
- M. Daily Maximum Limit. The maximum allowable discharge limit of a pollutant during a calendar day. Where Daily Maximum Limits are expressed in units of mass, the daily discharge is the total mass discharged over the course of the day. Where Daily Maximum Limits are expressed in terms of a concentration, the daily discharge is the arithmetic average measurement of the pollutant concentration derived from all measurements taken that day
- N. Environmental Protection Agency or EPA. The U.S. Environmental Protection Agency or, where appropriate, the Regional Water Management Division Director, the Regional Administrator, or other duly authorized official of said agency.
- O. Existing Source. Any source of discharge that is not a "New Source."
- P. Grab Sample. A sample that is taken from a waste stream without regard to the flow in the waste stream and over a period not to exceed fifteen (15) minutes.
- Q. Industrial User (IU). A customer who generates a source of Indirect Discharge (40 CFR § 403.3).

Applies to all **WASTEWATER** service areas

PART EIGHT

INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

- R. Indirect Discharge or Discharge. The introduction of pollutants into the POTW/WRF from any nondomestic source.
- S. Instantaneous Limit. The maximum concentration of a pollutant allowed to be discharged at any time, determined from the analysis of any discrete or composited sample collected independent of the industrial flow rate and the duration of the sampling event.
- T. Interference. A discharge that, alone or in conjunction with a discharge or discharges from other sources, inhibits or disrupts the POTW/WRF, its treatment processes or operations or its sludge processes, use or disposal; and therefore, is a cause of a violation of Liberty Utilities's APP/AZPDES permit or of the prevention of sewage sludge use or disposal in compliance with any of the following statutory/regulatory provisions or permits issued thereunder, or any more stringent State or local regulations: Section 405 of the Clean Water Act; the Solid Waste Disposal Act, including Title II commonly referred to as the Resource Conservation and Recovery Act (RCRA); any State regulations contained in any State sludge management plan prepared pursuant to Subtitle D of the Solid Waste Disposal Act; the Clean Air Act; the Toxic Substances Control Act; and the Marine Protection, Research, and Sanctuaries Act.
- U. Local Regulatory Limit. Specific discharge limits developed and enforced by Liberty Utilities upon industrial, or commercial facilities, to implement the general and specific discharge prohibitions listed in 40 CFR 403.5(a)(1) and (b).
- V. Medical Waste. Isolation wastes, infectious agents, human blood and blood products, pathological wastes, sharps, body parts, contaminated bedding, surgical wastes, potentially contaminated laboratory wastes, and dialysis wastes.
- W. Monthly Average. The sum of all "daily discharges" measured during a calendar month divided by the number of "daily discharges" measured during that month.
- X. Monthly Average Limit. The highest allowable of "daily maximum discharges" over a calendar month, calculated as the sum of all "daily discharges" measured during a calendar month divided by the number of "daily discharges" measured during that month.

Applies to all **WASTEWATER** service areas
PART EIGHT
INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

Y. New Source

- (1) Any building, structure, facility, or installation from which there is (or may be) a discharge of pollutants, the construction of which commenced after the publication of proposed Pretreatment Standards under section 307(c) of the Act that will be applicable to such source if such Standards are thereafter promulgated in accordance with that section, provided that:
 - (a) The building, structure, facility, or installation is constructed at a site at which no other source is located; or
 - (b) The building, structure, facility, or installation totally replaces the process or production equipment that causes the discharge of pollutants at an Existing Source; or
 - (c) The production or wastewater generating processes of the building, structure, facility, or installation are substantially independent of an Existing Source at the same site. In determining whether these are substantially independent, factors such as the extent to which the new facility is integrated with the existing plant, and the extent to which the new facility is engaged in the same general type of activity as the Existing Source, should be considered.
- (2) Construction on a site at which an Existing Source is located and results in a modification rather than a New Source if the construction does not create a new building, structure, facility, or installation meeting the criteria of Section (1)(b) or (c) above but otherwise alters, replaces, or adds to existing process or production equipment.
- (3) Construction of a New Source as defined under this paragraph has commenced if the owner or operator has:
 - (a) Begun, or caused to begin, as part of a continuous onsite construction program:
 - i. any placement, assembly, or installation of facilities or equipment; or
 - ii. significant site preparation work including clearing, excavation, or removal of existing buildings, structures, or facilities which is necessary for the placement, assembly, or installation of new source facilities or equipment.
 - (b) Entered a binding contractual obligation for the purchase of facilities or equipment which are intended to be used in its operation within a reasonable time. Options to purchase or contracts which can be terminated or modified without substantial loss, and contracts for feasibility, engineering, and design studies do not constitute a contractual obligation under this paragraph.

Applies to all **WASTEWATER** service areas

PART EIGHT

INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

- AA. Noncontact Cooling Water. Water used for cooling that does not come into direct contact with any raw material, intermediate product, waste product, or finished product.
- BA. Non-Residential Discharger. A customer discharging into Liberty Utilities that is engaged in any activity that changes the constituent nature of the wastewater from typical household wastewater.
- CA. Pass Through. A discharge which exits the POTW/WRF into waters of the United States in quantities or concentrations which, alone or in conjunction with a discharge or discharges from other sources, is a cause of a violation of any requirement of Liberty Utilities's [APP/AZPDES](#) permit, including an increase in the magnitude or duration of a violation.
- DA. Person. Any individual, partnership, corporation, firm, company, corporation, association, joint stock company, trust, estate, governmental entity, or any other legal entity; or their legal representatives, agents, or assigns. This definition includes all Federal, State, and local governmental entities.
- EA. pH. A measure of the acidity, or alkalinity, of a solution, expressed in standard units.
- FA. Pollutant. Dredged spoil, solid waste, incinerator residue, filter backwash, sewage, garbage, sewage sludge, munitions, medical waste, chemical wastes, biological materials, radioactive materials, heat, wrecked or discarded equipment, rock, sand, cellar dirt, municipal, agricultural and industrial wastes, and certain characteristics of wastewater (e.g., pH, temperature, TSS, turbidity, color, BOD, COD, toxicity, or odor).
- GA. Pretreatment. The reduction of the amount of pollutants, the elimination of pollutants, or the alteration of the nature of pollutant properties in wastewater prior to, or in lieu of, introducing such pollutants into the POTW/WRF. This reduction or alteration can be obtained by physical, chemical, or biological processes; by process changes; or by other means, except by diluting the concentration of the pollutants unless allowed by an applicable Pretreatment Standard.
- HA. Pretreatment Requirements. Any substantive, or procedural requirement, related to pretreatment imposed on an IU, other than a Pretreatment Standard.
- IA. Pretreatment Standards or Pretreatment Requirements. Prohibited discharge standards, categorical Pretreatment Standards, and Local Regulatory Limits.
- JA. Prohibited Discharge Standards or Prohibited Discharges. Absolute prohibitions against the discharge of certain substances. These prohibitions appear in Sections 3 and 3.1 of this Pretreatment Program.

Applies to all **WASTEWATER** service areas

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- KA. Publicly Owned Treatment Works (POTW). A treatment works, as defined by section 212 of the Act (33 U.S.C. section 1292), which is owned by a state or municipality (as defined by Section 502(4) of the Clean Water Act). This definition includes any devices and systems used in the storage, treatment, recycling and reclamation of municipal sewage or industrial wastes of a liquid nature. It also includes sewers, pipes, and other conveyances only if they convey wastewater to a POTW. The term also means the municipality as defined in Section 502(4) of the Clean Water Act, which has jurisdiction over the Indirect Discharges to and the discharges from such a wastewater treatment plant.
- LA. Septic Tank Waste. Any sewage from holding tanks such as vessels, chemical toilets, campers, trailers, and septic tanks
- MA. Sewage. Human excrement and gray water (household showers, dishwashing operations, etc.).
- NA. Significant Industrial User (SIU).
- (1) An IU subject to categorical Pretreatment Standards
 - (2) An IU that:
 - (a) Discharges an average of twenty-five thousand (25,000) gpd, or more of process wastewater, to the POTW/WRF (excluding sanitary, noncontact cooling and boiler blowdown wastewater);
 - (b) Contributes a process waste stream which makes up five (5) percent or more of the average dry weather hydraulic, or organic (BOD, ammonia, and/or total nitrogen) capacity of the POTW/WRF; or
 - (c) Is designated as such by Liberty Utilities on the basis that it has a reasonable potential for adversely affecting the POTW's/WRF's operations, or for violating any Pretreatment Standard, or Requirement.
 - (3) Liberty Utilities may determine that an IU is subject to categorical Pretreatment Standards, hereinafter referred to as a Non-Significant Categorical IU, rather than a SIU on a finding that the IU never discharges more than 100 gallons per day (gpd) of total categorical wastewater (excluding sanitary, non-contact cooling and boiler blowdown wastewater, unless specifically included in the Pretreatment Standard) and the following conditions are met:
 - (a) The IU, prior to Liberty Utilities' finding, has consistently complied with all applicable categorical Pretreatment Standards and Requirements.

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(b) The IU annually submits the certification statement required in Section 7.7.14, together with any additional information necessary to support the certification statement.

(c) The IU never discharges any untreated concentrated wastewater.

(4) Upon a finding that an IU meeting the criteria in Subsection (2) of this part has no reasonable potential for adversely affecting the POTW's/WRF's operation or for violating any Pretreatment Standard or Requirement, Liberty Utilities may at any time, on its own initiative or in response to a petition received from an IU, and in accordance with procedures in 40 CFR 403.8(f)(6), determine that such IU should not be considered a SIU.

- OA. Slug Load or Slug Discharge. Any discharge at a flow rate or concentration could cause a violation of the prohibited discharge standards in Section 3 of the Pretreatment Program. A Slug Discharge is any Discharge of a non-routine, episodic nature, including but not limited to an accidental spill or a non-customary batch Discharge, which has a reasonable potential to cause Interference or Pass Through, or in any other way violate the POTW's/WRF's regulations, Local Limits or Permit conditions.
- PA. Storm Water: Any flow occurring during, or following any form of natural precipitation, and resulting from such precipitation, including snowmelt.
- QA. Total Suspended Solids or Suspended Solids. The total suspended matter that floats on the surface of, or is suspended in, water, wastewater, or other liquid, and that is removable by laboratory filtering.
- RA. User or Industrial User. A source of indirect discharge.
- SA. Wastewater. Liquid and water-carried industrial wastes and sewage from residential dwellings, commercial buildings, industrial and manufacturing facilities, and institutions, whether treated or untreated, which are contributed to the POTWWRF.
- TA. Wastewater Treatment Plant or Treatment Plant. That portion of the POTW/WRF which is designed to provide treatment of municipal sewage and industrial waste.
- UA. Water Reclamation Facility (WRF). A treatment works, as defined by section 212 of the Act (33 U.S.C. section 1292), which is owned by Liberty Utilities. This definition includes any devices or systems used in the collection, storage, treatment, recycling, and reclamation of sewage, or industrial wastes, of a liquid nature and any conveyances, which convey wastewater to a treatment plant.

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SECTION 2 - AUTHORITYPretreatment Requirements apply to POTWs/WRFs

Regulations under the Federal Water Pollution Control Act (also known as the Clean Water Act), require POTWs/WRFs to develop a pretreatment program for any POTW/WRF (or combination of POTWs operated by the same authority) with a total design flow greater than 5 million gallons per day (MGD) within a single collection system and receive wastewater from Industrial Users pollutants which Pass Through or may Interfere with the operation of the WRF, or are otherwise subject to Pretreatment Standards. A POTW/WRF with a design flow of 5 million gallons per day or less may also be required to develop a pretreatment program if required by the applicable regulatory authority based on the nature or volume of industrial influent, treatment process impacts, permit compliance concerns, sludge contamination, or other circumstances.

Liberty Utilities is a Water Management Utility Under Section 502(4) of the Clean Water Act

~~Section 208 of the Clean Water Act devolves regional water quality management Designated Planning Agencies, or DPAs. In this case, the DPA is the Maricopa Association of Governments (MAG), and MAG maintains a Section 208 Area wide Water Quality Management Plan (the MAG 208 Plan) detailing the management of wastewater, recycled water and biosolids within Maricopa County.~~

~~DPAs engage other agencies for the management and execution of the short and long term strategies of the DPA. These agencies are Designated Management Agencies (DMAs) and Wastewater Management Utilities (WMUs). While a DMA and a WMU perform the same functions, they are organizationally different: DMAs are governmental entities; WMUs are public service corporations.~~

~~A DMA is defined as “a local government subdivision that is certified by ADEQ as having adequate resources and capabilities to design, operate, and maintain wastewater facilities and the desire to implement portions of the MAG 208 Plan.” A WMU is “a privately owned centralized wastewater treatment facility and a collection system that provides services to multiple properties. To be a WMU, ADEQ must certify that the entity has the resources, capability, and desire to function as a DMA.” In addition, to be established as a WMU, the private entity must provide a 20-year future growth plan and coordinate with neighboring DMAs and other WMUs that will implement other strategies in the MAG 208 Plan.~~

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~~Liberty Utilities — Responsibilities as a WMU~~

~~Pursuant to Section 208(c)(2) of the Clean Water Act, a DMA or designated WMU must be able to:~~

- ~~• Carry out appropriate portions of a regional 208 Plan.~~
- ~~• Manage effectively waste treatment facilities and related facilities in conformance with the 208 Plan.~~
- ~~• Design, construct, operate, and maintain new and existing wastewater treatment facilities, directly or by contract, as required by any plan established to fulfill Section 208 planning requirements.~~
- ~~• Accept and utilize grants or other funds from any source for waste treatment management purposes.~~
- ~~• Raise revenues, including assessment of waste treatment charges.~~
- ~~• Incur short term and long term indebtedness.~~
- ~~• Assure in the implementation of the regional 208 Plan that each participating community pays its proportionate share of treatment costs.~~
- ~~• Refuse to receive any waste from any municipality or subdivision which does not comply with any provisions of an approved plan established to fulfill Section 208 planning requirements.~~
- ~~• Accept industrial waste for treatment.~~

~~Liberty Utilities has an approved 208 Plan Amendments, approved by the applicable governmental authority for each of the Liberty Utilities.~~

Pretreatment Requirements apply to Non-Domestic Sources of Wastewater

Under 40 CFR 403.1(b), pretreatment requirements apply to:

- (1) Pollutants from non-domestic sources covered by Pretreatment Standards which are indirectly discharged into or transported by truck or rail or otherwise introduced into POTW/WRF as defined in 40 CFR § 403.3.
- (2) POTW/WRF which receives wastewater from sources subject to National Pretreatment Standards.
- (3) States which have or are applying for National Pollutant Discharge Elimination System (NPDES) programs approved in accordance with section 402 of the Act.
- (4) Any new or existing source subject to Pretreatment Standards. National Pretreatment Standards do not apply to sources which Discharge to a sewer which is not connected to a POTW/WRF.

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In Arizona, the requirements of the federal pretreatment standards have been incorporated by reference as AAC R18-9-A905(A)(8)(b).

The Pretreatment Standards and Pretreatment Program are Approved ACC Tariffs

Liberty Utilities - Pretreatment Standards and the Pretreatment Program have been adopted in the Corporation's Terms and Conditions of Service and are approved Tariffs.

SECTION 3 - PRETREATMENT STANDARDS

Liberty Utilities enforces pretreatment standards by limiting the discharges as described below and will review pretreatment prior to approval of any industrial non-domestic discharge into its wastewater systems.

- A. **General Prohibitions.** No IU or non-residential discharger shall introduce or cause to be introduced into the POTW/WRF any pollutant or wastewater which causes Pass Through or Interference. These general prohibitions apply to all IUs and non-residential dischargers of the POTW/WRF whether or not they are subject to categorical Pretreatment Standards or any other National, State, or local Pretreatment Standards or Requirement.

In addition to those pollutants classified as Prohibited Waste (Section 3.1), the following are prohibited from discharge into the ~~Liberty Utilities~~ POTW/WRF:

- (1) Discharge of any substances which will inhibit the operation or performance of the ~~Liberty Utilities—PVWRF and SWRF~~ City of Scottsdale WRF or pass through the system and cause ~~Liberty Utilities—PVWRF and SWRF~~ City of Scottsdale WRF to violate any requirements of any operating or discharge permit issued by the county, state or federal government, or any WMU discharge permit limits.
- (2) Discharge of any substance which may cause the ~~Liberty Utilities—PVWRF and SWRF~~ City of Scottsdale WRF reclaimed water or treatment residues, biosolids or scum to be unsuitable for reclamation, reuse, or disposal or which may interfere with such reclamation, reuse, or disposal processes.
- (3) Discharge of any wastewater which causes the ~~Liberty Utilities—PVWRF and SWRF~~ City of Scottsdale WRF effluent to exhibit toxicity to test organisms in a standard biological toxicity test as defined by local, state, or federal requirements, or which the Company determines would be toxic to or impede the treatment capabilities of the biological processes in the ~~Liberty Utilities—PVWRF and SWRF~~ City of Scottsdale WRF

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- (4) Discharge of any substance which may cause the ~~Liberty Utilities—PVWRF and SWRF~~City of Scottsdale WRF to be in a noncompliance with biosolids use or disposal criteria, guidelines or regulations developed under Section 405 of the Clean Water Act, any criteria, guidelines or regulations affecting biosolids uses or disposal developed pursuant to the Solid Waste Disposal Act, the Clean Air Act, the Toxic Substances Control Act or state or local standards applicable to the biosolids management method adopted by Liberty Utilities and/or local and state authorities.
- (5) Discharge of any wastewater containing hazardous substances, toxic, conventional, or non-conventional pollutants in sufficient quantity, either singly or by interaction, which could injure or interfere with any wastewater treatment process, constitutes a health or safety hazard to humans or animals, or exceed the limitations set forth in the Local Regulatory Limits (Section 3.4) or the categorical pretreatment standards appropriate for the specific industrial user is prohibited. Hazardous substances, toxic, conventional or non-conventional pollutants will include, but not be limited to, any pollutant identified in 40 CFR Part 122, Appendix D - Tables II, III, IV, and V (AZPDES Permit Limits that are applicable), or substances alone or in combination with other constituents that are determined to be toxic by the toxicity test as defined in 40 CFR Part 136 for wastewater or the toxicity characteristic leaching procedure test as defined in 40 CFR Part 261 for biosolids.

B. Local Regulatory Limits

No industrial user of the ~~Liberty Utilities—PVWRF and SWRF~~City of Scottsdale WRF shall discharge wastes or wastewaters included in this Section and having concentrations of pollutants higher than those listed in this Section.

The Local Regulatory Limits apply at the point where the wastewater is discharged to the POTW/WRF.

All concentrations for metallic substances are for total metal unless indicated otherwise. Liberty Utilities may impose mass limitations in addition to the concentration-based limitations herein.

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3.1 PROHIBITED WASTE

Prohibited Waste means material or waste streams that shall not be discharged to any of the collection systems operated by ~~Liberty Utilities—PVWRF and SWRF~~City of Scottsdale WRF.

This includes any waste, other than sanitary waste, which by itself or in combination with another substance either:

- (1) constitutes or may constitute a significant health or safety hazard to any person;
- (2) may interfere with any sewer or sewage treatment process;
- (3) may cause a discharge from a sewage facility to contravene any requirements of or under any ADEQ APP, AZPDES discharge permit, Reuse permit, direct or indirect potable water reuse, or any other act, or any other law or regulation governing the quality of the discharge, or may cause the discharge to result in a hazard to people, animals, property or vegetation; or
- (4) may cause biosolids to fail criteria for beneficial land application

Prohibited Wastes include:

Non-Sanitary Wastewater

Discharge of storm water, surface water, ground water, artesian well water, roof runoff, or subsurface drainage.

Air Contaminant Waste

Any waste other than sanitary waste which, by itself or in combination with another substance, is capable of creating, causing or introducing an air contaminant outside any sewer or sewage facility or is capable of creating, causing or introducing an air contaminant within any sewer or sewage facility which would prevent safe entry by authorized personnel.

Flammable or Explosive Waste or High Temperature Wastes

A high temperature waste is any waste which, by itself or in combination with another substance, will create heat in amounts which will interfere with the operation and maintenance of a sewer or sewage facility or with the treatment of waste in a sewage facility.

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Discharge of any waste streams with a closed cup flash point of less than 140 degrees Fahrenheit (60 degrees Celsius) using the test methods specified in federal regulations, 40 CFR § 261.21.

Wastewater having a temperature greater than 100 degrees F, or which will inhibit biological activity in the POTW/WRF resulting in interference.

In addition, any waste which, by itself or in combination with another substance, is capable of causing or contributing to an explosion or supporting combustion in any sewer or sewage facility including, but not limited to gasoline, naphtha, propane, diesel, fuel oil, kerosene or alcohol.

Discharge of any liquids, solids or gases that by reason of their nature or quantity are, or may be, sufficient either alone or by interaction to cause fire or explosion or be injurious in any other way to either:

- (1) the operation of the Liberty Utilities wastewater collection system or the ~~Liberty Utilities—PVWRF and/or SWRF~~City of Scottsdale WRF
- (2) the integrity of the sewer system or cause a danger to the public health or safety.

Reactive Waste

Any waste which, by itself, or in combination with another substance, is capable of causing or contributing to an undesirable physical or chemical reaction when introduced to sanitary sewer systems, including endothermic reactions, exothermic reactions, precipitation, etc.

Odorous Waste

Discharge of any noxious or malodorous liquids, gases or solids which, either singly or by interaction, can create a public nuisance or hazard to life or are sufficient to prevent entry into the sewers without specialized hazardous material protective equipment or clothing for sewer maintenance or repair.

pH Waste

Any non-domestic waste which, at the point of discharge into a sewer, has a pH lower than 5.5 or higher than 9.0, as determined by either a grab or a composite sample.

Slug Loads

Discharge of any slug load as defined in Sections 1.4 of this Tariff, including oxygen demanding pollutants (BOD, etc.), released in a single extraordinary discharge episode of such volume or strength as to cause interference to ~~Liberty Utilities—PVWRF or SWRF~~City of Scottsdale WRF.

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Obstructive Waste

Discharge of any solid or viscous substances that will or may cause obstruction to the flow in a sewer or other interference with the operation of the wastewater system.

This includes any waste which, by itself or in combination with another substance, is capable of obstructing the flow of, or interfering with, the operation or performance of any sewer or sewage facility including, but not limited to: earth, sand, sweepings, gardening or agricultural waste, ash, chemicals, paint, metal, glass, sharps, rags, cloth, tar, asphalt, cement-based products, plastic, wood, waste portions of animals, fish or fowl, and solidified fat.

Corrosive Waste

Any waste with corrosive properties which, by itself or in combination with any other substance, may cause damage or hazard to any sewer or sewage facility or structure, interference with operations or which may prevent safe entry by authorized personnel.

Radioactive Waste

Discharge of any wastewater containing any radioactive wastes or isotopes of such half-life or concentration as to exceed limits established by the local, state or federal regulations.

Oily Waste

Discharge of any petroleum oil, non-biodegradable cutting oil or products of mineral oil origin that will cause Interference or Pass Through the ~~Liberty Utilities — PVWRF or SWRF~~City of Scottsdale WRF.

Biomedical Waste

Any of the following categories of biomedical waste: human or animal anatomical waste, animal waste, untreated microbiological waste, waste sharps and untreated human or animal blood and body fluids.

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Miscellaneous Prohibited Wastes

Any of the following wastes:

- a. Seawater
- b. Polychlorinated biphenyl compounds (PCBs)
- c. chlorinated phenols
- d. pesticides
- e. tetrachloroethylene
- f. 4,4' - DDE
- g. 4,4' -DDT
- h. Aldrin
- i. BHC-Alpha
- j. BHC-Gamma (Lindane)
- k. Heptachlor
- l. Heptachlor Epoxide
- m. Per- and polyfluoroalkyl substances – known as PFAS

Pollutants which result in the presence of toxic gases, vapors, or fumes within the WRF/POTW in a quantity that may cause acute worker health and safety problems.

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3.2 RESTRICTED WASTE

Restricted waste means waste that may be permitted to be discharged to collection systems operated by Liberty Utilities but have specific criteria which must be met prior to that discharge.

These include:

Non-Residential Wastewater

Condensate, non-contact cooling water and industrial or commercial wastewater unless specifically authorized by the Liberty Utilities in the Pretreatment Program.

Food Waste

Any non-domestic waste from cooking and handling of food that, at the point of discharge into a sewer, contains particles larger than 0.5 centimeters in any dimension.

Trucked or Hauled Waste

Discharge of any trucked or hauled pollutants, unless the hauler has first obtained written approval from Liberty Utilities in accordance with the Pretreatment Program (Section 4).

Detergent Waste

Discharge of detergents, surface active agents, or other substances which might cause excessive foaming in the POTW/WRF.

Sludges & Residue

Sludges, screenings, and other residues from the pretreatment of industrial wastes or from the cleaning of interceptors or sewer collection systems.

Dyes and Coloring Material

Discharge of any substance with objectionable color not removed in the treatment process, such as, but not limited to, dye wastes and vegetable tanning solutions, where the dye is used by Liberty Utilities, or one or more of its agents, as a tracer. Discharge of portable toilet contents utilizing dyes is strictly prohibited.

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Petroleum Oil

Nonbiodegradable cutting oil, or products of mineral oil origin, in amounts that will cause Interference or Pass Through.

Other Pollutants

Other pollutants which result in the presence of toxic gases, vapors, or fumes within the POTW in a quantity that may cause acute worker health and safety problems.

3.3 STATE PRETREATMENT STANDARDS

IUs must comply with AAC R18-9-A905(A)(8) – Effluent guidelines and standards.

3.4 LOCAL LIMITS

- A. Liberty Utilities is authorized to establish Local Limits pursuant to 40 CFR 403.5(c). Any waste which, at the point of discharge into a sewer, contains any contaminant at a concentration in excess of the limits set out Title 18, Chapter 4 of the Arizona Administrative Code. or as more specifically defined in the tables below. All concentrations are expressed as total concentrations which includes all forms of contaminants, whether dissolved or undissolved. The concentration limits apply to both grab and composite samples. Contaminant definitions and methods of analysis are outlined in standard methods.
- B. The following pollutant limits are established to protect against Pass Through and Interference. No person shall discharge wastewater containing in excess of the following Daily Maximum Limits:

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CONVENTIONAL POLLUTANTS [mg/L]		
	Monthly Average	Daily Maximum
Biochemical Oxygen Demand (BOD)	350	525
Chemical Oxygen Demand (COD)	1000	1500
Ammonia	55	80
Total Nitrogen- as NO ₃	100	150
Oil and Grease ¹	64	96
Total Suspended Solids	350	525

ORGANIC CONTAMINANTS (Daily Maximum)	
Benzene	Reserved ¹
Ethyl Benzene	Reserved
Toluene	Reserved
Xylenes	Reserved
Chloroform	Reserved
Total Oil and Grease (hydrocarbons)	96
Perfluoroalkyl Substances (PFAS)	Reserved

¹ “Reserved” indicates that Liberty Utilities requires Industrial Users to conduct monthly monitoring and sampling for these organic contaminants; however, the Arizona Corporation Commission has not yet approved a Daily Maximum discharge limitation for these constituents. A Daily Maximum limit may be established in the future, subject to Commission review and approval.

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TRACE METALS	
PARAMETER	Daily Average Effluent Limitation (mg/L)
Antimony (Sb)	0.0048
Arsenic (As)	0.008
Beryllium (Be)	0.008
Cadmium (Cd)	0.012
Chloride (Cl)	Reserved
Chromium (Cr)	0.0238
Cobalt (Co)	Reserved
Copper (Cu)	Reserved
Cyanide (CN)	Reserved
Fluoride (F)	3.00
Iron (Fe)	Reserved
Lead (Pb)	0.13
Manganese (Mn)	Reserved
Mercury (Hg)	0.005
Molybdenum (Mo)	Reserved

Issued: [DATE]

Effective: [DATE]

ISSUED BY:

Moses Thompson, President

Liberty Utilities (~~LITCHFIELD PARK Water & Sewer~~Black Mountain Sewer) Corp.

14920 W Camelback Rd

Litchfield Park, AZ 85340

Decision No. XXXX

Nitrate (NO3)	100

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Nickel (Ni)	0.242
Selenium (Se)	0.142
Silver (Ag)	Reserved
Sulfate (SO4)	Reserved
Sulfide (S)	N/A
Thallium (TI)	0.005
Zinc (Zn)	Reserved

The above limits apply at the point where the wastewater is discharged to the POTW/WRF. All concentrations for metallic substances are for total metal unless indicated otherwise. Liberty Utilities may impose mass limitations in addition to the concentration-based limitations above.

Liberty Utilities may accept certain pollutants which are compatible with the ~~Liberty Utilities—PVWRF or SWRFCity of Scottsdale WRF~~ treatment processes; however, the IU shall pay a surcharge, established based on quantity, to cover the costs of such treatment. Any surcharge shall be at cost.

3.5 CORPORATION RIGHT OF REVISION

Liberty Utilities reserves the right to establish, by agreement or in individual wastewater discharge permits, more stringent Pretreatment Standards or Requirements on discharges to the POTW/WRF consistent with the purpose of this Tariff.

3.6 DILUTION

No IU shall ever increase the use of process water, or in any way attempt to dilute a discharge, as a partial or complete substitute for adequate treatment to achieve compliance with a discharge limitation unless expressly authorized by an applicable Pretreatment Standard or Requirement. Liberty Utilities may impose mass limitations on IU who are using dilution to meet applicable Pretreatment Standards or Requirements, or in other cases when the imposition of mass limitations is appropriate.

Issued: [DATE]

Effective: [DATE]

ISSUED BY:

Moses Thompson, President

Liberty Utilities (~~LITCHFIELD PARK Water & Sewer~~Black Mountain Sewer) Corp.

14920 W Camelback Rd

Litchfield Park, AZ 85340

Decision No. XXXX

Applies to all WASTEWATER service areas**PART EIGHT****INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF****SECTION 4 - PRETREATMENT PROGRAM**

This Pretreatment Program shall apply to all Non-Residential Dischargers, IUs, or users subject to the National Categorical Pretreatment Standards discharging to the ~~Liberty Utilities PVWRF and SWRF~~City of Scottsdale WRF.

4.1 ADMINISTRATION

Except as otherwise provided herein, Liberty Utilities shall administer, implement, and enforce the provisions of the Pretreatment Program. Liberty Utilities may delegate some or all these duties to duly authorized Liberty Utilities employees.

4.2 NATIONAL CATEGORICAL PRETREATMENT STANDARDS

IUs must comply with the categorical Pretreatment Standards found in 40 CFR Chapter I, Subchapter N, Parts 405-471.

- A. Where a categorical Pretreatment Standard is expressed only in terms of either the mass or the concentration of a pollutant in wastewater, Liberty Utilities may impose equivalent concentration or mass limits.
- B. When the limits in a categorical Pretreatment Standard are expressed only in terms of mass of pollutant per unit of production, the Liberty Utilities may convert the limits to equivalent limitations expressed either as mass of pollutant discharged per day or effluent concentration for purposes of calculating effluent limitations applicable to individual IUs.
- C. When wastewater subject to a categorical Pretreatment Standard is mixed with wastewater not regulated by the same Standard, Liberty Utilities shall impose an alternate limit in accordance with 40 CFR § 403.6(e).
- D. A user may obtain a net/gross adjustment to a categorical pretreatment standard in accordance with 40 CFR § 403.15.
- E. All users subject to a categorical pretreatment standard shall comply with all requirements of such standard and shall also comply with any limitations and prohibitions contained in this article. Where the same pollutant is limited by more than one pretreatment standard, the limitations which are more stringent shall prevail. Compliance with categorical pretreatment standards for existing sources shall be within the timeframe specified in the applicable categorical pretreatment standard. Compliance with categorical pretreatment standards for new sources shall be upon commencement of discharge.
- F. Liberty Utilities may establish more stringent pretreatment standards, or additional Liberty Utilities, site specific effluent limits, when, in its judgment, such limitations are necessary to implement the objectives of the Pretreatment Program.

Issued: [DATE]

Effective: [DATE]

ISSUED BY:

Moses Thompson, President

Liberty Utilities (~~LITCHFIELD PARK Water & Sewer~~Black Mountain Sewer) Corp.

14920 W Camelback Rd

Litchfield Park, AZ 85340

Decision No. XXXX

Applies to all **WASTEWATER** service areas

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4.3 STATE PRETREATMENT STANDARDS

In addition to the requirements of this Pretreatment Program, IUs must comply with AAC R18-9-A906.

4.4 LOCAL REGULATORY LIMITS

- A. Liberty Utilities is authorized to establish Local Regulatory Limits pursuant to 40 CFR § 403.5(c).
- B. Section 3.4 Pretreatment Standards establishes the Local regulatory Limits.
- C. Liberty Utilities may develop BMPs for any significant industrial user or other user, as needed, to implement this Pretreatment Program.
- D. These COPs are Pretreatment Standards.

4.4.1 Right of Revision

Liberty Utilities reserves the right to establish, by tariff, and subsequently in individual wastewater discharge permits, more stringent Standards or Requirements on discharges to the POTW consistent with the purpose of this Pretreatment Program.

4.5 Waste Discharge Permits

A waste discharge permit, as set forth in Section 6, is required for industrial and non-domestic wastewater generators for the following conditions:

- A. Any discharge subject to National Categorical Pretreatment Standards.
- B. Any Significant Industrial discharge as defined by Liberty Utilities.
- C. Any discharger whose discharge would be in violation with Local Regulatory Limits detailed in the Pretreatment Standards.
- D. Any discharger required by the State Pretreatment Standards to obtain a permit.
- E. Any other discharger directed by Liberty Utilities to apply for a permit.
- F. Permit applications and fees, violations and enforcement, and specific penalties are subject to the terms of the approved Tariff.

Applies to all WASTEWATER service areas**PART EIGHT****INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF****SECTION 5 - PRETREATMENT FACILITIES**

IUs shall provide wastewater treatment as necessary to comply with this Pretreatment Program and shall achieve compliance with all categorical Pretreatment Standards, Local Limits, and the prohibitions set out in Section 3.0 of this Pretreatment Program within the time limitations specified by EPA, the State, or Liberty Utilities, whichever is more stringent. Any facilities necessary for compliance shall be provided, operated, and maintained at the IU's expense. Detailed plans describing such facilities and operating procedures shall be submitted to Liberty Utilities for review and shall be acceptable to Liberty Utilities before such facilities are constructed. The review of such plans and operating procedures shall in no way relieve the IU from the responsibility of modifying such facilities as necessary to produce a discharge acceptable to Liberty Utilities under the provisions of this Tariff. The IU shall be responsible for all costs incurred by Liberty Utilities in connection with reviewing the plans and operating procedures set forth in this Section and any specialty inspections that may be required at the sole discretion of Liberty Utilities.

5.1 ADDITIONAL PRETREATMENT MEASURES

- A. Whenever deemed necessary, Liberty Utilities may require IUs to restrict their discharge during peak flow periods, designate that certain wastewater be discharged only into specific sewers, relocate and/or consolidate points of discharge, separate sewage waste streams from industrial waste streams, and such other conditions as may be necessary to protect the POTW/WRF and determine the IU's compliance with the requirements of this Pretreatment Program.
- B. Liberty Utilities may require any person discharging into the POTW/WRF to install and maintain, on their property and at their expense, a suitable storage and flow control facility to ensure equalization of flow. An individual wastewater discharge permit may be issued solely for flow equalization.
- C. Grease, oil, and sand interceptors shall be provided when Liberty Utilities claims them necessary for the proper handling of wastewater containing excessive amounts of grease and oil, or sand; except that such interceptors shall not be required for residential users. All interception units shall be of a type and capacity approved by Liberty Utilities, shall be so located to be easily accessible for cleaning and inspection. Such interceptors shall be inspected, cleaned, and repaired by the IU at their expense.
- D. IUs with the potential to discharge flammable substances may be required to install and maintain an approved combustible gas detection meter.

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Liberty Utilities shall evaluate whether each SIU needs an accidental discharge/slug discharge control plan or other action to control Slug Discharges. Liberty Utilities may require any IU to develop, submit for approval, and implement such a plan or take such other action that may be necessary to control Slug Discharges. Alternatively, Liberty Utilities may develop such a plan for any IU. An accidental discharge/slug discharge control plan shall address, at a minimum, the following:

- A. Description of discharge practices, including non-routine batch discharges
- B. Description of stored chemicals
- C. Procedures for immediately notifying Liberty Utilities of any accidental or Slug Discharge, as required by Sections 7.7.6 of this Pretreatment Program
- D. Procedures to prevent adverse impact from any accidental or Slug Discharge. Such procedures include, but are not limited to, inspection and maintenance of storage areas, handling and transfer of materials, loading and unloading operations, control of plant site runoff, worker training, building of containment structures or equipment, measures for containing toxic organic pollutants, including solvents, and/or measures and equipment for emergency response.

5.3 HAULED WASTEWATER

- A. Septic tank waste may be introduced into the POTW/WRF only at locations designated by Liberty Utilities, and at such times as are established by Liberty Utilities. Such waste shall not violate Section 3.2 of this Pretreatment Program, or any other requirements established by Liberty Utilities. Liberty Utilities may require septic tank waste haulers to obtain individual wastewater discharge permits.
- B. Industrial Waste:
 - (1) Liberty Utilities will require haulers of industrial waste to obtain individual wastewater discharge permits.
 - (2) Liberty Utilities will require generators of hauled industrial waste to obtain individual wastewater discharge permits.
 - (3) Liberty Utilities also may prohibit the disposal of hauled industrial waste. The discharge of hauled industrial waste is subject to all other requirements of the Pretreatment Program.
 - (4) Industrial waste haulers may discharge loads only at locations designated by Liberty Utilities. No load may be discharged without prior consent of Liberty Utilities.

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- (5) Liberty Utilities may collect samples of each hauled load to ensure compliance with applicable Pretreatment Standards.
- (6) Liberty Utilities may require the industrial waste hauler to provide a waste analysis of any load prior to discharge.
- (7) Industrial waste haulers must provide a waste tracking form for every load. This form shall include, at a minimum, the name and address of the industrial waste hauler, permit number, truck identification, names and addresses of sources of waste, and volume and characteristics of waste. The form shall identify the type of industry, known or suspected waste constituents, and whether any wastes are RCRA hazardous wastes.

SECTION 6 - INDIVIDUAL WASTEWATER DISCHARGE PERMITS

6.1 WASTEWATER ANALYSIS

When requested by Liberty Utilities, an IU must submit information on the nature and characteristics of its wastewater within 30 days of the request. Liberty Utilities is authorized to prepare a form for this purpose and may periodically require IUs to update this information.

6.2 INDIVIDUAL WASTEWATER DISCHARGE PERMIT REQUIREMENT

- A. No SIU shall discharge wastewater into the POTW/WRF without first obtaining an individual wastewater discharge permit from Liberty Utilities, except that a SIU that has filed a timely application pursuant to Sections 6.3 of this Tariff may continue to discharge for the time period specified therein.
- B. Liberty Utilities may require other IUs to obtain individual wastewater discharge permits as necessary to carry out the purposes of this Tariff.
- C. Any violation of the terms and conditions of an individual wastewater discharge permit shall be deemed a violation of this Tariff and subjects the wastewater discharge permittee to the sanctions set out in the Pretreatment Program. Obtaining an individual wastewater discharge permit does not relieve a permittee of its obligation to comply with all Federal and State Pretreatment Standards or Requirements or with any other requirements of Federal, State, and local law.

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6.3 INDIVIDUAL WASTEWATER DISCHARGE PERMITTING: EXISTING CONNECTIONS

Any IU required to obtain an individual wastewater discharge permit who was discharging wastewater into the POTW/WRF prior to the effective date of this Pretreatment Program and who wishes to continue such discharges in the future, shall, within 90 days after said date, apply to Liberty Utilities for an individual wastewater discharge permit in accordance with Section 6.5 of this Pretreatment Program, and shall not cause or allow discharges to the POTW/WRF to continue after 30 days of the effective date of this Tariff except in accordance with an individual wastewater discharge permit issued by Liberty Utilities.

6.4 INDIVIDUAL WASTEWATER DISCHARGE PERMITTING: NEW CONNECTIONS

Any IU required to obtain an individual wastewater discharge permit who proposes to begin or recommence discharging into the POTW/WRF must obtain such permit prior to the beginning or recommencing of such discharge. An application for this individual wastewater discharge permit, in accordance with Section 6.5 of this Tariff, must be filed at least 90 days prior to the date upon which any discharge will begin or recommence.

6.5 INDIVIDUAL WASTEWATER DISCHARGE PERMIT APPLICATION CONTENTS

- A. All IUs required to obtain an individual wastewater discharge permit must submit a permit application. Liberty Utilities may require IUs to submit all, or some of the following applicable information as part of a permit application:
- (1) Identifying Information.
 - (a) The name and address of the facility, including the name of the operator and owner.
 - (b) Contact information, description of activities, facilities, and plant production processes on the premises.
 - (2) Environmental Permits. A list of any environmental control permits held by or for the facility. For permits that are required or currently pending, a description of the status of each permit.
 - (3) Description of Operations.
 - (a) A brief description of the nature, average rate of production (including each product produced by type, amount, processes, and rate of production), and standard industrial classifications of the operation(s) carried out by such IU. This description should include a schematic process diagram, which indicates points of discharge to the POTW/WRF from the regulated processes.

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- (b) Types of waste generated, and a list of all raw materials and chemicals used, or stored at the facility, which are, or could accidentally or intentionally be, discharged to the POTW/WRF.
 - (c) Number and type of employees, hours of operation, and proposed or actual hours of operation.
 - (d) Type and number of raw materials processed (average and maximum per day).
 - (e) Site plans, floor plans, mechanical and plumbing plans, and details to show all sewers, floor drains, and appurtenances by size, location, and elevation, and all points of discharge.
- (4) Time and duration of discharges.
- (5) The location for monitoring all waste covered by the permit.
- (6) Flow Measurement. Information showing the measured average daily and maximum daily flow, in gallons per day, to the POTW/WRF from regulated process streams and other streams, as necessary, to allow use of the combined waste stream formula set out in 40 CFR 403.6(e).
- (7) Measurement of Pollutants.
- (a) The categorical Pretreatment Standards applicable to each regulated process and any new categorically regulated processes for Existing Sources.
 - (b) The results of sampling and analysis identifying the nature and concentration, and/or mass, where required by the Standard or by Liberty Utilities, of the regulated pollutants in the discharge from each regulated process.
 - (c) Instantaneous, Daily Maximum, and long-term average concentrations, or mass, where required, shall be reported.
 - (d) The sample shall be representative of daily operations and shall be analyzed in accordance with procedures set out in Sections 7.7.8, 7.7.10, 7.7.11, 8.1, and 9 of this Tariff. Where the Standard requires compliance with a BMP, COP, or pollution prevention alternative, the IU shall submit documentation as required by Liberty Utilities, or the applicable Standards to determine compliance with the Standard.
 - (e) Sampling must be performed in accordance with procedures set out in Sections 7.7.8, 7.7.10, 7.7.11, 8.1, and 9 of this Tariff of the Pretreatment Program.

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- (8) Any other information may be deemed necessary by Liberty Utilities to evaluate the permit application.
- (9) Incomplete, or inaccurate applications, will not be processed and will be returned to the IU for revision.

6.6 APPLICATION SIGNATORIES AND REPORTS

- A. All wastewater discharge permit applications, IU reports and certification statements must be signed by an Authorized Representative of the IU and contain the certification statement in Section 7.7.14.
- B. If the designation of an Authorized Representative is no longer accurate because a different individual or position has responsibility for the overall operation of the facility or overall responsibility for environmental matters for the company, a new written authorization satisfying the requirements of this Section must be submitted to Liberty Utilities prior to, or together with, any reports to be signed by an Authorized Representative.

6.7 INDIVIDUAL WASTEWATER DISCHARGE PERMIT DECISIONS

Liberty Utilities will evaluate the data furnished by the IU and may require additional information, if necessary. Within 30 days of receipt of a complete permit application, Liberty Utilities will determine whether to issue an individual wastewater discharge permit. Liberty Utilities may deny any application for an individual wastewater discharge permit.

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SECTION 7 - INDIVIDUAL WASTEWATER DISCHARGE PERMIT ISSUANCE

7.1 INDIVIDUAL WASTEWATER DISCHARGE PERMIT DURATION

An individual wastewater discharge permit shall be issued for a specified time period, not to exceed five (5) years from the effective date of the permit. An individual wastewater discharge permit may be issued for a period less than five (5) years, at the discretion of Liberty Utilities. Each individual wastewater discharge permit will indicate a specific date upon which it will expire.

7.2 INDIVIDUAL WASTEWATER DISCHARGE PERMIT CONTENTS

An individual wastewater discharge permit shall include such conditions as are deemed reasonably necessary by Liberty Utilities to prevent Pass Through, or Interference, protect the quality of the water body receiving the POTW/WRF effluent, protect worker health and safety, facilitate sludge management and disposal, and protect against damage to the POTW/WRF.

A. Individual wastewater discharge permits must contain:

- (1) A statement that indicates the wastewater discharge permit issuance date, expiration date and effective date.
- (2) A statement that the wastewater discharge permit is nontransferable.
- (3) Effluent limits, including Best Management Practices, based on applicable Pretreatment Standards.
- (4) Self-monitoring, sampling, reporting, notification, and record-keeping requirements. These requirements shall include an identification of pollutants (or best management practice) to be monitored, sampling location, sampling frequency, and sample type based on Federal, State, and local law.
- (5) A statement of applicable civil and criminal penalties for violation of the Pretreatment Standards and Requirements, and any applicable compliance schedule. Such a schedule may not extend the time for compliance beyond that required by applicable Federal, State, or local law.
- (6) Requirements to control Slug Discharge, if determined by Liberty Utilities to be necessary.

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- B. Individual wastewater discharge permits may contain, but need not be limited to, the following conditions:
1. Limits on the average and/or maximum rate of discharge, time of discharge, and/or requirements for flow regulation and equalization.
 2. Requirements for the installation of pretreatment technology, pollution control, or construction of appropriate containment devices, designed to reduce, eliminate, or prevent the introduction of pollutants into the treatment works.
 3. Requirements for the development and implementation of spill control plans or other special conditions including management practices necessary to adequately prevent accidental, unanticipated, or non-routine discharges.
 4. Development and implementation of waste minimization plans to reduce the amount of pollutants discharged to the POTW/WRF for the term of the individual wastewater discharge permit.
 5. The unit charge or schedule of IU charges and fees for the management of the wastewater discharged to the POTW/WRF.
 6. Requirements for installation and maintenance of inspection and sampling facilities and equipment, including flow measurement devices.
 7. A statement that compliance with the individual wastewater discharge permit does not relieve the permittee of responsibility for compliance with all applicable Federal and State Pretreatment Standards, including those which become effective during the term of the individual wastewater discharge permit.
 8. Other conditions as deemed appropriate by Liberty Utilities to ensure compliance with this Pretreatment Program, and State and Federal laws, rules, and regulations.

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Liberty Utilities may modify an individual wastewater discharge permit for good cause, including, but not limited to, the following reasons:

- A. To incorporate any new or revised Federal, State, or local Pretreatment Standards or Requirements.
- B. To address significant alterations, or additions to the IU's operation, processes, or wastewater volume or character since the time of the individual wastewater discharge permit issuance
- C. A change in the POTW/WRF that requires either a temporary or permanent reduction or elimination of the authorized discharge.
- D. Information indicating that the permitted discharge poses a threat to a Liberty Utilities POTW/WRF, Liberty Utilities personnel, or the receiving waters.
- E. Violation of any terms or conditions of the individual wastewater discharge permit.
- F. Misrepresentations, or failure to fully disclose all relevant facts, in the wastewater discharge permit application or in any required reporting.
- G. Revision of, or a grant of variance, from categorical Pretreatment Standards pursuant to 40 CFR 403.13.
- H. To correct typographical, or other errors in the individual wastewater discharge permit.
- I. To reflect a transfer of the facility ownership or operation to a new owner or operator were requested in accordance with Section 6.7.

7.4 INDIVIDUAL WASTEWATER DISCHARGE PERMIT TRANSFER

Individual wastewater discharge permits may be not be transferred. New owner or operator shall apply for a new discharge permit 60 days prior to the date of facility transfer. Failure of new owner or operator to apply for a new discharge permit will render the existing individual wastewater permit void as of the date of facility transfer.

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7.5 INDIVIDUAL WASTEWATER DISCHARGE PERMIT REVOCATION

Liberty Utilities may revoke an individual wastewater discharge permit for good cause, including, but not limited to, the following reasons:

- A. Failure to notify Liberty Utilities of significant changes to the wastewater prior to the changed discharge.
- B. Failure to provide prior notification to Liberty Utilities of changed conditions pursuant to Section 6.3 of this Document.
- C.
- D. Misrepresentation or failure to fully disclose all relevant facts in the wastewater discharge permit application.
- E.
- F. Falsifying self-monitoring reports and certification statements.
- G.
- H. Tampering with monitoring equipment.
- I.
- J. Refusing to allow Liberty Utilities timely access to the facility premises and records.
- K.
- L. Failure to meet effluent limitations.
- M.
- N. Failure to pay fines.
- O.
- P. Failure to pay sewer charges.
- Q.
- R. Failure to meet compliance schedules.
- S.
- T. Failure to complete a wastewater survey or the wastewater discharge permit application.
- U.
- V. Failure to provide advance notice of the transfer of business ownership of a permitted facility.
- W.
- X. Violation of any Pretreatment Standard or Requirement, or any terms of the wastewater discharge permit or this Pretreatment Program.

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Individual wastewater discharge permits will be voidable upon cessation of operations or transfer of business ownership. All individual wastewater discharge permits issued to an IU are void upon the issuance of a new individual wastewater discharge permit to that IU.

7.6 INDIVIDUAL WASTEWATER DISCHARGE PERMIT REISSUANCE

An IU with an expiring individual wastewater discharge permit shall apply for individual wastewater discharge permit reissuance by submitting a complete permit application, in accordance with Section 6.5 of this Pretreatment Program, a minimum of 90 days prior to the expiration of the IU's existing individual wastewater discharge permit.

7.7 REPORTING REQUIREMENTS**7.7.1 METERING**

If required by the individual wastewater permit approved by Liberty Utilities, the IU shall install a metering device of a form and at a location acceptable to Liberty Utilities.

Unless designated to the IU in the individual wastewater permit, Liberty Utilities will be responsible for the reading of water and/or wastewater meters when installed in discharger's establishment.

Meters will always be accessible to Liberty Utilities and/or the applicable Liberty Utilities' representatives.

7.7.2 BASELINE MONITORING REPORTS

Within either one hundred eighty (180) days after the effective date of a categorical Pretreatment Standard, or the final administrative decision on a category determination under 40 CFR 403.6(a)(4), whichever is later, existing Categorical IUs currently discharging to or scheduled to discharge to the POTW/WRF shall submit to Liberty Utilities a report which contains the information listed in paragraph B, below. At least ninety (90) days prior to commencement of their discharge, New Sources, and sources that become Categorical IUs subsequent to the promulgation of an applicable categorical Standard, shall submit to Liberty Utilities a report which contains the information listed in paragraph B, below. A New Source shall report on the method of pretreatment it intends to use to meet applicable categorical Standards. A New Source also shall give estimates of its anticipated flow and quantity of pollutants to be discharged.

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IUs described above shall submit the information set forth below:

- A. All information required in Section 6.5A (1) (a), Section 6.5 A (2), Section 6.5A (3), and Section 6.5A (6).
- B. Measurement of pollutants.
 - (1) The IU shall provide the information required in Section 6.5.
 - (2) The IU shall take a minimum of one representative sample to compile that data necessary to comply with the requirements of this paragraph.
 - (3) Samples should be taken immediately downstream from pretreatment facilities (POTW/WRF) if such exist or immediately downstream from the regulated process if no pretreatment exists. If other wastewaters are mixed with the regulated wastewater prior to pretreatment the IU should measure the flows and concentrations necessary to allow use of the combined waste stream formula in 40 CFR 403.6(e) to evaluate compliance with the Pretreatment Standards.
 - (4) Where an alternate concentration or mass limit has been calculated in accordance with 40 CFR 403.6(e) this adjusted limit along with supporting data shall be submitted to Liberty Utilities.
 - (5) Sampling and analysis shall be performed in accordance with Sections 7.7.8, 7.7.10, 7.7.11, 8.1, and 9.
 - (6) Liberty Utilities may allow the submission of a baseline report which utilizes only historical data so long as the data provides information sufficient to determine the need for industrial pretreatment measures.
 - (7) The baseline report shall indicate the time, date and place of sampling and methods of analysis, and shall certify that such sampling and analysis is representative of normal work cycles and expected pollutant Discharges to the POTW/WRF.

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- C. Compliance Certification: A statement, reviewed by the IU's Authorized Representative as defined in Section 1.4 (C) and certified by a qualified professional, indicating whether Pretreatment Standards are being met on a consistent basis, and, if not, whether additional operation and maintenance (O&M) and/or additional pretreatment is required to meet the Pretreatment Standards and Requirements.
- D. Compliance Schedule: If additional pretreatment and/or O&M will be required to meet the Pretreatment Standards, the shortest schedule by which the IU will provide such additional pretreatment and/or O&M must be provided. The completion date in this schedule shall not be later than the compliance date established for the applicable Pretreatment Standard. A compliance schedule pursuant to this Section must meet the requirements set out in Section 7.7.3 of this Pretreatment Program.
- E. Signature and Report Certification: All baseline monitoring reports must be certified in accordance with Section 7.7.14 of this Document and signed by an Authorized Representative as defined in Section 1.4 (C).

7.7.3 COMPLIANCE SCHEDULE PROGRESS REPORTS

The following conditions shall apply to the compliance schedule required this Pretreatment Program:

- A. The schedule shall contain progress increments in the form of dates for the commencement and completion of major events leading to the construction and operation of additional pretreatment required for the IU to meet the applicable Pretreatment Standards (such events include, but are not limited to, hiring an engineer, completing preliminary and final plans, executing contracts for major components, commencing and completing construction, and beginning and conducting routine operation).
- B. No increment referred to above shall exceed nine (9) months.
- C. The IU shall submit a progress report to Liberty Utilities no later than fourteen (14) days following each date in the schedule and the final date of compliance including, as a minimum, whether it complied with the increment of progress, the reason for any delay, and, if appropriate, the steps being taken by the IU to return to the established schedule.

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- D. In no event shall more than nine (9) months elapse between such progress reports to Liberty Utilities and Categorical Pretreatment Standard Deadlines. Within ninety (90) days following the date for final compliance with applicable categorical Pretreatment Standards, or in the case of a New Source following commencement of the introduction of wastewater into the POT/WRF, any IU subject to such Pretreatment Standards and Requirements shall submit to Liberty Utilities a report containing the information described in Section 6.5A of this Pretreatment Program. For IUs subject to equivalent mass or concentration limits established in accordance with the procedures in Section 3, this report shall contain a reasonable measure of the IU's long term production rate. For all other IUs subject to categorical Pretreatment Standards expressed in terms of allowable pollutant discharge per unit of production (or other measure of operation), this report shall include the IU's actual production during the appropriate sampling period. All compliance reports must be signed and certified in accordance with Section 7.7.14 of this Pretreatment Program. All sampling will be done in conformance with 7.7.8, 7.7.10, 7.7.11, 7.7.14, 8.1, and 9.

7.7.4 PERIODIC COMPLIANCE REPORTS

- A. Except as specified in Section 7.7.4 (C), all IUs must, at a frequency determined by Liberty Utilities, submit no less than once per year (January 31) a report indicating the nature and concentration of pollutants in the discharge which are limited by Pretreatment Standards and the measured or estimated average and maximum daily flows for the reporting period. In cases where the Pretreatment Standard requires compliance with a BMP, or pollution prevention alternative, the IU must submit documentation required by Liberty Utilities or the Pretreatment Standard necessary to determine the compliance status of the IU.
- B. Pursuant to 40 CFR 403.12(e)(2), Liberty Utilities may authorize an IU subject to a categorical Pretreatment Standard to forego sampling of a pollutant regulated by a categorical Pretreatment Standard if the IU has demonstrated through sampling and other technical factors that the pollutant is neither present nor expected to be present in the Discharge or is present only at background levels from intake water and without any increase in the pollutant due to activities of the IU. This authorization is subject to the following conditions:

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- (1) The waiver may be authorized where a pollutant is determined to be present solely due to sanitary wastewater discharged from the facility provided that the sanitary wastewater is not regulated by an applicable categorical Standard and otherwise includes no process wastewater.
- (2) The monitoring waiver is valid only for the duration of the effective period of the individual wastewater discharge permit, but in no case longer than five (5) years. The IU must submit a new request for the waiver before the waiver can be granted for each subsequent individual wastewater discharge permit.
- (3) In making a demonstration that a pollutant is not present, the IU must provide data from at least one sampling of the facility's process wastewater prior to any treatment present at the facility that is representative of all wastewaters from all processes.
- (4) The request for a monitoring waiver must be signed in accordance with Section 1.4(C) and include the certification statement in 7.7.14 (40 CFR 403.6(a)(2)(ii)).
- (5) Non-detectable sample results may be used only as a demonstration that a pollutant is not present if the EPA approved method from 40 CFR Part 136 with the lowest minimum detection level for that pollutant was used in the analysis.
- (6) Any grant of the monitoring waiver by Liberty Utilities must be included as a condition in the IU's permit. The reasons supporting the waiver and any information submitted by the IU in its request for the waiver must be maintained by Liberty Utilities for 3 years after expiration of the waiver.
- (7) Upon approval of the monitoring waiver and revision of the IU's permit by Liberty Utilities, the IU must certify on each report with the statement in Section 8.0 below, that there has been no increase in the pollutant in its waste stream due to activities of the IU.
- (8) In the event that a waived pollutant is found to be present or is expected to be present because of changes that occur in the IU's operations, the IU must immediately comply with the monitoring requirements of Section 7.7.14, or other more frequent monitoring requirements imposed by Liberty Utilities, and notify Liberty Utilities.
- (9) This provision does not supersede certification processes and requirements established in categorical Pretreatment Standards, except as otherwise specified in the categorical Pretreatment Standard.

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- C. Reduced reporting is not available to IUs that have in the last two (2) years been in Significant Noncompliance, as defined in Section 10 of this Pretreatment Program. In addition, reduced reporting is not available to an IU with daily flow rates, production levels, or pollutant levels that vary so significantly that, in the opinion of Liberty Utilities, decreasing the reporting requirement for this IU would result in data that are not representative of conditions occurring during the reporting period.
- D. All periodic compliance reports must be signed and certified in accordance with Section 7.7.14 of this Pretreatment Program.
- E. All wastewater samples must be representative of the IU's discharge. Wastewater monitoring and flow measurement facilities shall be properly operated, kept clean, and always maintained in good working order. The failure of an IU to keep its monitoring facility in good working order shall not be grounds for the IU to claim that sample results are unrepresentative of its discharge.
- F. Pursuant to 40 CFR 403.12(g)(6), if an IU subject to the reporting requirement in this Section 7 monitors any regulated pollutant at the appropriate sampling location more frequently than required by Liberty Utilities, using the procedures prescribed in 7.7.8, 7.7.10, 7.7.11, 7.7.14, 8.1, and 9 of this Pretreatment Program, the results of this monitoring shall be included in the report.

7.7.5 REPORTS OF CHANGED CONDITIONS

Each IU must notify Liberty Utilities of any significant changes to the IU's operations or system which might alter the nature, quality, or volume of its wastewater at least ninety (90) days before the change.

- A. Liberty Utilities may require the IU to submit such information as may be deemed necessary to evaluate the changed condition, including the submission of a wastewater discharge permit application under Section 6.5 of this Pretreatment Program.
- B. Liberty Utilities may issue an individual wastewater discharge permit under Section 6 of this Pretreatment Program or modify an existing wastewater discharge permit under Section 6 of this Pretreatment Program in response to changed conditions or anticipated changed conditions.

Applies to all WASTEWATER service areas**PART EIGHT****INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF****7.7.6 REPORTS OF POTENTIAL PROBLEMS**

- A. In the case of any Discharge, including, but not limited to, accidental discharges, discharges of a non-routine, episodic nature, a non-customary batch discharge, a Slug Discharge, or Slug Load, that might cause potential problems for the POTW/WRF, the IU shall telephone and notify Liberty Utilities within two hours of the incident. This notification shall include the location of the discharge, type of waste, concentration and volume, if known, and corrective actions taken by the IU.

Within five (5) days following such Discharge, the IU shall, unless waived by Liberty Utilities, submit a detailed written report describing the cause(s) of the discharge and the measures to be taken by the IU to prevent similar future occurrences. Such notification shall not relieve the IU of any expense, loss, damage, or other liability which might be incurred as a result of damage to the POTW/WRF, natural resources, or any other damage to person or property; nor shall such notification relieve the IU of any fines, penalties, or other liability which may be imposed pursuant to this Pretreatment Program.

- B. A notice shall be permanently posted on the IU's bulletin board or other prominent place advising employees who to call in the event of a discharge described in paragraph A, above. Employers shall ensure that all employees who could cause such a discharge to occur, are advised of the emergency notification procedure.
- C. SIUs are required to notify Liberty Utilities immediately of any changes at its facility affecting the potential for a Slug Discharge.

7.7.7 REPORTS FROM UNPERMITTED IUS

All IUs not required to obtain an individual wastewater discharge permit shall provide reports required under this Tariff at Liberty Utilities' request.

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If sampling performed by an IU indicates a violation, the IU must notify Liberty Utilities within twenty-four (24) hours of becoming aware of the violation. The IU shall also repeat the sampling and analysis and submit the results of the repeat analysis to Liberty Utilities within thirty (30) days after becoming aware of the violation. Resampling by the IU is not required if Liberty Utilities performs sampling at the IU's facility at least once a month, or if Liberty Utilities performs sampling at the IU between the time when the initial sampling was conducted and the time when the IU or Liberty Utilities receives the results of this sampling, or if Liberty Utilities has performed the sampling and analysis in lieu of the IU.

7.7.9 NOTIFICATION OF THE DISCHARGE OF HAZARDOUS WASTE

- A. Any IU who commences the discharge of hazardous waste shall notify Liberty Utilities, the EPA Regional Waste Management Division Director, and State hazardous waste authorities, in writing, of any discharge into the POTW/WRF of a substance which, if otherwise disposed of, would be a hazardous waste under 40 CFR Part 261. Such notification must include the name of the hazardous waste as set forth in 40 CFR Part 261, the EPA hazardous waste number, and the type of discharge (continuous, batch, or other). If the IU discharges more than one hundred (100) kilograms of such waste per calendar month to the POTW/WRF, the notification also shall contain the following information to the extent such information is known and readily available to the IU: an identification of the hazardous constituents contained in the wastes, an estimation of the mass and concentration of such constituents in the waste stream discharged during that calendar month, and an estimation of the mass of constituents in the waste stream expected to be discharged during the following twelve (12) months. All notifications must take place no later than one hundred and eighty (180) days after the discharge commences. Any notification under this paragraph needs to be submitted only once for each hazardous waste discharged. However, notifications of changed conditions must be submitted under Section 7.7.5 of this Pretreatment Program. The notification requirement in this Section does not apply to pollutants already reported by IUs subject to categorical Pretreatment Standards under the self-monitoring requirements of Section 7.7.13 of this Pretreatment Program.
- B. Dischargers are exempt from the requirements of paragraph A, above, during a calendar month in which they discharge no more than fifteen (15) kilograms of hazardous wastes, unless the wastes are acute hazardous wastes as specified in 40 CFR 261.30(d) and 261.33(e). Discharge of more than fifteen (15) kilograms of non-acute hazardous wastes in a calendar month, or of any quantity of acute hazardous wastes as specified in 40 CFR 261.30(d) and 261.33(e), requires a onetime notification. Subsequent months during which the IU discharges more than such quantities of any hazardous waste do not require

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LIBERTY UTILITIES (~~LITCHFIELD PARK WATER & SEWER~~BLACK MOUNTAIN SEWER) CORP.

Sheet No. 46

DOCKET NO. SW-02361A-26-0224

Cancelling Sheet No. ____

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- C. In the case of any new regulations under section 3001 of RCRA identifying additional characteristics of hazardous waste or listing any additional substance as a hazardous waste, the IU must notify Liberty Utilities, the EPA Regional Waste Management Waste Division Director, and State hazardous waste authorities of the discharge of such substance within ninety (90) days of the effective date of such regulations.
- D. In the case of any notification made under this Section, the IU shall certify that it has a program in place to reduce the volume and toxicity of hazardous wastes generated to the degree it has determined to be economically practical.
- E. This provision does not create a right to discharge any substance not otherwise permitted to be discharged by this Pretreatment Program, a permit issued thereunder, or any applicable Federal or State law.

7.7.10 ANALYTICAL REQUIREMENTS

All pollutant analyses, including sampling techniques, to be submitted as part of a wastewater discharge permit application or report shall be performed in accordance with the techniques prescribed in 40 CFR Part 136 and amendments thereto, unless otherwise specified in an applicable categorical Pretreatment Standard. If 40 CFR Part 136 does not contain sampling or analytical techniques for the pollutant in question, or where the EPA determines that the Part 136 sampling and analytical techniques are inappropriate for the pollutant in question, sampling and analyses shall be performed by using validated analytical methods at a State of Arizona certified lab or any other applicable sampling and analytical procedures, including procedures suggested by Liberty Utilities, or other parties approved by EPA.

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Samples collected to satisfy reporting requirements must be based on data obtained through appropriate sampling and analysis performed during the period covered by the report, based on data that is representative of conditions occurring during the reporting period.

- A. Except as indicated in Section B and C below, the IU must collect wastewater samples using 24-hour flow proportional composite sampling techniques, unless time proportional composite sampling or grab sampling is authorized by Liberty Utilities. Where time proportional composite sampling or grab sampling is authorized by Liberty Utilities, the samples must be representative of the discharge. Using protocols (including appropriate preservation) specified in 40 CFR Part 136 and appropriate EPA guidance, multiple grab samples collected during a 24-hour period may be composited prior to the analysis as follows: for cyanide, total phenols, and sulfides the samples may be composited in the laboratory or in the field; for volatile organics and oil and grease, the samples may be composited in the laboratory. Composite samples for other parameters unaffected by the compositing procedures as documented in approved EPA methodologies may be authorized by Liberty Utilities, as appropriate. In addition, grab samples may be required to show compliance with Local Limits.
- B. Samples for oil and grease, temperature, pH, cyanide, total phenols, sulfides, and volatile organic compounds must be obtained using grab collection techniques.
- C. For sampling required in support of baseline monitoring and 90 day compliance reports required in Sections 7.7.2 and 7.7.3 of the Pretreatment Program (40 CFR 403.12(b) and (d)), a minimum of four (4) grab samples must be used for pH, cyanide, total phenols, oil and grease, sulfide and volatile organic compounds for facilities for which historical sampling data do not exist; for facilities for which historical sampling data are available, Liberty Utilities may authorize a lower minimum. For the response required by paragraphs Section 7.7.4 (40 CFR 403.12(e) and 403.12(h)), the IU is required to collect the number of grab samples necessary to assess and assure compliance with applicable Pretreatment Standards and Requirements.

7.7.12 DATE OF RECEIPT OF REPORTS

Written reports will be deemed to have been submitted on the date postmarked or if hand delivered, date received by Liberty Utilities.

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IUs subject to the reporting requirements of this Pretreatment Program shall retain, and make available for inspection and copying, all records of information obtained pursuant to any monitoring activities required by this Pretreatment Program, any additional records of information obtained pursuant to monitoring activities undertaken by the IU independent of such requirements, and documentation associated with Best Management Practices established under Sections 1.4 (E) and 7.7.2. Records shall include the date, exact place, method, and time of sampling, and the name(s) of the person(s) taking the samples; the dates analyses were performed; who performed the analyses; the analytical techniques or methods used; and the results of such analyses. These records shall remain available for a period of at least three (3) years. This period shall be automatically extended for the duration of any litigation concerning the IU or Liberty Utilities, or where the IU has been specifically notified of a longer retention period by Liberty Utilities.

7.7.14 CERTIFICATION STATEMENTS

- A. Certification of Permit Applications, IU Reports and Initial Monitoring Waiver. The following certification statement is required to be signed and submitted by: (i) IUs submitting permit applications in accordance with Section 6.5; (ii) IUs submitting baseline monitoring reports under Section 7.7; (iii) IUs submitting reports on compliance with the categorical Pretreatment Standard deadlines under Section 7.7.3; (iv) IUs submitting periodic compliance reports required by Section 7.7.4; and (v) IUs submitting an initial request to forego sampling of a pollutant on the basis of Section 7.7.4 (B). The following certification statement must be signed by an Authorized Representative as defined in Section 1.4(C):

(1) I certify under penalty of law that this document and all attachments were prepared under my direction, or supervision, in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons, who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

- B. Annual Certification for Non-Significant Categorical IUs. A facility determined to be a Non-Significant Categorical IU by Liberty Utilities pursuant to Section 1.4.NA.3 [Note: See 40 CFR 403.3(v)(2)] must annually submit the following certification statement signed in accordance with the signatory requirements in Section 1.4.C and 40 CFR 403.12. The following certification must accompany an alternative report required by Liberty Utilities:

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Based on my inquiry of the person or persons directly responsible for managing compliance with the categorical Pretreatment Standards under 40 CFR _____, I certify that, to the best of my knowledge and belief that during the period from _____, _____ to _____, _____ [months, days, year]:

- a) The facility described as _____ [facility name] met the definition of a Non-Significant Categorical IU a as described in Section 1.4.NA.3 of Liberty Utilities' Pretreatment Program and Tariff and 40 CFR 403.3(v)(2); and
- b) The facility complied with all applicable Pretreatment Standards and requirements during this reporting period; and the facility never discharged more than 100 gallons of total categorical wastewater on any given day during this reporting period.

This compliance certification is based on the following information.

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Applies to all **WASTEWATER** service areas**PART EIGHT****INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF****SECTION 8 - COMPLIANCE MONITORING****8.1 RIGHT OF ENTRY: INSPECTION AND SAMPLING**

Liberty Utilities shall have the right to enter the premises of any IU to determine whether the IU is complying with all requirements of this Pretreatment Program and any individual wastewater discharge permit or order issued hereunder. IUs shall allow Liberty Utilities ready access to all parts of the premises for the purposes of inspection, sampling, records examination and copying, and the performance of any additional duties.

- A. Where an IU has security measures in force which require proper identification and clearance before entry into its premises, the IU shall make necessary arrangements with its security guards so that, upon presentation of suitable identification, Liberty Utilities shall be permitted to enter without delay for the purposes of performing specific responsibilities.
- B. Liberty Utilities shall have the right to set up on the IU's property or require installation of such devices as are necessary to conduct sampling and/or metering of the IU's operations.

Liberty Utilities may require the IU to install monitoring equipment as necessary. The facility's sampling and monitoring equipment shall be maintained at all times in a safe and proper operating condition by the IU at its own expense. All devices used to measure wastewater flow and quality shall be calibrated no less than annually to ensure their accuracy.

- C. Any temporary or permanent obstruction to safe and easy access to the facility to be inspected and/or sampled shall be promptly removed by the IU at the written or verbal request of Liberty Utilities and shall not be replaced. The costs of clearing such access shall be borne by the IU.
- D. Unreasonable delays in allowing Liberty Utilities access to the IU's premises shall be a violation of this Pretreatment Program.

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8.2 COMPLIANCE WITH PRETREATMENT PROGRAM AS A TERM OF SERVICE

The Pretreatment Program is an approved Tariff under the ACC rules and regulations and is included as part of the Terms of Service for customers. Under AAC R14-2-609 and this Tariff, Liberty Utilities may terminate service for failure of the customer to provide the utility reasonable access to its equipment and property; a breach of a written contract for service, if there is the existence of an obvious hazard to the safety or health of the consumer or the general population, or for noncompliance with this tariff.

If Liberty Utilities has been refused access to a building, structure, or property, or any part thereof, and is able to demonstrate probable cause to believe that there may be a violation of the Pretreatment Program, or that there is a need to inspect and/or sample as part of a routine inspection and sampling program designed to verify compliance with the Pretreatment Program or any permit issued hereunder, or to protect the overall public health, safety and welfare of the community. These remedies are cumulative, and Liberty Utilities may elect to terminate service without recourse to the courts.

SECTION 9 - CONFIDENTIAL INFORMATION

Information and data on an IU obtained from reports, surveys, wastewater discharge permit applications, individual wastewater discharge permits, monitoring programs, and Liberty Utilities inspection and sampling activities, shall be available to the public without restriction, unless the IU specifically requests, and is able to demonstrate to the satisfaction of Liberty Utilities, that the release of such information would divulge information, processes, or methods of production entitled to protection as trade secrets under applicable State law. Any such request must be asserted at the time of submission of the information or data. When requested and demonstrated by the IU furnishing a report that such information should be held confidential, the portions of a report which might disclose trade secrets or secret processes shall not be made available for inspection by the public but shall be made available immediately upon request to governmental agencies for uses related to the NPDES program or pretreatment program, and in enforcement proceedings involving the person furnishing the report. Wastewater constituents and characteristics and other effluent data, as defined at 40 CFR 2.302 shall not be recognized as confidential information and shall be available to the public without restriction.

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Applies to all WASTEWATER service areas**PART EIGHT****INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF****SECTION 10 - PUBLICATION OF IUS IN SIGNIFICANT NONCOMPLIANCE**

Liberty Utilities shall publish annually, in a newspaper of general circulation that provides meaningful public notice within the jurisdictions served by Liberty Utilities, a list of the IUs which, at any time during the previous twelve (12) months, were in Significant Noncompliance with applicable Pretreatment Standards and Requirements. The term Significant Noncompliance shall be applicable to all Significant IUs (or any other IU that violates paragraphs (C), (D) or (H) of this Section) and shall mean:

- A. Chronic violations of wastewater discharge limits, defined here as those in which sixty six percent (66%) or more of all the measurements taken for the same pollutant parameter taken during a six (6) month period exceed (by any magnitude) a numeric Pretreatment Standard or Requirement, including Instantaneous Limits as defined in Sections 1.4.(S).
- B. Technical Review Criteria (TRC) violations, defined in 40 CFR § 403.8(f)(vii)(B) as those in which thirty three percent (33%) or more of wastewater measurements taken for each pollutant parameter during a six (6) month period equals or exceeds the product of the numeric Pretreatment Standard or Requirement including Instantaneous Limits, as defined by Sections 1.4(S). multiplied by the applicable criteria (1.4 for BOD, TSS, fats, oils and grease, and 1.2 for all other pollutants except pH).
- C. Any other violation of a Pretreatment Standard or Requirement as defined by Sections 3 and (Daily Maximum, long term average, Instantaneous Limit, or narrative standard) that Liberty Utilities determines has caused, alone or in combination with other discharges, Interference or Pass Through, including endangering the health of POTW/WRF personnel or the general public.
- D. Any discharge of a pollutant that has caused imminent endangerment to the public or to the environment or has resulted in Liberty Utilities exercise of its emergency authority to halt or prevent such a discharge.
- E. Failure to meet, within ninety (90) days of the scheduled date, a compliance schedule milestone contained in an individual wastewater discharge permit or enforcement order for starting construction, completing construction, or attaining final compliance.
- F. Failure to provide within forty-five (45) days after the due date, any required reports, including baseline monitoring reports, reports on compliance with categorical Pretreatment Standard deadlines, periodic self-monitoring reports, and reports on compliance with compliance schedules.
- G. Failure to accurately report noncompliance.
- H. Any other violation(s), which may include a violation of BMP or COP, which Liberty Utilities determines will adversely affect the operation or implementation of the local pretreatment program.

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SECTION 11- ENFORCEMENT REMEDIES AND GUIDELINES**11.1 UTILITY RIGHT TO SHUT OFF AND TERMINATE SERVICE.**

The purpose of this Tariff is to prevent the introduction of pollutants into Liberty Utilities' WRF or a POTW that will interfere with its operation, including interference with its use or disposal of sludge, prevent the introduction of pollutants into a WRF/POTW that could adversely impact the treatment works or otherwise be incompatible with it, and to obtain compliance with all applicable laws and regulations by those regulated dischargers into the WRF/POTW.

11.2 UTILITY DISCRETION TO TERMINATE SERVICE

Liberty Utilities will have sole and complete discretion to shut off wastewater services to any IU for any violation of any provision in this Tariff, or for any violation of any provision in the waste discharge permit in accordance with the terms and conditions of the waste discharge permit between an IU and Liberty Utilities.

11.3 NOTIFICATION REQUIREMENTS

Violation of this Tariff or of any provision of a waste discharge permit is cause for shutting off or termination of service at Liberty Utilities' discretion. Liberty Utilities will notify the Arizona Corporation Commission at least two business days before it terminates service to any IU.

11.4 PROCESS FOR SUSPENSION OF SERVICE

Shutting off of services for any violation of this Tariff or a wastewater discharge permit between an IU and Liberty Utilities will be in accordance with the terms of the wastewater discharge permit between an IU and Liberty Utilities. The wastewater discharge permit will provide for the suspension of wastewater flows from any IU for a violation of this Tariff or the applicable wastewater discharge permit. This is to ensure the integrity of Liberty Utilities' wastewater operations and avoid adverse impacts to the provision of safe and reliable service to other customers.

- A. IU will provide contact information (including name, service address, contact address (if different), telephone number and email address as part of IU's request for service);
- B. Liberty Utilities will contact IU with a written notification of non-compliance, whereby IU has five (5) calendar days to respond with a written plan for satisfactory correction and prevention of future violations;
- C. Upon providing response, IU will then have 72 hours to implement plan and come into compliance, provided the plan is to Liberty Utilities' satisfaction;

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- D. Failure to come into compliance could then result in Liberty Utilities shutting off service to IU at Liberty Utilities' sole and complete discretion;
- E. Under no circumstances can IU dispute the Liberty Utilities notification until after response and implementation of plan occurs and compliance is achieved.
- F. Service will not be restored to IU until IU has resolved all outstanding violations and penalties to Liberty Utilities' satisfaction

11.5 FLOW INFORMATION

IU must provide information to Liberty Utilities describing maximum average and peak wastewater flows discharged from IU's facility that IU is requesting Liberty Utilities collect and treat during a 24-hour period. Any exceedance of such wastewater flows may be considered a Slug Discharge/Load and a violation of this Tariff for purposes of enforcement and shutting off of services in Liberty Utilities' sole discretion.

11.6 SHUTOFF MECHANISMS

Liberty Utilities will install metering and vault, and other equipment as necessary, so that it has the ability to shut off Indirect Discharge into it's the WRF/POTW when a violation by an IU has occurred in Liberty Utilities sole discretion. Design standards for the discharge point for IU facilities must include plans for the discharge of Indirect Discharge.

11.7 LIABILITY FOR DAMAGES AND INDEMNIFICATION

IU is liable to the extent any violation results in any damage to Liberty Utilities WRF or any facilities used in the provision of wastewater service to any Liberty Utilities customers, as well as to the extent such violation causes any harm to any persons, and the waste discharge permit will include a provision that IU will indemnify Liberty Utilities in accordance with this provision.

11.8 VAULT AND HAUL SERVICES

Should vault and haul services be necessary due to the violation by IU, then IU will be fully and solely responsible for the costs against any IU, to the extent the vault and haul services are due to the violation by the IU.

11.9 REGULATORY ENFORCEMENT AND PENALTIES

Violation of this rule could result in enforcement or other legal action against the IU by interconnected municipalities, the Arizona Department of Environmental Quality and/or the U.S. Environmental Protection Agency. These entities are authorized by law to impose monetary penalties of up to \$37,500 per day per violation.

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An effluent parameter exceedance charge may be assessed for any exceedance of the waste discharge permit requirements, when deemed necessary by Liberty Utilities.

11.11 PENALTY SCHEDULE FOR VIOLATIONS

In addition to or instead of any other remedies currently set forth, Liberty Utilities may, in its full discretion, impose the following penalties for the listed violations as set forth in the following table:

Violations	Nature of Violations	Fine/Action	Notifications (Timeframe to Address)
Exceedance of Local Limit, Permit Limit or Federal Standard	A pattern of exceedances will constitute one violation. For purposes of this violation, a pattern will mean exceedances that (1) occur once per day (i.e., a 24-hour period) over three consecutive days or (2) occur more than twice in any specific day.	\$25,000 per each violation.	Discharger will have up to five (5) days from receipt of notification to address before commencement of fines.
Failure to Report	Failure to provide correct information, or provision of missing or incomplete information after notification by Liberty Utilities that information is incorrect, missing or incomplete.	Up to \$5,000 per day per violation (i.e. each piece of incorrect, missing or incomplete information).	Three days from the time of notification of incomplete or missing information to address before commencement of fines.
Failure to Monitor Correctly	Failure to Monitor All Pollutants as set forth in this Tariff or a waste discharge permit (if applicable).	Up to \$5,000 per day per violation	Three days from the time of notification that discharger is failing to monitor as required.
Failure to install monitoring equipment.	Delay of 30 days or more after notification by Liberty Utilities.	Up to \$5,000 per day per violation	Three days after expiration of the 30day period and notification by Liberty Utilities.
Denial of Entry onto Dischargers property for verification of compliance with this Tariff and a waste discharge permit.	Entry Denied or Consent Withdrawn, Liberty Utilities request for copies of records pertinent this Tariff or a waste discharge permit is denied	Up to \$1,000 per day per violation	Commencement of fines can begin 24 hours after denial of entry.

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11.12 USE OF FINE PROCEEDS

The proceeds of any fine(s) will be used towards making additional investments as needed in the Liberty Utilities wastewater infrastructure.

11.13 COST RECOVERY FOR DAMAGES

Liberty Utilities may recover the cost of damages caused by any violation of this Tariff or the waste discharge permit by an IU.

11.14 NON-EXCLUSIVITY OF REMEDIES

The remedies provided for in this Pretreatment Program are not exclusive. Liberty Utilities may take any, all, or any combination of these actions against a noncompliant IU when the circumstances warrant. Enforcement of pretreatment violations will generally be in accordance with Liberty Utilities' enforcement response plan. Further, Liberty Utilities is empowered to take more than one enforcement action against any noncompliant IU.

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SECTION 12-SUPPLEMENTAL ENFORCEMENT ACTION

12.1 PENALTIES FOR LATE REPORTS

A penalty of \$250 shall be assessed to any IU for each day that a report required by this Pretreatment Program, a permit or order issued hereunder is late, beginning five days after the date the report is due. Increased penalties may also be assessed where reports are more than 30-45 days late. Actions taken by Liberty Utilities to collect late reporting penalties shall not limit Liberty Utilities' authority to initiate other enforcement actions that may include penalties for late reporting violations.

12.2 PERFORMANCE BONDS OR LETTER OF CREDIT

Liberty Utilities may decline to issue or reissue an individual wastewater discharge permit to any IU who has failed to comply with any provision of this Pretreatment Program, a previous individual wastewater discharge permit, or any other Pretreatment Standard or Requirement, unless such IU first files a satisfactory bond or letter of credit, payable to Corporation, in a sum not to exceed a value determined by Liberty Utilities to be necessary to achieve consistent compliance.

12.3 LIABILITY INSURANCE

Liberty Utilities may decline to issue or reissue an individual wastewater discharge to any IU who has failed to comply with any provision of this Pretreatment Program, a previous individual wastewater discharge permit, or order issued hereunder, or any other Pretreatment Standard or Requirement, unless the IU first submits proof that it has obtained financial assurances sufficient to restore or repair damage to the POTW/WRF caused by its discharge.

12.4 PAYMENT OF OUTSTANDING FEES AND PENALTIES

Liberty Utilities may decline to issue or reissue an individual wastewater discharge permit to any IU who has failed to pay any outstanding fees, fines or penalties incurred as a result of any provision of this Pretreatment Program, a previous individual wastewater discharge permit, or order issued hereunder.

12.5 WATER AND WASTEWATER SUPPLY SEVERANCE

Whenever an IU has violated or continues to violate any provision of this Pretreatment Program, an individual wastewater discharge permit, or order issued hereunder, or any other Pretreatment Standard or Requirement, wastewater and/or water service to the IU may be severed. Service will recommence, at the IU's expense, only after the IU has satisfactorily demonstrated its ability to comply.

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ISSUED BY:

Moses Thompson, President

Liberty Utilities (~~LITCHFIELD PARK Water & Sewer~~Black Mountain Sewer) Corp.

14920 W Camelback Rd

Litchfield Park, AZ 85340

Decision No. XXXX

Applies to all **WASTEWATER** service areas

PART EIGHT

INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

SECTION 13-PROHIBITED BYPASS

13.1 BYPASS

A. For the purposes of this Section,

- (1) Bypass means the intentional diversion of waste streams from any portion of an IU's treatment facility.
- (2) Severe property damage means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.

B. An IU may allow any bypass to occur which does not cause Pretreatment Standards or Requirements to be violated, but only if it also is for essential maintenance to assure efficient operation. These bypasses are not subject to the provision of paragraphs (C) and (D) of this Section.

C. Bypass Notifications

- (1) If an IU knows in advance of the need for a bypass, it shall submit prior notice to Liberty Utilities, at least ten (10) days before the date of the bypass.
- (2) An IU shall submit oral notice to Liberty Utilities of an unanticipated bypass that exceeds applicable Pretreatment Standards within twenty-four (24) hours from the time it becomes aware of the bypass. A written submission shall also be provided within five (5) days of the time the IU becomes aware of the bypass. The written submission shall contain a description of the bypass and its cause; the duration of the bypass, including exact dates and times, and, if the bypass has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent reoccurrence of the bypass. Liberty Utilities may waive the written report on a case-by-case basis if the oral report has been received within twenty-four (24) hours.

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PART EIGHT
INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

D. Bypass

- (1) Bypass is prohibited, and Liberty Utilities may take an enforcement action against an IU for a bypass, unless:
 - (a) Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage.
 - (b) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate back up equipment should have been installed in the exercise of reasonable engineering judgment to prevent a bypass which occurred during normal periods of equipment downtime or preventive maintenance.
 - (c) The IU submitted notices as required under paragraph C of this section. Liberty Utilities may approve an anticipated bypass, after considering its adverse effects, if Liberty Utilities determines compliance with Section 14.

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Applies to all WASTEWATER service areas**PART EIGHT****INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF****SECTION 14 – COMPLIANCE AND ENFORCEMENT STANDARDS****14.1 DECLINING TO ISSUE INDIVIDUAL WASTEWATER DISCHARGE PERMIT**

Liberty Utilities may decline to issue or reissue an individual wastewater discharge permit to any IU who has failed to comply with any provision of the Pretreatment Program, a previous individual wastewater discharge permit, or any other Pretreatment Standard or requirement, unless such IU first files a satisfactory bond, payable to Liberty Utilities, in a sum not to exceed a value determined by Liberty Utilities to be necessary to achieve consistent compliance.

14.2 EMERGENCY SHUTDOWN

A. For the purposes of this Section,

- (1) Emergency shut down means the intentional diversion of waste streams from any portion of an IU's treatment facility. Severe property damage means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of an emergency shut down. Severe property damage does not mean economic loss caused by delays in production.

B. An IU may allow any bypass to occur which does not cause Pretreatment Standards or Requirements to be violated, but only if it also is for essential maintenance to assure efficient operation. These emergency shutdowns are not subject to the provision of paragraphs (C) and (D) of this Section.

C. Shut Down Notifications

- (1) If an IU knows in advance of the need for a bypass, it shall submit prior notice to Liberty Utilities at least ten (10) days before the date of the emergency shut down, if possible.
- (2) An IU shall submit oral notice to Liberty Utilities of an unanticipated emergency shutdown that exceeds applicable Pretreatment Standards within twenty-four (24) hours from the time it becomes aware of the emergency shut down. A written submission shall also be provided within five (5) days of the time the IU becomes aware of the emergency shut down. The written submission shall contain a description of the emergency shut down; its cause; the duration of the bypass, including exact dates and times, and, if the emergency shut down has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent reoccurrence of the emergency shut down. Liberty Utilities may waive the written report on a case-by-case basis if the oral report has been received within twenty-four (24) hours.

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Applies to all **WASTEWATER** service areas

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D. Emergency Shutdown

- (1) Emergency shut down is prohibited, and Liberty Utilities may take an enforcement action against an IU for a bypass, unless:
 - (a) Emergency shut down was unavoidable to prevent loss of life, personal injury, or severe property damage.
 - (b) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate back up equipment should have been installed in the exercise of reasonable engineering judgment to prevent a bypass which occurred during normal periods of equipment downtime or preventive maintenance.
 - (c) The IU submitted notice as required under paragraph C of this Section.

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PART EIGHT

CODE OF PRACTICE

EXECUTIVE SUMMARY

Liberty Utilities (~~Litchfield Park Water & Sewer~~Black Mountain Sewer) Corp. ("Corporation") hereby declares that the following Code of Practice has been prepared and adopted to provide for pretreatment standards in the maintenance and operation of wastewater treatment at the ~~Palm Valley Water Reclamation Facility ("PVWRF") and the Sarival Water Reclamation Facility ("SWRF")~~Black Mountain Water Reclamation Facility (City of Scottsdale Water Reclamation Facility). This Code of Practice shall be filed with the Arizona Corporation Commission and made part of Corporation's Wastewater Service Tariff, Part Four, Section LB [Waste Limitations].

Corporation hereby expressly reserves the right to make any lawful addition and/or revisions in this Code of Practice when and as they may become advisable to properly manage the WRF and to promote the peace, health, safety and welfare of the customers that will be served. This Code of Practice is supplementary to, and are not to be construed as, any abridgement of any lawful rights of the Company as outlined in the Arizona Revised Statutes governing Public Utilities (Title 40) and the Arizona Administrative Corporation Commission Rules on Sewer (Title 14, Article 6), including the right to disconnect or to refuse permission to connect a customer to the Company's wastewater system for violation of this Code of Practice or any other applicable law of the State of Arizona.

This Code of Practice incorporates pretreatment standards per 40 CFR 403, A.A.C. Title 12, Article 4, and A.A.C. Title 18, Chapter 9, Article 3. This Code of Practice is enforceable per the authority granted to wastewater utilities established under A.A.C. Title 14, Chapter 2, Article 6 of the Arizona Administrative Code.

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Applies to all WASTEWATER service areas
PART EIGHT
CODE OF PRACTICE (~~LPS~~COBM-CP-01-001)
SECTION 1 – DEFINITIONS

I. PROHIBITED WASTE

Prohibited waste means:

(1) Air Contaminant Waste

Any waste other than sanitary waste which, by itself or in combination with another substance, is capable of creating, causing or introducing an air contaminant outside any sewer or sewage facility or is capable of creating, causing or introducing an air contaminant within any sewer or sewage facility which would prevent safe entry by authorized personnel.

(2) Flammable or Explosive Waste

any pollutants which create a fire or explosion hazard to the sewer or any waste other than sanitary waste which, which by itself or in combination with another substance, is capable of causing or contributing to an explosion or supporting combustion in any sewer or sewage facility including, but not limited to gasoline, naphtha, propane, diesel, fuel oil, kerosene or alcohol.

(3) Obstructive Waste

Any waste other than sanitary waste which, by itself or in combination with another substance, is capable of obstructing the flow of, or interfering with, the operation or performance of any sewer or sewage facility including, but not limited to: earth, sand, sweepings, gardening or agricultural waste, ash, chemicals, paint, metal, glass, sharps, rags, cloth, tar, asphalt, cement-based products, plastic, wood, waste portions of animals, fish or fowl and solidified fat.

(4) Corrosive Waste

Any waste other than sanitary waste which, with corrosive properties which, by itself or in combination with any other substance, may cause damage to any sewer or sewage facility or which may prevent safe entry by authorized personnel.

(5) High Temperature Waste

Any waste other than sanitary waste which, by itself or in combination with another substance, will create heat in amounts which will **interfere** with the operation and maintenance of a sewer or sewage facility or with the treatment of waste in a sewage facility;

Any waste other than sanitary waste which, will raise the temperature of waste entering any sewage facility to 38 degrees Celsius (100 degrees Fahrenheit) or more; or any non-domestic waste entering any sewage facility with a temperature of 65 degrees Celsius (150 degrees Fahrenheit) or more.

Applies to all WASTEWATER service areas
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CODE OF PRACTICE (~~LPSCOB~~M-CP-01-001)
SECTION 1 - DEFINITIONS

(6) Biomedical Waste

Any of the following categories of biomedical waste: human anatomical waste, animal waste, untreated microbiological waste, waste sharps, medical products, and untreated human blood and body fluids known to contain viruses and agents.

(7) Miscellaneous Wastes

Any storm water, surface water, groundwater, roof runoff, or surface drainage is prohibited.

(8) Dilution Wastes

Any discharge that has been in any way, been diluted as a substitute for pretreatment, for the purposes of obtaining compliance with any categorical standard or pretreatment requirement or any other requirement imposed by this article except where dilution is expressly authorized by a categorical standard.

(9) Other Discharge Limitations.

Any discharge that is transported from the point of generation to the sewer by any hauler, unless the hauler has first:

- (a) Obtained authorization to discharge from the Company.
- (b) Disclosed the nature, origin, and volume of the discharge.

Any waste, other than sanitary waste, which by itself or in combination with another substance:

- (a) constitutes or may constitute a significant health or safety hazard to any person;
- (b) Any waste other than sanitary waste which may interfere with any sewer or sewage treatment process;
- (c) may cause a discharge from a sewage facility to contravene any requirements by or under any ADEQ or AZPDES discharge permit or any other act, approved Waste Minimization Plan (WMP), or any other law or regulation governing the quality of the discharge, or may cause the discharge to result in a hazard to people, animals, property or vegetation;
- (d) may cause bio-solid to fail criteria for beneficial land application.

Applies to all WASTEWATER service areas

PART EIGHT**CODE OF PRACTICE (~~LPSCOBM~~-CP-01-001)****SECTION 1 - DEFINITIONS****II. RESTRICTED WASTE (~~LPSCOBM~~-CP-01-001)**

Restricted waste means:

(10) Specified Waste

Any waste other than sanitary waste which, at the point of discharge into a sewer, contains any contaminant at a concentration in excess of the Limits set out below. All concentrations are expressed as total concentrations which includes all forms of the contaminant, whether dissolved or undissolved. The concentration limits apply to both grab and composite samples. Contaminant definitions and methods of analysis are outlined in standard methods.

CONVENTIONAL CONTAMINANTS (mg/L)	
Biochemical Oxygen Demand (BOD)	350
Chemical Oxygen Demand (COD)	1000
Ammonia	55
Total Nitrogen- as NO ₃	100
Oil and Grease	64
Total Suspended Solids	350

ORGANIC CONTAMINANTS (mg / L)	
Benzene	Reserved ²
Ethyl Benzene	Reserved
Toluene	Reserved
Xylenes	Reserved
Chloroform	Reserved
Total Oil and Grease (hydrocarbons)	96
Perfluoroalkyl Substances (PFAS)	Reserved

² "Reserved" indicates that Liberty Utilities requires Industrial Users to conduct monthly monitoring and sampling for these organic contaminants; however, the Arizona Corporation Commission has not yet approved a Daily Maximum discharge limitation for these constituents. A Daily Maximum limit may be established in the future, subject to Commission review and approval.

Applies to all **WASTEWATER** service areas**PART EIGHT****CODE OF PRACTICE (~~LPSCOB~~M-CP-01-001)****SECTION 1 - DEFINITIONS**

TRACE METALS	
PARAMETER	DAILY AVERAGE (mg/L)
Antimony (Sb)	0.0048
Arsenic	0.008
Beryllium	0.008
Cadmium (Cd)	0.012
Chloride (Cl)	Reserved
Chromium (Cr)	0.238
Cobalt (Co)	Reserved
Copper (Cu)	Reserved
Cyanide (CN)	Reserved
Fluoride	3.00
Iron (Fe)	Reserved
Lead (Pb)	0.13
Manganese (Mn)	Reserved
Mercury (Hg)	0.0050
Nitrate	100
Molybdenum (Mo)	Reserved
Nickel (Ni)	0.242
Selenium (Se)	0.142
Silver (Ag)	Reserved
Sulfate (SQ4)	Reserved
Sulfide (S)	N/A
Thallium	0.005
Zinc (Zn)	Reserved

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SECTION 1 - DEFINITIONS

(11) Food Waste

Any solid or viscous pollutants, animal fats, oil, and grease (FOG) in amounts that may cause obstruction to the flow in sewers or pass through or other interference or damage to the sewer collection system. Any pollutant, including oxygen demanding pollutants (BOD, COD, TOC, etc.) released in a discharge flow at a rate and/or pollutant concentration which may cause interference with the sewer collection system or wastewater treatment process. This also includes petroleum oil, non-biodegradable cutting oil, or other products of mineral oil origin in amounts that may cause interference or pass through at the wastewater treatment facility.

(12) Radioactive Waste

Any discharge containing a toxic, radioactive, poisonous or other substances in which sufficient quantity to cause or have the potential to cause injury or damage to a person or property or interference with any sewage treatment process, cause corrosive structural damage, constitute a hazard to humans or create any hazard to the sewer system or the effluent of the sewer system. All such wastes shall be subject to compliance with Nuclear Regulatory Commission standards for sewer disposal including the Unity Equation. Radioactive waste industrial users shall be treated in accordance with applicable federal and state regulations and guidelines, including section 40 of the Code of Federal Regulations.

(13) pH Waste

Any discharge with a pH less than 5.5 standard units (SU) or greater than 9.5 SU as determined by either a grab or a composite sample.

(14) Dyes and Coloring: Material

Dyes or coloring materials which may pass through a sewage facility and discolor the effluent from a sewage facility except where the dye is used by the Sewer Company, or one or more of its agents, as a tracer.

(15) Miscellaneous Restricted Wastes

Any of the following wastes:

- (a) 4,4' - DDE
- (b) 4,4' - DDT
- (c) Aldrin
- (d) BHC-Alpha
- (e) BHC-Beta
- (f) BHC- Gamma(Lindane)
- (g) Heptachlo

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SECTION 1 - DEFINITIONS

- (h) Heptachlor epoxide.
 - (i) Polychlorinated biphenyl compounds (PCB's)
 - (j) chlorinated phenols³
 - (k) pesticides
 - (l) herbicides
 - (m) tetrachloroethylene
 - (n) polynuclear aromatic hydrocarbons (PAH' s)⁴
- (16) Temperature
Any waste other than sanitary waste which, will raise the temperature of waste entering any sewage facility to 38 degrees Celsius (100 degrees Fahrenheit) or more; or any non-domestic waste entering any sewage facility with a temperature of 65 degrees Celsius (150 degrees Fahrenheit) or more.

³ include: chlorophenol 1 (ortho, meta, para); dichlorophenol (2,3, 2,4-, 2,5-, 2,6-, 3,4-, 3,5-); trichlorophenol (2,3,4-, 2,3,5-, 2,3,6-, 2,4,5-, 2,4,6-, 3,4,5-); tetrachlorophenol (2,3,4,5-, 2,3,4,6-, 2,3,5,6-); pentachloro phenol

⁴ includes: naphthalene benzo(a) anthracene; acenaphthylene chrysene; acenaphthene benzo(k)fluoranthene; fluorene benzo(k)fluoranthene; phenanthrene benzo(a)pyrene; anthracene dibenzo(a,h)anthracene fluoranthene indeno(1,2,3-cd)pyrene; pyrene benzo(g,h,i)perylene

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PART EIGHT
CODE OF PRACTICE (~~LPSCOBM~~-CP-01-002)
SECTION 2 - DENTAL OPERATIONS

I. APPLICATION

This code of practice for dental operations defines mandatory requirements for managing non-domestic waste discharged directly or indirectly into a sewer connected to a sewage facility.

This code of practice applies to dental operations.

II. DISCHARGE REGULATIONS

An operator of a dental operation must not discharge waste which, at the point of discharge into a sewer, contains;

- (1) prohibited waste, special waste, or storm water; or
- (2) restricted waste with the exception of mercury measured at the point of discharge from a certified amalgam separator.

An operator of a dental operation that produces liquid waste from photographic imaging containing silver shall comply with the requirements of ~~LPSCOBM~~-CP-01-001.

An operator of a dental operation that produces wastewater containing dental amalgam must either:

- (1) collect and transport the wastewater from the dental operation for off-site waste management; or
- (2) treat the wastewater at the dental operation site prior to discharge to the sewer using a certified amalgam separator.

An operator of a dental operation must install and maintain the amalgam separator according to the manufacturer's or supplier's recommendations in order that the amalgam separator functions correctly. Such separator must be certified for use by the manufacturer.

An operator of a dental operation who installs an amalgam separator must ensure that:

- (1) all dental operation wastewater that contains dental amalgam is treated using the amalgam separator;
- (2) a monitoring point is installed at the outlet of the amalgam separator or downstream of the amalgam separator at a location upstream of any discharge of other waste;
- (3) the monitoring point must be installed in such a manner that the total flow from the amalgam separator may be intercepted and sampled; and
- (4) the monitoring point shall be readily and easily accessible at all times for inspection.

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CODE OF PRACTICE (~~LPSCOB~~M-CP-01-002)
SECTION 2 - DENTAL OPERATIONS

If the amalgam separator is located downstream of a wet vacuum system, an operator of a dental operation must ensure that:

- (1) the wet vacuum system is fitted with an internal flow control fitting; or
- (2) a flow control fitting is installed on the water supply line to the wet vacuum system.

The flow control fitting must be sized to limit the flow to a rate that is no more than the maximum inlet flow rate of the amalgam separator as stated by the manufacturer of the amalgam separator.

An operator of a dental operation must locate an amalgam separator in such a manner that an accidental spill, leak or collecting container failure will not result in waste containing amalgam entering any sewer. If a location is not available, an operator of a dental operation must do one of the following:

- (1) install spill containment to contain spills or leaks from the amalgam separator; or
- (2) cap all floor drains into which liquid spilled from the amalgam separator would normally flow.

An operator of a dental operation must replace the amalgam separator's collecting container when any one of the following occurs:

- (1) the manufacturer's or supplier's recommended expiry date, as shown on the amalgam separator, has been reached; or
- (2) the warning level specified by the manufacturer has been reached; or
- (3) analytical data obtained using a method of analysis outlined in standard methods, or an alternative method of analysis approved by the manager, having a method detection limit of 0.0000005 mg/L or lower, indicates that the total concentration of mercury in the discharge from the amalgam separator is greater than, or equal to 0.005 mg/L.

An operator of a dental operation shall not dispose of dental amalgam collected in an amalgam separator, a collecting container, or any other device, to a sewer.

III. RECORD KEEPING AND RETENTION

An operator of a dental operation that uses an amalgam separator must keep at the site of installation of the amalgam separator, an operation and maintenance manual containing instructions for installation, use, maintenance and service of the amalgam separator installed.

An operator of a dental operation that uses an amalgam separator must post, at the site of installation of the amalgam separator, a copy of the manufacture's standard test report pertaining to the amalgam separator installed.

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SECTION 2 - DENTAL OPERATIONS

- (4) date of installation of the amalgam separator and name of the installation service provider;
- (5) serial number and expiry date of the amalgam separator and/or its components;
- (6) maximum recommended flow rate through the amalgam separator, where applicable;
- (7) dates of inspection, maintenance, cleaning and replacement of any amalgam separation equipment or components;
- (8) dates and descriptions of all operational problems, spills, leaks or collecting container failures associated with the amalgam separator and remedial actions taken;
- (9) name, address and telephone number of any person or company who performs any maintenance or disposal services related to the operation of the amalgam separator; and
- (10) dates of pick-up of the collecting container for off-site disposal, volume of waste disposed and the location of disposal.

The records must be retained for a period of two years and must be available on request by a company representative.

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PART EIGHT
CODE OF PRACTICE (~~LPSCOBM~~-CP-01-003)
SECTION 3 – DRY-CLEANING OPERATIONS

I. APPLICATION

This code of practice for Dry Cleaning operations defines the requirements for managing waste discharged directly or indirectly into a sewer connected to a sewage facility from dry cleaning businesses, or other facilities employing solvent or chemical cleaning routines.

Definitions are included in ~~LPSCOBM~~-CP-01-DEF.

II. DISCHARGE REGULATIONS

An operator of a dry-cleaning operation must not discharge waste, which at the point of discharge into a sewer contains:

- (1) Tetrachloroethylene and Perchloroethylene are prohibited;
- (2) Petroleum solvent in a concentration that is in excess of 15 milligrams per liter as analyzed in a grab sample; and
- (3) Prohibited waste, restricted waste, special waste, storm water, or contaminated water.

An operator of a dry-cleaning operation that generates wastewater containing petroleum solvent shall either:

- (1) Collect and transport the wastewater from the dry-cleaning operation for off-site waste management; or
- (2) Install and maintain a solvent/water separator and holding tank in accordance with this code of practice.

Solvent Water Separators and Holding Tanks

Solvent/water separator and holding tank installations must conform to the requirements of this code of practice.

An operator of a dry-cleaning operation shall not directly discharge wastewater from the solvent/water separator to a sewage facility

- (1) An operator of a dry-cleaning operation must:
- (2) Collect the wastewater discharged from a solvent/water separator into a transparent, solvent-compatible, holding tank with a containment capacity 25% larger than the total volume of the solvent/water separator; and
- (3) Allow the wastewater to stand undisturbed for a period of not less than 12 hours following each operating date.

An operator of a dry-cleaning operation must check the contents of the holding tank after the specified period of time has elapsed to determine whether the wastewater contains any visible residual solvent. If there is no visible residual solvent in the holding tank, the contents may be discharged to the sewer.

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CODE OF PRACTICE (~~LPS~~COBM-CP-01-003)
SECTION 3 – DRY-CLEANING OPERATIONS

If the holding tank contains any visible tetrachloroethylene or petroleum solvent after the specified period of time, then the tetrachloroethylene or petroleum solvent must be separated and returned to the solvent recovery system. After the removal of all visible solvent, the wastewater may be discharged to the sanitary sewer.

Visual Inspections

An operator of a dry-cleaning operation must:

- (1) Visually inspect the solvent/water separator on a daily basis and
- (2) Clean the solvent/water separator at least once every seven (7) days to manufacturer's standards.

Spills and Leaks

An operator of a dry-cleaning operation must install spill containment facilities in all chemical storage areas and around all dry-cleaning machines.

An operator of a dry-cleaning operation must block off all sewer drains within the containment area for chemical storage and dry-cleaning equipment to prevent any accidental discharge of solvent to a sewer.

An operator of a dry-cleaning operation must inspect all dry-cleaning equipment for liquid leaks at least once per day.

An operator of a dry-cleaning operation must keep all equipment clean to ensure that leaks are visible. The following areas and items are to be checked for leaks:

- (1) hose connections, unions, couplings and valves
- (2) machine door gasket and seating
- (3) filter head gasket and seating
- (4) pumps
- (5) base tanks and storage
- (6) solvent/water separators
- (7) filter sludge recovery
- (8) distillation unit
- (9) diverter valves
- (10) saturated lint in lint baskets
- (11) holding tanks
- (12) cartridge filters

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Applies to all WASTEWATER service areas

PART EIGHT

CODE OF PRACTICE (~~LPS~~COBM-CP-01-003)

SECTION 3 – DRY-CLEANING OPERATIONS

An operator of a dry-cleaning operation who detects any liquid leak from dry cleaning equipment or chemical storage must repair the leak within 72 hours and must immediately prevent any discharge of contaminants to a sewer.

III. RECORD KEEPING AND RETENTION

Every dry-cleaning operation must keep a record book on site for inspection with records from the previous two years.

The following information shall be recorded in the record book:

- (1) record of all inspections done by the operator, employees or other hired personnel;
- (2) record of any liquid leaks detected and remedial action taken;
- (3) record of solvent/water separator cleaning;
- (4) record of holding tank cleaning and solvent transfer; and
- (5) record of all other equipment maintenance and repair.

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Decision No. XXXX

Applies to all WASTEWATER service areas**PART EIGHT****CODE OF PRACTICE (~~LPSCOBM~~-CP-01-004)****SECTION 4 – FOOD SERVICE OPERATIONS****I. APPLICATION**

This code of practice for Food Service operations defines the requirements for managing waste discharged directly or indirectly into a sewer connected to a sewage facility from restaurants, or other facilities employing food service (such as food preparation services) as a primary or secondary business operation. Traps, interceptors and separators shall be provided to prevent the discharge of oil, grease, sand and other substances harmful or hazardous to the building drainage system, the collection system the private sewage disposal system or the sewage treatment plant or processes.

Traps, interceptors and separators shall be installed:

- (1) operators of a food services operation that adds kitchen equipment that discharges oil and grease;
- (2) operators of a food services operation that discharges non-domestic waste to sewer that exceeds any of the restricted waste criteria specified in ~~LPSCOBM~~-CP-01-DEF; or
- (3) any food service operation, as determined by Corporation's wastewater operations group.
- (4) at new facilities
- (5) at existing food service facilities, not equipped with a trap, interceptor or separator, when additions, alterations or remodel are done which increase servicing volume, seating capacity, etc.
- (6) at existing food service facilities, equipped with a trap, interceptor or separator, when additions, alterations or remodel are done which increase servicing volume, seating capacity, changes to the menu, etc.
- (7) at any non-food facilities when additions, alterations, or remodeling is proposed for the purpose of food preparation and service.
- (8) at existing facilities not equipped with a trap, interceptor or separator, which is proposed for the purpose of food preparation and service.

Definitions are included in ~~LPSCOBM~~-CP-01-DEF.

II. DISCHARGE REGULATIONS

An operator of a Food Service Operation must not discharge waste, which at the point of discharge into a sewer, contains:

- (1) oil and grease in a concentration that is in excess of 100 milligrams per liter as analyzed in a grab sample;
- (2) suspended solids in a concentration that is in excess of 350 milligrams per liter as analyzed in a grab sample;

Applies to all WASTEWATER service areas**PART EIGHT****CODE OF PRACTICE (~~LPSCOB~~BM-CP-01-004)****SECTION 4 – FOOD SERVICE OPERATIONS**

- (3) 5-day biochemical oxygen demand (BOD 5) in a concentration that is in excess of 350 milligrams per liter in a grab sample;
- (4) prohibited waste, restricted waste, special waste, storm water, or contaminated water.

III. GREASE INTERCEPTORS

Grease interceptors are required to be installed and maintained by the Owner of food service operations within the collection system of Corporation facilities. Grease interceptor installations shall conform to the requirements of this code of practice.

Interceptors, such as grease, oil, or sand shall be provided by laundries, restaurants, service stations, auto repair shops, carwashes and other industrial users when, in the opinion of Corporation, interceptors are necessary for the proper handling of wastewater containing oil and grease or sand or any flammable wastes. Such interceptors shall not be required for domestic users.

Construction:

All traps, interceptors and separators shall be constructed of impervious materials capable of withstanding abrupt and extreme changes in temperature. New or upgraded grease devices shall have a three-lid manhole, properly sized per Table 1. Traps, interceptors and separators shall be watertight and equipped with easily removable covers. Covers shall be gastight and watertight.

Cleaning and Maintenance:

Cleaning and maintenance must be performed when total volume of captured oil, grease and solids material displaces more than twenty-five (25) percent of the total volume of the trap, interceptor or separator or when the pH of a sample taken from the effluent side of the interceptor drops below 5.0 or when odor generation becomes a health issue or when the Company inspection determines a cleaning is necessary.

Maintenance Records:

All traps, interceptors and separators shall be maintained by the user in efficient operating condition at all times. Written records and documentation of all cleaning, repair, calibration, and maintenance shall be maintained at the facility for a minimum of three (3) years and be made available upon request.

Maintenance Inspection:

All traps, interceptors and separators shall be inspected by Corporation representative during normal working hours. Inspection results shall be made available to person, firm or corporation in reasonable charge of the traps, interceptors and separators. Corporation representative shall require correction in order to enforce Corporation pretreatment code of practices.

Applies to all WASTEWATER service areas
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SECTION 4 – FOOD SERVICE OPERATIONS

Skimming:

Skimming, decanting or discharging of removed waste or wastewater back into any traps, interceptors and separators or any appurtenance of the wastewater collection system is strictly prohibited.

Pumping:

All oil, sand and grease interceptors shall be pumped out or cleaned out completely not less than once every ninety (90) calendar days. Grease traps must be cleaned out completely not less than once every thirty (30) calendar days. Traps and interceptors shall be cleaned more frequently when necessary or required.

Bacteria as a Substitute:

The use of bacteria additives as a supplement to maintenance may be authorized by Corporation when a written request is made to the Corporation which includes material safety data sheets. The addition of emulsifiers, de-emulsifiers, surface active agents, enzymes, or degreasers directly or into any drain leading to any grease removal device is strictly prohibited unless approved by the Corporation.

Use:

Traps, interceptors and separators shall be single user only. When an interceptor can be safely used by multiple users (e.g., food courts), multiple users may be allowed when approved by Corporation. Multiple facilities operated by the same person, firm or corporation may be allowed to connect to a single interceptor with approval from Corporation. The person, firm or corporation in reasonable charge of the trap, interceptor or separator shall take any and all steps necessary to assure adequacy which includes repair, modification or replacement.

Alternate Devices and Technology:

Alternative devices and technologies shall be submitted to Corporation for approval before any such device is installed. The service facility will be required to furnish analytical data demonstrating the effluent discharge concentration to Corporation wastewater collection system will not exceed those listed in ~~LPSCOBM~~-CP-01-001.

Sizing:

All traps, interceptors and separators shall be properly sized per Table 1. When an interceptor is sized less than five hundred (500) gallons or more than two thousand five hundred (2,500) gallons, the person, firm or corporation making the permit application shall first meet with the Corporation to verify the reduced or increased size has been correctly calculated and that no other options are available.

Applies to all WASTEWATER service areas
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CODE OF PRACTICE (~~LPS~~COBM-CP-01-004)
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Size Modification:

Modifying the size of any trap or interceptor shall only be done when sizing per Table 1 allows the modification. Modifying the size of any trap or interceptor shall not be done without the approval of Corporation.

Domestic Wastewater:

Domestic wastewater shall not be discharged to the interceptor.

Minimization Plan:

All facilities required to install and operate a trap, interceptor or separator shall develop and implement a Waste Minimization Plan pertaining to the disposal of grease, oils, and food bearing wastes.

Best Management:

All establishments requiring a trap, interceptor or separator shall adopt BMP's (Best Management Practices) for handling sources of floatable oils, fat or grease originating within their facility. Proof of employee training in BMP's shall be shown to Corporation upon request.

Other Fixtures:

Toilets, urinals, and other similar fixtures shall not discharge through a grease interceptor.

Minimization Program:

The applicant shall establish and submit a written waste minimization plan (maintenance program) outlining specific methods (Best Management Practices) that the facility will use on a daily basis to reduce the discharge of oil and grease as well as solids from entering the interception device and ultimately, the Corporation sewer system. This plan shall be acceptable to and approved by the Corporation. The approved document shall accompany the permit application.

Discharge Permit:

This document will be used in lieu of a discharge permit to assist with enforcing all Corporation codes of practices.

Applies to all WASTEWATER service areas
PART EIGHT
CODE OF PRACTICE (~~LPSCOB~~BM-CP-01-004)
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Grease interceptors automatic grease removal required:

A grease interceptor or automatic grease removal device shall be required to receive the drainage from fixtures and equipment with grease-laden waste located in food preparation areas, such as in restaurants, hotel kitchens, hospitals, school kitchens, bars, factory cafeterias, caterers, nursing homes, day care centers, churches and clubs. Fixtures and equipment shall include pot sinks, pre-rinse sinks; soup kettles or similar devices; workstations; floor drains or sinks into which kettles are drained; automatic hood wash units and dishwashers without pre-rinse sinks. Grease interceptors and automatic grease removal devices shall receive waste only from fixtures and equipment that allow fats, oils or grease to be discharged. Interceptors, such as grease, oil or sand shall be provided at laundries, restaurants, service stations, auto repair shops, carwashes and other industrial users when the proper handling of wastewater containing oil and grease or sand or any flammable wastes is necessary.

Location:

All Interceptors shall be approved and shall be located to be readily and easily accessible for cleaning and inspection.

Food waste grinder:

Where food waste grinders connect to grease interceptors, a solids interceptor shall separate the discharge before connecting to the grease interceptor. Solids interceptors and grease interceptors shall be sized and rated for the discharge of the food waste grinder. Emulsifiers, chemicals, enzymes and bacteria shall not discharge into the food waste grinder. Corporation shall require any user to cease operation of a garbage grinder and permanently remove such equipment when it is determined that the grinder is imposing any adverse effect on interceptor function.

Grease interceptor capacity:

Grease interceptors shall have the grease retention capacity indicated in Table 1 for the flow-through rates indicated. Corporation shall make determinations of interceptor adequacy and need, based on review of all relevant information regarding interceptor performance, facility site and building plan review and to require repairs to, modifications, or replacement of such traps.

Applies to all WASTEWATER service areas

PART EIGHT

CODE OF PRACTICE (~~LPSCOB~~M-CP-01-004)

SECTION 4 – FOOD SERVICE OPERATIONS

TABLE 1 - CAPACITY OF GREASE INTERCEPTORS - E PA-2 Model

A Determine maximum drainage flow from fixtures:					
Type of Fixture	Total Fixtures		Flow Rate		Amount
Restaurant kitchen sink		X	15 ~~gpm~~	=	
Single compartment sink		X	20gpm	=	
Double compartment sink		X	25gpm	-	
2, single compartment sinks		X	25 ~~gpm~~	=	
2, double compartment sinks		X	35gpm	=	
Triple sink <u>1.5 inch</u> drain		X	35 ~~gpm~~	=	
Triple sink <u>2 inch</u> drain		X	50gpm	-	
30gallon dishwasher		X	15gpm	=	
50gallon dishwasher		X	25gpm	-	
50--100gallon dishwasher		X	40gpm	=	
B. Total	Number of fixtures			--	~~gpm~~
C. Loading Factors					
Restaurant type	Fast food-paper delivery			-	.50
	Low volume			-	.50
	Medium volume			-	.75
	High Volume			-	1.0
D. Bx C = D, subtotal					
E. D x 60 = Subtotal x 60 minutes = E, maximum flow for one (1) hour, in gallons					
F. Ex 2 = maximum flow for <u>one hour</u> times two (2) hours retention time (based on restaurant volume) = F, volume of trap in gallons =					

Issued: [DATE]

Effective: [DATE]

ISSUED BY:

Moses Thompson, President

Liberty Utilities (~~LITCHFIELD PARK Water & Sewer~~Black Mountain Sewer) Corp.

14920 W Camelback Rd

Litchfield Park, AZ 85340

Decision No. XXXX

Applies to all WASTEWATER service areas
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SECTION 4 – FOOD SERVICE OPERATIONS

Access and maintenance of traps, interceptors, and separators:

Complete access shall be provided to each interceptor and separator for service, maintenance and inspection of the inner chamber(s) and viewing and sampling of effluent wastewater discharged to the sewer. Interceptors and separators shall be maintained by periodic removal of accumulated grease, scum, oil, or other floating substances and solids deposited in the interceptor or separator.

Periodic Inspection:

All traps, inceptors and separators shall be subject to periodic inspections by Corporation during normal operating hours. These inspections can be based on an annual inspection or when a complaint is registered with Corporation regarding a grease-removal device. Should the inspection of any trap, interceptor or separator indicate a violation of any item in (1) through (3) below, the person, firm or corporation in reasonable charge shall bring the device into compliance within the timeframe noted on the notice of violation, but not longer than fourteen (14) calendar days.

If twenty-five (25) percent of the interceptor is full; both surface (oil and grease) and bottom (solids). When OSHA (Occupational, Safety and Health Administration) atmospheric levels of Hydrogen Sulfide limits have been exceeded - "Short Term Exposure Limit" (STEL) of fifteen (15) ppm over a fifteen-minute time-weighted average. When the "Immediately Dangerous to Life and Health" (IDLH) level is 100 ppm or above, immediate action shall be performed to return the level of Hydrogen Sulfide to safe and acceptable limits. If the violation cannot be immediately resolved, all use of the Trap, Interceptor or Separator shall cease until compliance is obtained.

When pH in the effluent chamber falls below 5.0 - which is an unhealthy anaerobic interceptor condition.

Maintenance:

Any trap, interceptor or separator not adequately maintained to prevent floatable oils, fat or grease from entering the sewerage system or produce excessive odors shall be in violation of Corporation codes of practice.

Clearing Obstructions:

Corporation shall take appropriate action to clear any obstruction of the Corporation sewer that causes a sewer overflow. When the obstruction is found to be caused by an overburdened or non-maintained trap, interceptor or separator, the person, firm or corporation in reasonable charge of the trap, interceptor or separator reimbursement of Corporation costs associated with clean-up efforts including any fines leveled against Corporation. Any establishments that continuously violate Corporation code of practice shall be subject to having sewer service discontinued.

Contain and/or Clean Up:

Should Corporation find it necessary to contain and/or clean up a private sanitary sewer overflow caused by blockage of private or public sewer lateral or system, all associated cost shall be the responsibility of the person, firm or corporation in reasonable charge of the property.

Applies to all WASTEWATER service areas

PART EIGHT

CODE OF PRACTICE (~~LPSCOB~~CP-01-004)

SECTION 4 – FOOD SERVICE OPERATIONS

Repairs or Replacements:

When repairs or replacements are necessary to a trap, interceptor or separator, all repairs or replacements shall be completed within the time frame stated on the notice to comply. Corporation may authorize a time extension, not to exceed thirty (30) days, for justifiable cause.

Grease Removal:

The person, firm or corporation in reasonable charge shall remove and dispose of grease at a facility permitted to receive and process such waste. Cleaning frequencies shall be dependent on the amount of oil, grease or solids generated at each operation, the size of the grease trap or interceptor, and the approved written waste minimization program, but not to exceed thirty-day intervals for traps and ninety-day intervals for interceptors. Traps and interceptors shall be cleaned by a licensed contractor.

Interference, Operation and Odors:

Any facility whose effluent discharge into the sewerage system causes interference in the conveyance system, operation of the sewerage system, or emits excessive odors shall be required to sample the discharge from the trap, interceptor or separator and have it analyzed for oil and grease and sulfides, total and dissolved. Results of the analysis shall be immediately reported. Corporation may sample the grease interception device at any time, utilizing Corporation representatives. The person, firm or corporation in reasonable charge shall be responsible for any and all associated cost of such testing or sampling.

IV. RECORD KEEPING AND RETENTION

An operator of a food services operation must keep a record at the food services operation of all grease interceptor inspection and maintenance activities including:

- (1) the date of inspection or maintenance;
- (2) the maintenance conducted;
- (3) the type and quantity of material removed from the grease interceptor; and
- (4) the location of disposal of the material removed from the grease interceptor.

The records shall be retained for a period of three years, and shall be available on request.

Applies to all WASTEWATER service areas**PART EIGHT****CODE OF PRACTICE (LPSCOBM-CP-01-005)****SECTION 5 - PHOTOGRAPHIC IMAGING OPERATIONS****I. APPLICATION**

This code of practice for photographic imaging operations defines mandatory requirements for managing non - domestic waste discharged directly or indirectly into a sewer connected to a sewage facility.

This code of practice applies to photographic imaging operations. Definitions are included in LPSCOBM-CP-01-DEF.

II. DISCHARGE REGULATIONS

An operator of a photographic imaging operation must not discharge waste which, at the point of discharge into a sewer, contains:

- (1) silver in a concentration that is in excess of prescribed local limit analyzed as analyzed in a grab sample; or,
- (2) prohibited waste, restricted waste, special waste, storm water, or contaminated water as defined in LPSCOBM-CP-01-DEF.

An operator of a photographic imaging operation that produces liquid waste containing silver must either:

- (1) collect and transport the waste from the photographic imaging operation for off-site waste management; or
- (2) treat the waste at the photographic imaging operation site prior to discharge to the sewer using one of the following silver recovery technologies:
 - (a) two chemical recovery cartridges connected in series;
 - (b) an electrolytic recovery unit followed by two chemical recovery cartridges connected in series; or
 - (c) any other silver recovery technology, or combination of technologies, capable of reducing the concentration of silver in the waste to 1.2 mg/L or less where valid analytical test data has been submitted to, and accepted by, the Corporation wastewater group.

An operator of a photographic imaging operation must install and maintain silver recovery technology according to the manufacturer's or supplier's recommendations.

An operator of a photographic imaging operation must collect all liquid waste containing silver in a holding tank and must deliver this waste to the chemical recovery cartridges using a metering pump.

An operator of a photographic imaging operation must calibrate the metering pump at least once per year.

ISSUED BY:

Moses Thompson, President
Liberty Utilities (~~LITCHFIELD PARK Water & Sewer~~Black Mountain Sewer) Corp.
14920 W Camelback Rd
Litchfield Park, AZ 85340
Decision No. XXXX

Applies to all WASTEWATER service areas**PART EIGHT****CODE OF PRACTICE (~~LPS~~COBM-CP-01-005)****SECTION 5 - PHOTOGRAPHIC IMAGING OPERATIONS****Spill/ Leak Prevention**

An operator of a photographic imaging operation must locate the silver recovery system in such a manner that an accidental spill, leak or container failure will not result in liquid waste containing silver in concentrations greater than 1.2 mg/L entering any sewer.

If a location referred to above is not available, an operator of a photographic imaging operation must do one of the following:

- (1) install spill containment to contain spills or leaks from the silver recovery system; or
- (2) cap all floor drains into which liquid spilled from the silver recovery system would normally flow.

Testing:

When using two separate chemical recovery cartridges, an operator of a photographic imaging operation must test the discharge from the first cartridge for silver content at least once per month using either silver test paper or a portable silver test kit.

When the discharge from the first chemical recovery cartridge referred to above cannot be sampled, an operator of a photographic imaging operation must:

- (1) install a cumulative flow meter on the silver recovery system; and
- (2) test the discharge from the second chemical recovery cartridge once per week using silver test paper or a silver test kit.

Cartridge Replacement

An operator of a photographic imaging operation must replace the chemical recovery cartridges when any one of the following occurs:

- (1) the manufacturer's or supplier's recommended expiry date, as shown on each cartridge, has been reached;
- (2) eighty percent (80%) of the manufacturer's or supplier's maximum recommended capacity, or total cumulative flow, for each cartridge has been reached;
- (3) test data, using silver test paper or a silver test kit, indicates that the discharge from the first cartridge is greater than 1000 mg/L; or
- (4) analytical data using a method of analysis outlined in standard methods, or an alternative method of analysis approved by the manager, having a method detection limit of 0.5 mg/ L silver or lower, indicates that the concentration of silver in the discharge from the silver recovery system is greater than, or equal to, 1.2 mg/ L.

Applies to all WASTEWATER service areas**PART EIGHT****CODE OF PRACTICE (~~LPSCOB~~M-CP-01-005)****SECTION 5 - PHOTOGRAPHIC IMAGING OPERATIONS****III. RECORD KEEPING AND RETENTION**

An operator of a photographic imaging operation that uses a silver recovery system must keep, at the photographic imaging operation site, an operation and maintenance manual pertaining to all equipment used in the silver recovery system.

An operator of a photographic imaging operation that uses two chemical recovery cartridges connected in series must keep a record book at the photographic imaging operation site which includes the following information recorded for the previous two years:

- (1) serial number of each chemical recovery cartridge used;
- (2) installation date of each chemical recovery cartridge used;
- (3) expiry date of each chemical recovery cartridge used (where provided by manufacturers or suppliers);
- (4) maximum recommended capacity, or total cumulative flow, of each chemical recovery cartridge used;
- (5) dates of all metering pump calibrations;
- (6) monthly silver test results on the discharge from the first chemical recovery cartridge; or where the discharge from the first cartridge cannot be sampled, weekly silver test results on the discharge from the second chemical recovery⁵ cartridge and weekly cumulative flows through the silver recovery system; and
- (7) dates and descriptions of all operational problems associated with the chemical recovery cartridges and remedial actions taken.

Both chemical recovery cartridges used following an electrolytic recovery unit must be replaced by the operator of the photographic imaging operation when one of the events referred to above occurs if this is recommended by the manufacturer or supplier of the cartridges.

An operator of a photographic imaging operation that uses an electrolytic recovery unit in addition to two chemical recovery cartridges connected in series must keep a record book at the photographic imaging operation site which includes the following information recorded for the previous two years:

- (1) all information specified above;
- (2) date of each removal of silver from the electrolytic recovery unit;
- (3) date of each maintenance check on the electrolytic recovery unit;
- (4) dates and descriptions of all operational problems associated with the electrolytic recovery unit and remedial actions taken.

⁵ If treatment of liquid waste with two chemical recovery cartridges connected in series is the only silver recovery technology being used, then the owner of the photographic imaging operation must replace both chemical recovery cartridges when one of the events referred to occurs.

Applies to all WASTEWATER service areas**PART EIGHT****CODE OF PRACTICE (~~LPSCOB~~M-CP-01-006)****SECTION 6 – RV PARK OPERATIONS****I. APPLICATION**

This code of practice for RV park operations defines the requirements for managing waste discharged directly or indirectly into a sewer connected to a sewage facility from RVs, mobile homes, trailers, watercraft and other sources which employ storage, chemical disinfection/stabilization and discharge as a waste disposal mechanism.

This code of practice applies to all RV park operations. Definitions are included in ~~LPSCOB~~M-CP-01-DEF.

II. DISCHARGE REGULATIONS

An operator of an RV park operation must not discharge waste, which at the point of discharge into a sewer, contains:

- (1) oil and grease in a concentration that is in excess of 100 milligrams per liter as analyzed in a grab sample;
- (2) suspended solids in a concentration that is in excess of 350 milligrams per liter as analyzed in a grab sample;
- (3) 5-day biochemical oxygen demand (BOD₅) in a concentration that is in excess of 350 milligrams per liter in a grab sample;
- (4) total nitrogen in excess of 100 mg/L;
- (5) prohibited waste, restricted waste, special waste, storm water, or contaminated water.

If the RV park operation accepts RV customers with the intention of providing sewerage hook-ups, that practice is only acceptable if one of the following conditions is met:

- (1) If the RV park operation has a dedicated pre-treatment facility, that facility must be used for the disposal of the first discharge of wastewater from any entering RVs. The facility must be maintained as per manufacturer's or engineer's operating instructions. Discharge from that facility which is directed to a sewer connected to a sewerage facility shall be metered such that large slugs of waste are not introduced to the sewer instantaneously. Discharges from such facilities to sewers are limited to 10% of the average daily sewerage flow (in USGPM) experienced in the sewer.
- (2) In the absence of a dedicated pre-treatment facility, the RV park operation shall require incoming RVs to certify that, prior to connection to a sewer, that the holding tanks of the RV have been discharged at an approved facility.

Applies to all WASTEWATER service areas

PART EIGHT

CODE OF PRACTICE (~~LPS~~COBM-CP-01-006)

SECTION 6 – RV PARK OPERATIONS

III. RECORD KEEPING AND RETENTION

An operator of an RV park operation must keep a record at the RV park operation of:

- (1) all disposals of RV waste into a dedicated pre-treatment facility;
- (2) Pre-treatment facility inspection and maintenance activities including:
 - (a) the date of inspection or maintenance;
 - (b) the maintenance conducted; and
 - (c) the type and quantity of material removed from the facility;
- (3) Certifications of waste disposal prior to hook up of RVs to sewer services.

The records shall be retained for a period of two years and shall be available on request by Corporation representative.

Issued: [DATE]

Effective: [DATE]

ISSUED BY:

Moses Thompson, President

Liberty Utilities (~~LITCHFIELD PARK Water & Sewer~~Black Mountain Sewer) Corp.

14920 W Camelback Rd

Litchfield Park, AZ 85340

Decision No. XXXX

LIBERTY UTILITIES (~~LITCHFIELD PARK WATER & SEWER~~BLACK MOUNTAIN SEWER) CORP.

Sheet No. 90

DOCKET NO. SW-02361A-26-0224

Cancelling Sheet No. ____

Applies to all **WASTEWATER** service areas

PART EIGHT

CODE OF PRACTICE (~~LPSCOB~~BM-CP-01-007)

SECTION 7 - PRETREATMENT/ INDUSTRIALWASTE CONTROL

Reference **PART EIGHT** Liberty Utilities (~~Litchfield Park Water and Sewer~~Black Mountain Sewer) Corp. **Industrial Pretreatment Program and Tariff.**

Issued: [DATE]

Effective: [DATE]

ISSUED BY:

Moses Thompson, President

Liberty Utilities (~~LITCHFIELD PARK Water & Sewer~~Black Mountain Sewer) Corp.

14920 W Camelback Rd

Litchfield Park, AZ 85340

Decision No. XXXX

Applies to all WASTEWATER service areas**PART EIGHT****CODE OF PRACTICE (~~LPSCOB~~M-CP-01-008)****SECTION 8 - NONCOMPLIANCE / ENFORCEMENT****I. NOTICE OF VIOLATIONS**

Whenever the Company determines that any customer has violated or is violating any provision of this Code, or any directives, orders, or permits issued or approved to which the Company is bound, the Company may serve upon such customer a written notice ("Notice") stating the nature of the violations(s) in accordance with A.A.C. R.14-2-609.C, and requiring that the customer correct the violation(s) within a specified period of time; perform such tasks as the Company determines are necessary for the customer to correct the violations; or perform such tasks and submit such information as is necessary for the Company to evaluate the extent of noncompliance or to determine appropriate enforcement actions to be taken in conjunction with the applicable regulatory agencies. A copy of the Notice shall also be provided to the Director of the Utilities Division of the Arizona Corporation Commission.

II. SUSPENSION OF SERVICE

If the customer does not cure the violation, or present a satisfactory plan of remediation to Company, within the time specified in the Notice, then Company may suspend or disconnect wastewater treatment service in accordance with A.A.C. R.14-2-609.C.

In addition, the Company may suspend wastewater treatment service, in accordance with A.A.C. R.14-2-609.B (without notice), when such suspension is necessary, in the opinion of the Company, in order to stop an actual or threatened discharge which presents or may present an imminent or substantial endangerment to the health or welfare of persons, to the environment, or causes the Company to violate any condition of its aquifer protection permit, AZPDES discharge permit, or any applicable sludge disposal regulations.

Any customer notified of an immediate suspension of the wastewater treatment service shall immediately stop or eliminate the discharge. In the event of a failure of the customer to comply voluntarily with the cease-and-desist request, the Company shall take such steps as deemed necessary, including immediate severance of the sewer connection and/or immediate disconnection of the water service, to prevent or minimize damage to the company's wastewater system or endangerment to any individuals or the environment. Any action that results in the immediate suspension of service, or disconnection, of a customer shall be reported to the Director of the Utilities Division of the Arizona Corporation Commission and Maricopa County Environmental Services Department (MCESD) within twenty-four (24) hours of the suspension or disconnection. Any reconnection of the affected customer shall be in accordance with the Company's Tariff for which the customer must pay the cost of disconnection and reconnection, plus the cost of parts and installation of an Elder valve (or similar equipment) to allow for easier disconnection in the event of a repeated discharge offense by customer.

Issued: [DATE]

Effective: [DATE]

ISSUED BY:

Moses Thompson, President

Liberty Utilities (~~LITCHFIELD PARK Water & Sewer~~Black Mountain Sewer) Corp.

14920 W Camelback Rd

Litchfield Park, AZ 85340

Decision No. XXXX

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PART ONE
STATEMENT OF CHARGES

I. RATES

In Decision No. XXXXX, dated [Month XX], 202X the Commission approved the following rates and charges to become effective MMM DD, 202X:

A. Monthly Service Charge

Customer Class	Charge ¹
Residential	\$64.59
Residential – Multi-Family per unit	\$49.89
Residential Dwelling < 700 square feet	\$28.76 ²
School, Per Student	\$10.98
Commercial, Per Gallon Per Day	\$0.308 ³

B. Effluent Sales

Description	Charge
Per 1,000 Gallons	Market Price*
Reclaimed Non-Potable Water Per Acre Foot	Market Price*

* Per annual market price assessment to be updated October 1st on annual basis to be effective January 1st on annual basis

¹ Customer Assistance Tariff (“CAT”) – A 15% discount is available on monthly minimum and commodity charges to qualified residential customers meeting the CAT qualifications.

² Customers to be billed on full unit capacity.

³ Gallons per day based on actual monthly water usage divided by 30. If water usage data cannot be obtained, then the Company will use an estimate of water usage.

PART ONE

STATEMENT OF CHARGES

C. Other Service-Related Charges

Description	Charge
Establishment per A.A.C. R14-2-603(D)(1)	\$30.00
Re-Establishment of Service per A.A.C. R14-2-603(D)(1)	(a)
Disconnection	At Cost (b)
Reconnection per A.A.C. R14-2-603(D)(1)	(b)
NSF Check per A.A.C. R14-2-608(E)(1)	\$25.00 (c)
Deferred Payment (Per Month)	1.50%
Late Charge	(d)
Service Calls – After Hours	\$125.00 (e)
Deposit Requirement	(f)
Deposit Interest per A.A.C. R14-2-603(B)	6.00%
Service Lateral Connection Charge – All Sizes	(g)
Collection Main Extension Tariff Per A.A.C R14-2-606(B)	(h)
Wastewater Hook-Up Fee	(j)
Influent Meter and Metering System Installation	At Cost (i)
Failed Inspection Fee	\$75

- (a) Minimum Charges times number of full months off the system per A.A.C. R14-2-406(D). For partial months of service, the minimum charge will be billed on a prorated basis.
- (b) Customer shall pay the actual cost including costs for excavation and trenching, pipeline modification, sewer block, backfill and grading, road repairs and permitting. Customer will be provided copies of invoices for actual costs incurred. There shall be no charge if no work is performed, per A.A.C. R14-2-603(D)(1)
- (c) Liberty Litchfield Park may only charge one NSF fee when customers are billed for water and sewer services on one bill.
- (d) Greater of \$5.00 or 1.5% per month on unpaid balance.
- (e) Customer shall be charged for after-hours service calls outside of normal working hours for work performed at customer's request or convenience.
- (f) Per A.A.C. R14-2-603(B)(7):
1. Residential – two times the average bill by class
 2. non-residential – two and one-half times the customer's estimated maximum monthly bill.
- (g) At cost. Customer/Developer shall install or cause to be installed all Service Laterals as refundable advance in aid of construction.
- (h) All Main Extensions shall be completed at cost and shall be treated as refundable advances-in-aid of construction.
- (i) The cost of the influent meter and metering system installation shall be at the sole expense of the commercial and industrial user and not subject to refund.
- (j) Residential and non-residential – Customers/Developers shall pay the applicable Wastewater Hook-up Fees tariff
IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE TAX. PER COMMISSION RULE R14-2-608(D)(5).

Issued: [Date]

Effective: [Date]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (Gold Canyon Sewer) Corp.
14920 W. Camelback, Rd.
Litchfield Park, AZ 85340
Decision No. xxxxx

PART ONE
STATEMENT OF CHARGES

II. TAXES AND ASSESSMENTS

In addition to the collection of its regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, and use tax per Commission Rule A.A.C. R14-2-608(D)(5).

All Advances or Contributions are to include costs for labor, materials, overheads, and all applicable taxes, including all gross-up taxes for income taxes.

Under applicable law, any contributions or advances provided by a Developer are taxable income to the Utility. In accordance with the Gross-Up Sharing Method policy adopted by the Commission in Decision No. 76974, the Company will collect from the Developer any applicable share of income taxes for the Company's state and federal tax liability on all funds contributed and/or advanced. The funds will be collected prior to the commencement of service.

PART TWO
STATEMENT OF TERMS AND CONDITIONS

I. PERMITTED COSTS

- A. Costs shall be verified by invoice.
- B. For services that are provided by the Company at cost, costs shall include labor, materials, other charges incurred, and overhead. However, prior to any such service being provided, the estimated cost of such service will be provided by Company to the customer. After review of the cost estimate, the customer will pay the amount of the estimated cost to Company.
- C. In the event that the actual cost is less than the estimated cost, the Company will refund the excess to the customer within 30 days after completion of the provision of the service or after the Company's receipt of invoices, timesheets or other related documents, whichever is later.
- D. In the event the actual cost is more than the estimated cost, the Company will bill the customer for the amount due within 30 days after completion of the invoices, timesheets or other related documents, whichever is later. The amount so billed will be due and payable 30 days after the invoice date. However, if the actual cost is more than five percent (5%) greater than the total amount paid, the customer will only be required to pay five percent (5%) more than the total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the total amount paid was made.
- E. At the customer's request, the Company shall make available to the customer all invoices, timesheets or related documents that support the cost for providing such service.
- F. Permitted costs shall include any Federal, State or local taxes that are or may be payable by the Company as a result of any tariff or contract for wastewater facilities under which the Customer advances or contributes funds or facilities to Company.

PART TWO
STATEMENT OF TERMS AND CONDITIONS

II. CUSTOMER DISCHARGE TO SYSTEM

A. Service Subject to Regulation

The Company provides wastewater service using treatment and collection facilities that are regulated by numerous county, state and federal statutes and regulations. Those regulations include limitations as to domestic strength wastewater and the type of wastewater that may be discharged into the system by any person directly or indirectly connected to the plant.

B. Waste Limitations

The Company has established the permissible limits of concentration as domestic strength wastewater and will limit concentration for various specific substances, materials, waters, or wastes that can be accepted in the sewer system, and to specify those substances, materials, waters, or wastes that are prohibited from entering the sewer system. Each permissible limit so established shall be placed on file in the business office of Company, with a copy filed with the Commission. No person shall discharge, or cause to be discharged, any new sources of inflow including, but not limited to, storm water, surface water, groundwater, roof runoffs, subsurface drainage, cooling water, or polluted industrial process waters into the sanitary sewer. Company will require an affidavit from all non-residential customers, and their professional engineer, stating that the wastewater discharged to the system does not exceed domestic strength or applicable pre-treatment standards.

PART TWO
STATEMENT OF TERMS AND CONDITIONS

II. CUSTOMER DISCHARGE TO SYSTEM (cont.)

C. Inspection and Right of Entry

Every facility that is involved directly or indirectly with the discharge of wastewater to the Treatment Plant may be inspected by Company as it deems necessary. These facilities shall include but not be limited to sewer; sewage pumping plants; all processes; devices and connection sewer; and all similar sewerage facilities. Inspections may be made to determine that such facilities are maintained and operated properly and are adequate to meet the provisions of these rules and this tariff. Inspections may include the collection of samples. Authorized personnel of Company shall be provided immediate access to all of the above facilities or to other facilities directly or indirectly connected to the Treatment Plant at all reasonable times including those occasioned by emergency conditions. Any permanent or temporary obstruction to easy access to the user's facility to be inspected shall promptly be removed by the facility user or owner at the written or verbal request of Company and shall not be replaced. No person shall interfere with, delay, resist or refuse entrance to an authorized Company representative attempting to inspect any facility involved directly or indirectly with a discharge of wastewater to the Treatment Plant. Adequate identification shall be provided by Company for all inspectors and other authorized personnel and these persons shall identify themselves when entering any property for inspection purposes or when inspecting the work of any contractor.

All transient motor homes, travel trailers and other units containing holding tanks must arrive at the Company's service area in an empty condition. Inspection will be required of said units prior to their being allowed to hookup to the wastewater system.

D. Termination of Service for Violation of Wastewater Rules and Regulations

The Company is authorized to discontinue service to any person connected to its sewer system who violates the Company's wastewater terms and conditions as set forth in this PART TWO or in any way creates a public health hazard or the likelihood of such a public health hazard. This termination authority also applies to non-payment for wastewater services.

PART TWO

STATEMENT OF TERMS AND CONDITIONS

- E. Certain customers are also subject to additional discharge restrictions under the Wastewater Pre-Treatment Standards set forth in PART EIGHT of this Tariff of Rates and Charges.**

III. RULES AND REGULATIONS

Company has adopted the Rules and Regulations established by the Commission as the basis for its operating procedures. A.A.C. R14-2-601 through A.A.C. R14-2-609 will be controlling of Company procedures, unless specifically approved tariffs or Commission Order(s) provide otherwise.

IV. COMPANY'S LIABILITY LIMITATIONS

A. Company Responsibility

- i. The Company does not assume the responsibility of inspecting or maintaining any customer's piping or apparatus and will not be responsible therefor.
- ii. In the event service is interrupted, irregular or defective, or fails from causes beyond the Company's control or through ordinary negligence of its employees or agents, the Company will not be liable for any injuries or damages arising therefrom.

B. Third-Party Claims

Company will not be responsible for any third-party claims against Company that arise from customer's use of Company's service unless such claims are caused by the Company's willful misconduct or gross negligence.

C. Indemnity

Customer will indemnify, defend and hold harmless the Company including the costs of reasonable attorney's fees against all claims including, without limitation claims for damages to any business or property, or injury to, or death of, any person arising out of any wrongful act or negligent omission of the customer, or the customer's agents, in connection with the Company's service or facilities.

PART TWO
STATEMENT OF TERMS AND CONDITIONS

D. Limitation of Damages

The liability of the Company for damages of any nature arising from errors, mistakes, omissions, interruptions, or delays of the Company, its agents, servants, or employees, in the course of establishing, furnishing, rearranging, moving, terminating, or changing the service or facilities or equipment shall not exceed an amount equal to the charges applicable under the Company's tariff calculated on a proportionate basis where appropriate to the period during which the error, mistake, omission, interruption or delay occurs, except if such damages are caused by the Company's willful misconduct or gross negligence.

E. Incidental, Indirect, Special, or Consequential Damages

In no event will the Company be liable for any incidental, indirect, special, or consequential damages including lost revenue or profits of any kind whatsoever regardless of the cause or foreseeability thereof.

F. Interference with Company Facilities

The Company will not be responsible in any occasion for any loss or damage caused by the negligence or wrongful act of the Customer or any of his agents, employees or licensees in installing, maintaining, using, operating or interfering with any Company facilities.

PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE-SINGLE FAMILY ACCOMODATION

APPLICABILITY

Applicable to residential wastewater service for domestic use rendered to individuals who meet all the program qualifications and special conditions of this rate schedule.

PROGRAMS

This Customer Assistance Tariff (CAT) contains the following programs: (1) Low-Income Program; (2) Deployed Services Member Program; and (3) Disabled Veteran Program. Collectively, these three programs are referred to as the “Customer Assistance Programs.”

TERRITORY

Within all customer service areas served by Liberty Utilities (Gold Canyon Sewer) Corp. (“Liberty Utilities”).

RATES

Fifteen percent (15%) discount applied to the regular filed tariff.

PROGRAM QUALIFICATIONS

1. The Liberty bill must be in your name and the address must be your primary residence.
2. You may not be claimed as a dependent on another person’s tax return.
3. You must reapply each time you move residences.
4. You must renew your application once every year, or sooner, if requested.
5. You must notify Liberty within thirty (30) days if you become ineligible for the CAT.

PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

SPECIAL CONDITIONS

1. **Application:** An application is required for each request for service under this schedule. A customer must reapply every year or sooner, if requested.
2. **Commencement of Rate:** Eligible customers whose applications have been approved shall be billed on this schedule commencing with the next regularly scheduled billing period that follows approval of application by Liberty.
3. **Verification:** Information provided by the applicant is subject to verification by Liberty. Refusal or failure of a customer to provide documentation of eligibility acceptable to Liberty, upon request by Liberty, shall result in removal from this rate schedule.
4. **Notice from Customer:** It is the customer's responsibility to notify Liberty if there is a change of eligibility status.
5. **Rebiling:** Customers may be re-billed retroactively for periods of ineligibility under the applicable rate schedule.
6. **Participation Limit:** The CAT (for all three programs included) is limited to 835 customers of the Company. Applications will be reviewed and approved on a first come, first served basis. Applicants will be placed on a waiting list if the participation limit has been met.
7. **Qualification:** A customer that qualifies for more than one program will only receive benefits from one program per year. CAT benefits will not be combined or accumulated.

Issued: [Date]

Effective: [Date]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (Gold Canyon Sewer) Corp.
14920 W. Camelback, Rd.
Litchfield Park, AZ 85340
Decision No. xxxxx

PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

LOW-INCOME PROGRAM

To qualify for the low-income program, the total gross annual income of all persons living in your household cannot exceed the income levels below:

Effective _____

<u>No. of Person in Household</u>	<u>Total Gross Annual Income*</u>
1	\$XXXXXX
2	\$XXXXXX
3	\$XXXXXX
4	\$XXXXXX
5	\$XXXXXX
6	\$XXXXXX

For each additional person residing in the household, add \$XXXXXX

***Qualifying annual incomes are set at 200 percent of the 202_ federal poverty levels.**

Acceptance into the program is subject to verification of income source.

For the purpose of the program the “gross household income” means all money and non-cash benefits, available for living expenses, from all sources, both taxable and non-taxable, before deductions for all people who live in your home. This includes, but is not limited to:

Wages or salaries	Social Security, SSI, SSP	Rental or royalty income
Interest or dividends from:	Scholarships, grants, or other	Profit from self-employment
Savings account, stocks or	aid	(IRS form Schedule C, Line
bonds	used for living expenses	29)
Unemployment benefits	Disability payments	Worker’s Compensation
TANF (AFDC)	Food Stamps	Child Support
Pensions	Insurance settlements	Spousal Support
Gifts		

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Moses Thompson, President
Liberty Utilities (Gold Canyon Sewer) Corp.
14920 W. Camelback, Rd.
Litchfield Park, AZ 85340
Decision No. xxxxx

PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DEPLOYED SERVICES MEMBER PROGRAM

This program allows the Company to provide a 15% discount to deployed service members of the United States Military. The Company will provide the credit on the deployed service member's bill provided that the following criteria are met:

1. Deployment is not a "permanent change of station." Permanent change of station requires a service member to permanently change his or her place of residence, paid for by the applicable military branch. A service member's decision to keep a secondary residence in Arizona would be discretionary and would not qualify for this credit.
2. Deployed member does not have family living in the premises. Short term deployments, where a spouse and/or dependents remain in the United States would not qualify, as the service member would receive separate compensation from the military to cover domestic expenses while deployed.
3. The deployed service member is an active member of the military (*e.g.*, Air Force, Army, Coast Guard, Marines, and Navy) as defined by 10 U.S.C. § 101(a)(4) and includes any member of the Reserves or National Guard called to active duty.

ADMINISTRATION

1. Participation shall be determined on a first come, first served basis.
2. Each service member's eligibility must be verified based on written orders from the service member's command.
3. Continued eligibility will be determined periodically through a recertification process.
4. The Company is permitted to seek Commission approval to change participant limits based on level of participation.
5. Qualifying annual incomes are set at 200 percent of the 202__ federal poverty levels.

PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DEPLOYED SERVICES MEMBER PROGRAM

Effective _____

<u>No. of Person in Household</u>	<u>Total Gross Annual Income*</u>
1	\$XXXXXX
2	\$XXXXXX
3	\$XXXXXX
4	\$XXXXXX
5	\$XXXXXX
6	\$XXXXXX

For each additional person residing in the household, add \$XXXXXX

***Qualifying annual incomes are set at 200 percent of the 202_ federal poverty levels.**

For the purpose of the program the “gross household income” means all money and non-cash benefits, available for living expenses, from all sources, both taxable and non-taxable, before deductions for all people who live in your home. This includes, but is not limited to:

Wages or salaries	Social Security, SSI, SSP	Rental or royalty income
Interest or dividends from:	Scholarships, grants, or other	Profit from self-employment
Savings account, stocks or	aid	(IRS form Schedule C, Line
bonds	used for living expenses	29)
Unemployment benefits	Disability payments	Worker’s Compensation
TANF (AFDC)	Food Stamps	Child Support
Pensions	Insurance settlements	Spousal Support
Gifts		

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ISSUED BY:
Moses Thompson, President
Liberty Utilities (Gold Canyon Sewer) Corp.
14920 W. Camelback, Rd.
Litchfield Park, AZ 85340
Decision No. xxxxx

PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DISABLED MILITARY VETERAN PROGRAM

This program allows the Company to provide a 15% discount to disabled military veterans of the United States Military. The Company will provide the credit on the disabled military veteran's bill provided that the following criteria are met:

1. Disabled military veteran was honorably discharged from the armed forces.
2. Disabled military veteran must have a permanent disability rating related to their military duty service.
3. The disabled military veteran must have been an active member of the military (*e.g.*, Air Force, Army, Coast Guard, Marines, and Navy) as defined by 10 U.S.C. § 101(a)(4) and includes any member of the Reserves or National Guard called to active duty.

ADMINISTRATION

1. Participation shall be determined on a first come, first served basis.
2. Each service member's eligibility must be verified based on documentation demonstrating a medical discharge or other written documentation from the United States Department of Defense or Department of Veteran Affairs.
3. Continued eligibility will be determined periodically through a recertification process.
4. The Company is permitted to seek Commission approval to change participant limits based on level of participation.
5. Qualifying annual incomes are set at 200 percent of the 202__ federal poverty levels.

PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DISABLED MILITARY VETERAN PROGRAM

Effective _____

<u>No. of Person in Household</u>	<u>Total Gross Annual Income*</u>
1	\$XXXXXX
2	\$XXXXXX
3	\$XXXXXX
4	\$XXXXXX
5	\$XXXXXX
6	\$XXXXXX

For each additional person residing in the household, add \$XXXXXX

***Qualifying annual incomes are set at 200 percent of the 202_ federal poverty levels.**

Acceptance into the program is subject to verification of income source.

For the purpose of the program the “gross household income” means all money and non-cash benefits, available for living expenses, from all sources, both taxable and non-taxable, before deductions for all people who live in your home. This includes, but is not limited to:

Wages or salaries	Social Security, SSI, SSP	Rental or royalty income
Interest or dividends from:	Scholarships, grants, or other	Profit from self-employment
Savings account, stocks or	aid	(IRS form Schedule C, Line
bonds	used for living expenses	29)
Unemployment benefits	Disability payments	Worker’s Compensation
TANF (AFDC)	Food Stamps	Child Support
Pensions	Insurance settlements	Spousal Support
Gifts		

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14920 W. Camelback, Rd.
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Decision No. xxxxx

PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

Recovery of Cost of Customer Assistance Tariff and Customer Surcharges

The Company shall recover the CAT costs from a monthly CAT surcharge on all residential and non-residential wastewater customers who are not participating in the CAT. Liberty is entitled to seek recovery of direct costs (*i.e.*, those costs directly associated with the programs, which costs would not be incurred in the absence of the programs). The Company shall account for those direct costs separately from other operating costs.

Liberty shall be entitled to implement a CAT surcharge on non-participating residential and non-residential wastewater as follows.

- For customers participating in the CAT, the Company shall maintain a balancing account detailing the beginning and ending balance of the cumulative unrecovered program costs each month.
- Liberty's authorized rate of return shall be applied monthly to the average of the beginning balances of the cumulative unrecovered program costs for wastewater service and included in the beginning balances for the following month.
- Using the balancing account, Liberty shall calculate the monthly surcharge for each customer as follows:

(Ending Balance for Low-Income Tariff Balancing Account including amortized carrying costs during recovery period/Number of active non-participating wastewater connections at year end)/12

- The ending balance in the balancing account shall equal the beginning balances plus discounts allowed on bills for the twelve-month tracking period, plus direct program costs incurred in the twelve-month period plus the return less surcharge fees billed in the twelve month tracking period.
- Liberty shall implement a monthly surcharge for the CAT for each twelve month period of the CAT. The Company shall calculate the monthly surcharge each year based on the active number of customer connections as of December 31 of the prior year. The Company shall file notice of the surcharge, along with a report on the CAT, with the Arizona Corporation Commission on or before January 31 and the surcharge shall be implemented on customer bills in February of each year with the recovery period ending in January of the following year.

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Moses Thompson, President
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14920 W. Camelback, Rd.
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Decision No. xxxxx

PART FOUR

OFF-SITE FACILITIES HOOK-UP FEE

I. Purpose and Availability

The purpose of the off-site facilities hook-up fees payable to **Liberty Utilities (Gold Canyon Sewer) Corp.** (“Company”) pursuant to this tariff is to equitably apportion the costs of constructing additional off-site facilities to provide wastewater treatment and disposal facilities among all new service laterals. These charges are applicable to all new service laterals undertaken via Collection Main Extension Agreements, or requests for service not requiring a Collection Main Extension Agreement, entered into after the effective date of this tariff. The charges are one-time charges and are payable as a condition to Company’s establishment of service, as more particularly provided below.

II. Definitions

Unless the context otherwise requires, the definitions set forth in R-14-2-601 of the Arizona Corporation Commission’s (“Commission”) rules and regulations governing sewer utilities shall apply interpreting this tariff schedule.

“Applicant” means any party entering into an agreement with Company for the installation of wastewater facilities to serve new service laterals and may include developers and/or builders of new residential subdivisions, and non-residential properties.

“Company” means Liberty Utilities (Gold Canyon Sewer) Corp.

“Collection Main Extension Agreement” means an agreement whereby an Applicant, Developer and/or Builder agrees to advance the costs of the installation of wastewater facilities necessary to serve new service laterals, or install wastewater facilities to serve new service laterals and transfer ownership of such wastewater facilities to the Company, which agreement does not require the approval of the Commission pursuant to A.A.C. R-14-2-606, and shall have the same meaning as “Wastewater Facilities Agreement.”

“Off-Site Facilities” means the wastewater treatment plant, sludge disposal facilities, effluent disposal facilities and related appurtenances necessary for proper operation, including engineering and design costs. Off-site facilities may also include lift stations, force mains, transportation mains and related appurtenances necessary for proper operation if these facilities are not for the exclusive use of the Applicant and benefit the entire wastewater system.

“Service Lateral” means and includes all service laterals for single-family residential, commercial, industrial or other uses.

PART FOUR
OFF-SITE FACILITIES HOOK-UP FEE

III. Wastewater Hook-up Fee

For each new residential service lateral, Company shall collect a Hook-Up Fee of \$1,100 based on the Equivalent Residential Unit (“ERU”) of 270 gallons per day. Commercial and industrial applicants shall pay based on the total ERUs of their development calculated by dividing the estimated total daily wastewater capacity usage needed for service using standard engineering standards and criteria by the ERU factor of 270 gallons per day. For “Active Adult” communities with demonstrated age-restricted zoning and/or CCR’s providing for age-restricted living, the Hook-Up Fee for residential properties shall be \$775, based on an ERU factor of 190 gallons per day.

IV. Terms and Conditions

A. Assessment of One Time Off-Site Facilities Hook-up Fee: The off-site facilities hook-up fee may be assessed only once per residential parcel. For non-residential properties that reside on one parcel but have future additional construction that adds additional impact to the Company’s existing wastewater infrastructure, an incremental Hook-Up Fee shall be applied based upon the additional EDU equivalents added by such construction activity.

B. Use of Off-Site Facilities Hook-up Fee: Off-site facilities hook-up fees may only be used to pay for capital items of off-site facilities, repay loans obtained to fund the cost of installation of off-site facilities. Off-site hook-up fees shall not be used to cover repairs, maintenance, or other operational purposes. The Company shall record amounts collected under the tariff as CIAC; however, such amounts shall not be deducted from rate base until such amounts have been expended for plant.

C. Time of Payment:

1. In the event that the person or entity that will be constructing improvements (“Applicant,” “Developer,” or “Builder”) is otherwise required to enter into a Collection Main Extension Agreement, payment of the fees required hereunder shall be made by the Applicant, Developer or Builder within 15 days of execution of a Main Extension Agreement.

2. In the event that the Applicant, Developer or Builder for service is not required to enter into a Collection Main Extension Agreement, the hook-up fee charges hereunder shall be due and payable at the time wastewater service is requested for the property.

PART FOUR
OFF-SITE FACILITIES HOOK-UP FEE

D. Off-Site Facilities Construction by Developer: Company and Applicant, Developer, or Builder may agree to construction of off-site facilities necessary to serve a particular development by Applicant, Developer or Builder, which facilities are then conveyed to Company. In that event, Company shall credit the total cost of such off-site facilities as an offset to off-site hook-up fees due under this Tariff. If the total cost of the off-site facilities constructed by Applicant, Developer or Builder and conveyed to Company is less than the applicable off-site hook-up fees under this Tariff, Applicant, Developer or Builder shall pay the remaining amount of off-site hook-up fees owed hereunder. If the total cost of the off-site facilities contributed by Applicant, Developer or Builder and conveyed to Company is more than the applicable off-site hook-up fees under this Tariff, Developer or Builder shall be refunded the difference upon acceptance of the off-site facilities by the Company.

E. Failure to Pay Charges; Delinquent Payments: Company will not be obligated to make an advance commitment to provide or actually provide wastewater service to any Developer, Builder or other applicant for service in the event that the Developer, Builder or other applicant for service has not paid in full all charges hereunder. Under no circumstances will Company connect service or otherwise allow service to be established if the entire amount of any payment has not been paid.

F. Large Subdivision and/or Development Projects: In the event that the Applicant, Developer or Builder is engaged in the development of a residential subdivision and/or development containing more than 150 lots, the Company may, in its reasonable discretion, agree to payment of off-site hook-up fees in installments. Such installments may be based on the residential subdivision and/or development's phasing and should attempt to equitably apportion the payment of charges hereunder based on the Applicant's, Developer's or Builder's construction schedule and water service requirements. In the alternative, the Applicant, Developer, or Builder shall post an irrevocable letter of credit in favor of the Company in a commercially reasonable form, which may be drawn by the Company consistent with the actual or planned construction and hook up schedule for the subdivision and/or development.

G. Off-Site Hook-Up Fees Non-refundable: The amounts collected by the Company pursuant to the off-site hook-up fee tariff shall be non-refundable contributions in aid of construction ("CIAC").

H. Use of Off-Site Hook-Up Fees Received: All funds collected by Company as off-site facilities hook-up fees shall be deposited into a separate account and bear interest and shall be used for the purposes of paying for the costs of installation of off-site facilities, including repayment of loans obtained for the installation of off-site facilities.

PART FOUR
OFF-SITE FACILITIES HOOK-UP FEE

I. Off-Site Facilities Hook-Up Fee in Addition to On-site Facilities: The off-site facilities hook-up fee shall be in addition to any costs associated with the construction of on-site facilities under a Collection Main Extension Agreement.

J. Disposition of Excess Funds: After all necessary and desirable off-site facilities are constructed utilizing funds collected pursuant to the off-site facilities hook-up fees, or if the off-site facilities hook-up fee has been terminated by order of the Arizona Corporation Commission, any funds remaining in the trust account shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.

K. Status Reporting Requirements to the Commission: The Company shall submit a calendar year Off-Site Facilities Hook-Up Fee status report each January via Docket Control for the prior twelve (12) month period, beginning January 2028, until the hook-up fee tariff is no longer in effect. This status report shall contain a list of all customers that have paid the hook-up fee tariff, the amount each has paid, the physical location/address of the property in respect of which such fee was paid, the amount of money spent from the account, the amount of interest earned on the funds within the tariff account, and an itemization of all facilities that have been installed using the tariff funds during the 12 month period.

Issued: [Date]

Effective: [Date]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (Gold Canyon Sewer) Corp.
14920 W. Camelback, Rd.
Litchfield Park, AZ 85340
Decision No. xxxxx

PART FIVE

**PURCHASED POWER
ADJUSTER MECHANISM**

Issued: [Date]

Effective: [Date]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (Gold Canyon Sewer) Corp.
14920 W. Camelback, Rd.
Litchfield Park, AZ 85340
Decision No. xxxxx

PART FIVE
PURCHASED POWER ADJUSTMENT MECHANISM (“PPAM”)

Whenever Liberty Utilities (Gold Canyon Sewer) Corp’s (“Liberty”) electric power provider alters the rates they charge, relative to the rates reflected in the purchased power expense adopted by the Arizona Corporation Commission in the Company’s last general rate case for that system, Liberty may, in accordance with the provisions of this PPAM, file a new schedule with the Commission for that system, setting forth an adjustment designed to recover such increased or decreased purchased power expenses due to the provider rate decrease or increase, provided that:

1. The total change in the purchased power expense will be calculated by comparing Liberty’s purchased power cost during the test year utilized in its last general rate case with Liberty’s cost of power for that same test year computed at Liberty’s new rate for power.
2. The calculated change in surcharge rates for the system must amount to at least \$0.01 per Equivalent Residential Unit (“ERU”) (rounded up from five) before an adjustment can be made.
3. All revised schedules filed with the Arizona Corporation Commission pursuant to the provisions of this PPAM will be accompanied by workpapers prepared by Liberty in a format approved by the Utilities Division Staff of the Commission and will be in sufficient detail to enable the Commission to test the accuracy of Liberty’s calculations.
4. The new schedules filed by Liberty under the provisions of this PPAM will become effective 30 days after such filing, unless suspended by Staff.
5. Illustration of the calculation of the above PPAM, assuming the following test year data:
 - A. Purchased Power Expense = \$88,400
 - B. kWh = 1,250,000 kWh
 - C. Total Equivalent Residential Units (“ERUs”) = 9,064
 - a. Residential Customer = 1 ERU
 - b. Residential < 700 SF= 0.231 ERU
 - c. Commercial Customer (based on 270 gpd/unit) = 1 ERU

Should Electric Purchased Power Rates increase at a future date such that the new Power Rates x (B) = \$92,825 a Purchased Power Expense pass thru calculation would be initiated.

PART FIVE
PURCHASED POWER ADJUSTMENT MECHANISM (“PPAM”)

Pass Thru Calculation Steps:

- 1) Total Electric Purchased Power Increase = $\$92,825 - \$88,400 = \$4,425$
- 2) Monthly PPAM Surcharge/ERU = $\$4,425 / 9,064 \text{ ERUs} / 12 \text{ months} = \$0.041$
- 3) Monthly PPAM Surcharge on Bill
 - a. Residential Customer = Monthly PPAM Surcharge/ERU x ERU Weighting
 $= \$0.041 \times 1$
 $= \$0.041 \text{ per connection}$
 - b. Residential Customer <700 square feet = Monthly PPAM Surcharge/ERU x ERU Weighting
 $= \$0.041 \times 0.231$
 $= \$0.009 \text{ per unit}$
 - c. Commercial Customer = Monthly PPAM Surcharge/ERU x Total Commercial ERUs x 12 months / Total Commercial Usage (gallons per day)
 $= \$0.041 \times 269 \times 12 / 72,579$
 $= \$0.002 \text{ per gallon per day}$

PART FIVE
PLAN OF ADMINISTRATION FOR
PURCHASED POWER ADJUSTMENT MECHANISM

I. GENERAL DESCRIPTION.

This document is the Plan of Administration (“POA”) for the Purchased Power Adjustment Mechanism (“PPAM”) for Liberty Utilities (Gold Canyon Sewer) Corp. The PPAM allows Liberty Gold Canyon to pass through to its customer the increase or decrease in purchased power costs for any Commission-regulated electric service provider supplying retail electric service to Liberty.

II. PPAM RELATED FILINGS.

A. Within 60 days of the effective date of a Commission Decision authorizing a rate change in the approved tariffs for any Commission-regulated electric service provider supplying retail electric service to the Company, the Company may file with Docket Control an analysis of the actual impact on the energy portion of the Company’s electric service costs.

B. The Company will provide the Commission with spreadsheets detailing exactly how the Company’s purchased power expenses were calculated in the time period prior to a change in the rate that the Company must pay for purchased power. These calculations will include basic service charges and rate and volume figures. That is, the company will break down its total purchased power bill into the amount due to fixed fees, volume of electricity used, and the rates paid per unit of electricity. For the period following the rate change, the Company will provide the same information, then compare the two periods, isolating any change in purchased power cost that is due exclusively to a rate change. The specific intent is to show exactly how much of any increase or decrease is due to changes in rates beyond the Company’s control and how much is due to a change in the amount of power that the Company consumes. The Company will only recover increases or refund decreases that are due to changes in rates.

C. All revised schedules filed with the Commission pursuant to the provisions of this PPAM will be accompanied by documentation prepared by the Company in a format approved by Utilities Division Staff of the Commission and will contain sufficient detail to enable the Commission to verify accuracy of the Company’s calculations.

D. The surcharges will not become effective until approved by the Commission.

E. Once a surcharge or credit has been approved, the Company shall provide notice (in a form acceptable to Staff) of the rate increases to customers with the bill where the rate increase first appears.

PART FIVE
PLAN OF ADMINISTRATION FOR
PURCHASED POWER ADJUSTMENT MECHANISM

III. APPLICATION TO SEWER CUSTOMERS.

- A.** The increase or decrease in purchased power costs that are due to changes in rates at the Company's sewer facilities will be allocated on a per capita basis.
- B.** The surcharge or credit will be calculated based on Equivalent Residential Units ("ERU").
- C.** Pass through calculation example:

PART FIVE
PLAN OF ADMINISTRATION FOR
PURCHASED POWER ADJUSTMENT MECHANISM

	(a)	(b)	(c) = (a) x (b)
Class	Connections	ERU Rating	Number of ERUs
Residential	8,438	1	8,438
Residential < 700 SF	1,546	0.231	357
	Total Usage	Gallons/Day	Number of ERUs
Commercial	72,579	270	269
Total			9,064

Test Year Data	
a) kWh	1,250,000
b) Purchased Power Expense	\$88,400
c) Purchased Power Rate	\$0.07072
PPAM Surcharge Calculation	
d) New Purchased Power Rate	\$0.07426
e) New Purchased Power Expense (d x a)	\$92,825
f) Total Purchased Power Expense Increase / (Decrease) (e – b)	\$4,425
g) Monthly PPAM Surcharge/ERU (f / total ERUs / 12)	\$0.041
Monthly PPAM Surcharge per Class	
Residential (per Connection) = g x ERU Rating	\$0.041
Residential < 700 SF (per unit) = g x ERU Rating	\$0.009
Commercial (per Gallon per Day) = g x Number of ERUs x 12 / Total Usage	\$0.002

Issued: [Date]

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ISSUED BY:
Moses Thompson, President
Liberty Utilities (Gold Canyon Sewer) Corp.
14920 W. Camelback, Rd.
Litchfield Park, AZ 85340
Decision No. xxxxx

PART SIX

**PROPERTY TAX
ADJUSTER MECHANISM**

Issued: [Date]

Effective: [Date]

ISSUED BY:
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Decision No. xxxxx

PART SIX
PROPERTY TAX ADJUSTMENT MECHANISM ("PTAM")

The PTAM allows the Company to pass through to its customers the increases or decreases in property tax expenses that result from changes to the assessment ratio or property tax rate. Pass through costs will be divided equally between residential and non-residential customer classes to collect the total increase over a 12-month period. Details can be found in the Company's Property Tax Adjustment Mechanism Plan of Administration.

Applicability Applicable to all customers served by this service area.

Terms and Conditions

The Company will annually file with the Commission by March 1 the proposed annual PTAM surcharge for the current calendar year. The filing shall detail how the Company's property tax expenses were calculated by parcel by year. These calculations will include full cash value, assessment ratio, and tax rates by parcel. All documentation to support the proposed surcharge will be included. As part of each annual filing, the Company will perform a reconciliation for the prior reporting period comparing the amounts recovered from/refunded to customers to the amount of increase/decrease in property tax expenses due to changes in rates for that same period resulting in either an under / (over) recovery. This true-up will be included in the annual calculation. The revised PTAM surcharge will be effective on June 1 of each year. The PTAM surcharge will appear on each applicable customer bill as a separate line item. All rates in this Schedule shall be subject to their proportionate part of any taxes or other governmental imposts that are assessed directly or indirectly on the basis of revenues derived from this Schedule.

PART SIX
PLAN OF ADMINISTRATION FOR
PROPERTY TAX ADJUSTMENT MECHANISM

I. GENERAL DESCRIPTION.

This document is the Plan of Administration (“POA”) for the Property Tax Adjustment Mechanism (“PTAM”) for Liberty Utilities (Gold Canyon Sewer) Corp. (“Liberty Gold Canyon” or “Company”) approved by the Arizona Corporation Commission (“Commission”) in Decision No. _____ on _____. The PTAM allows Liberty Gold Canyon to pass through to its customers the increase or decrease in property taxes that results from a change in the applicable assessment ratio and/or property tax rates.

II. PTAM RELATED FILINGS.

A. Within 60 days of the effective date of a change in the assessment ratio and/or property tax rates applicable to the Company, the Company shall file with Docket Control an analysis of the actual impact on the Company’s property tax expenses.

B. The Company will provide the Commission with spreadsheets detailing exactly how the Company’s property tax expenses were calculated in the time period prior to a change in the assessment ratio and/or property tax rate that affects the Company’s property tax expenses. These calculations will include the assessment ratio, the property tax rates, and the value of the property that was taxed. For the period following the change(s), the Company will provide the same information, then compare the two periods, isolating any change in property tax expense that is due exclusively to changes in the assessment ratio and/or property tax rates. The specific intent is to show exactly how much of any increase or decrease in property tax expense is due to changes in the assessment ratio and tax rates beyond the Company’s control and how much is due to changes in the value of the property the Company owns. The Company will only recover increases or refund decreases that are due to changes in the assessment ratio and tax rates.

C. All revised schedules filed with the Commission pursuant to the provisions of this PTAM will be accompanied by documentation prepared by the Company in a format approved by Utilities Division Staff of the Commission and will contain sufficient detail to enable the Commission to verify accuracy of the Company’s calculations.

D. The surcharges will not become effective until approved by the Commission.

E. The Company will file annually with the Commission a report detailing the Company’s property tax expenses.

F. The Company shall provide notice (in a form acceptable to Staff) of the rate increases to customers with the bill where the rate increase first appears.

PART SIX
PLAN OF ADMINISTRATION FOR
PROPERTY TAX ADJUSTMENT MECHANISM

III. APPLICATION TO SEWER CUSTOMERS.

A. The increase or decrease in property tax expenses that are due to changes in the assessment ratio and/or property tax rates at the Company's sewer facilities will be allocated on a per capita basis.

B. See the examples on the next page:

PART SIX PLAN OF ADMINISTRATION FOR PROPERTY TAX ADJUSTMENT MECHANISM

Change in Assessment Ratio Example

Test Year					
Assessment Ratio		20.00%	➡	Current Year	
Property Full Cash Value		\$10,000,000		Assessment Ratio	21.00%
Assessed Valuation		\$2,000,000		Property Full Cash Value	\$10,000,000
				Assessed Valuation	\$2,100,000

Change in Assessed Valuation

Current Year Assessed Valuation	\$2,100,000
Test Year Assessed Valuation	\$2,000,000
Increase in Assessed Valuation Due to Increase in Assessment Ratio	\$100,000

Test Year					
Total Property Tax Rate		10.00%		Current Year	
Assessed Valuation		\$2,000,000		Total Property Tax Rate	10.00%
Property Tax Expense		\$200,000		Assessed Valuation	\$2,100,000
				Property Tax Expense	\$210,000

PTAM Charge on Sample Customer Bill

Increase in Property Tax Expense Due to Increase in Assessment Ratio	\$10,000
Number of Sewer Customers	20,000
PTAM Charge on Sample Customer Bill	\$0.50

Change in Total Property Tax Rate Example

Test Year					
Total Property Tax Rate		10.00%	➡	Current Year	
Assessed Valuation		\$2,000,000		Total Property Tax Rate	11.00%
Property Tax Expense		\$200,000		Assessed Valuation	\$2,000,000
				Property Tax Expense	\$220,000

Pass Through Calculation

Current Year Property Tax Expense	\$220,000
Test Year Property Tax Expense	\$200,000
Increase in Property Tax Expense Due to Rate Increase	\$20,000

PTAM Charge on Sample Customer Bill

Increase in Property Tax Expense Due to Rate Increase	\$20,000
Number of Sewer Customers	20,000
PTAM Charge on Sample Customer Bill	\$1.00

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Moses Thompson, President
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Decision No. xxxxx

Applies to all service areas
PART SEVEN
PLAN OF ADMINISTRATION FOR
PURCHASED WASTEWATER TREATMENT ADJUSTOR MECHANISM

I. GENERAL DESCRIPTION.

This document is the Plan of Administration (“POA”) for the Purchased Wastewater Treatment Adjustment Mechanism (“PWTAM”) for Liberty Utilities (Black Mountain Sewer) Corp. (“Company” or “Liberty Black Mountain”). Liberty Black Mountain provides wastewater collection and conveyance service to its customers. Wastewater collected through Liberty Black Mountain’s system is delivered to the City of Scottsdale’s wastewater treatment plant for treatment and disposal. The PWTAM allows Liberty Black Mountain to pass through to its customers the increase or decrease in purchased wastewater treatment costs that result from a rate change by the City of Scottsdale for wastewater treatment service provided to the Company.

The PWTAM is intended to recover increases, or refund decreases, in purchased wastewater treatment costs that are outside of the Company’s control and not otherwise reflected in base rates. The PWTAM shall recover or refund only changes in purchased wastewater treatment costs caused by changes in rates charged by the City of Scottsdale and shall not recover changes in cost caused by changes in wastewater volume, customer usage, other operating costs, capital costs, return, income taxes, or costs otherwise recovered through base rates or another Commission-approved adjustment mechanism.

II. PWTAM RELATED FILINGS.

A. Within 60 days of the effective date of a rate change by the City of Scottsdale applicable to wastewater treatment service provided to the Company, the Company shall file with Docket Control an analysis of the actual impact on the Company’s purchased wastewater treatment costs.

B. The Company will provide the Commission with spreadsheets detailing exactly how the Company’s purchased wastewater treatment expenses were calculated in the time period prior to a change in the rate that the Company must pay for purchased wastewater treatment service. These calculations will include applicable fixed charges, volume-based charges, capacity charges, billing determinants, and rate and volume figures. That is, the Company will break down its total purchased wastewater treatment bill into the amount due to fixed fees, the volume of wastewater delivered for treatment, and the rates paid per unit of wastewater treatment service. For the period following the rate change, the Company will provide the same information, then compare the two periods, isolating any change in purchased wastewater treatment cost that is due exclusively to a rate change. The specific intent is to show exactly how much of any increase or decrease is due to changes in rates beyond the Company’s control and how much is due to a change in the amount of wastewater delivered to the City of Scottsdale for treatment. The Company will only recover increases or refund decreases that are due to changes in rates.

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Decision No. xxxxx

PART SEVEN
PLAN OF ADMINISTRATION FOR
PURCHASED WASTEWATER TREATMENT ADJUSTOR MECHANISM

C. All revised schedules filed with the Commission pursuant to the provisions of this PWTAM will be accompanied by documentation prepared by the Company in a format approved by Utilities Division Staff of the Commission and will contain sufficient detail to enable the Commission to verify the accuracy of the Company's calculations.

D. Upon confirmation by Utilities Division Staff of the correct PWTAM surcharge or credit, Liberty Black Mountain will file with Docket Control, as a compliance item, a tariff showing the surcharge or credit and the effective date of implementation.

E. The surcharges or credits will not become effective until approved by the Commission.

F. The Company will file annually with the Commission a report detailing the Company's purchased wastewater treatment costs and any operational or flow-management measures employed by the Company to manage purchased wastewater treatment costs.

G. The Company shall provide notice, in a form acceptable to Staff, of any approved PWTAM surcharge or credit to customers with the bill where the surcharge or credit first appears.

III. APPLICATION TO WASTEWATER CUSTOMERS.

A. The increase or decrease in purchased wastewater treatment costs that are due to changes in rates charged by the City of Scottsdale will be allocated to Liberty Black Mountain wastewater customers on a per customer basis, unless otherwise approved by the Commission.

B. The PWTAM shall apply to all customers in the Liberty Black Mountain wastewater service area.

C. The PWTAM may be either a surcharge or a credit. If the City of Scottsdale increases its applicable wastewater treatment rates or charges above the level embedded in the Company's base rates, the difference may be recovered through the PWTAM. If the City of Scottsdale decreases its applicable wastewater treatment rates or charges below the level embedded in the Company's base rates, the difference shall be returned to customers through the PWTAM.

PART SEVEN
PLAN OF ADMINISTRATION FOR
PURCHASED WASTEWATER TREATMENT ADJUSTOR MECHANISM

D. The PWTAM shall recover or refund only changes in purchased wastewater treatment costs caused by changes in rates charged by the City of Scottsdale. The PWTAM shall not include changes in cost resulting from changes in wastewater volume, changes in customer usage, other operating costs, capital costs, return, income taxes, or costs otherwise recovered through base rates or another Commission-approved adjustment mechanism.

E. The PWTAM surcharge or credit shall appear separately on customers' wastewater bills.

IV. CALCULATION OF PWTAM SURCHARGE OR CREDIT.

A. The PWTAM surcharge or credit shall be calculated by comparing the purchased wastewater treatment costs under the City of Scottsdale rates embedded in Liberty Black Mountain's base rates to the purchased wastewater treatment costs under the City of Scottsdale's new rates.

B. The Company shall calculate the difference between the City of Scottsdale's new rate and the City of Scottsdale's base rate for each applicable rate component, including fixed charges, volume-based charges, capacity charges, or any other wastewater treatment charge directly applicable to Liberty Black Mountain.

C. The calculated increase or decrease in purchased wastewater treatment costs shall be divided by the applicable number of Liberty Black Mountain wastewater customers, or by another allocation method approved by the Commission, to determine the customer surcharge or credit.

D. The Company shall maintain all supporting documentation for each PWTAM filing, including the City of Scottsdale's notice of rate change, City of Scottsdale rate schedules, Liberty Black Mountain purchased wastewater treatment invoices, billing determinants, customer counts, and all calculations used to determine the surcharge or credit.

Applies to all **WASTEWATER** service areas
PART EIGHT
INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

SECTION 1 – PRETREATMENT PROGRAM

1.0 INTRODUCTION

To control the discharge of pollutants to the Nation's waters, the Clean Water Act (CWA) requires the Environmental Protection Agency (EPA) to promulgate regulations related to discharges. Discharges from non-domestic dischargers can impact the operations of Water Reclamation Facilities (WRFs) and Publicly Owned Treatment Works (POTWs) as the pollutants can pass through or interfere with the operations of the plants, threaten worker's health and safety, or contaminate sludges. The WRFs and POTWs are designed to treat domestic sewage. The non-domestic discharges are regulated by the National Pretreatment Program. Industrial and commercial dischargers (known as IUs) are required to obtain permits, or other control mechanisms to discharge wastewater to the POTW/WRF under the National Pretreatment Program. EPA promulgated the General Pretreatment Regulations (Title 40 Code of Federal Regulations (CFR) Section 403), which defines the National Pretreatment Program. The Arizona Administrative Code (AAC R18-9-A905(A)(8)(b)) incorporates the General Pretreatment Program/Regulations.

Liberty Utilities (Gold Canyon Sewer) Corp. (hereinafter referred to as Liberty Utilities) operates the Gold Canyon Water Reclamation Facility (GCWRFGCWRF) located at US Highway 60 and Superstition Drive and the Entrada Del Oro Water Reclamation Facility (EDOEDOWRF) located at US Highway 60 and Entrada Del Oro Road. GCWRF can treat up to 1.9 million gallons per day (MGD) of wastewater and the EDOWRF can treat up to 300 thousand gallons per day, collectively "Facilities." The Facilities are owned and operated by Liberty Utilities and serve the Gold Canyon and EDO communities. Liberty Utilities can regulate discharges from IUs for potential contaminants of concern to minimize impact on its POTW/WRF under Liberty Utilities' Industrial Pretreatment Program Tariff.

The discharge of toxic and other harmful pollutants from IUs can be effectively controlled through a local pretreatment program that is based on these regulations, structured to address specific local concerns, and enforced through Liberty Utilities Industrial Pretreatment Program and Tariff.

Applies to all **WASTEWATER** service areas
PART EIGHT
INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

The objective of a Pretreatment Program (the General Pretreatment Regulations of the Clean Water Act (40 CFR, Part 403)) is to:

- to promote consistent application of pretreatment requirements among customers and to maintain the integrity of Liberty Utilities - GCWRF and EDOWRF so that the continuity of safe and reliable service to all customers and the protection of the environment are preserved.
- to prevent the introduction of pollutants into the POTW/WRF that will interfere with its operation.
- to prevent the introduction of inadequately treated pollutants into the collection systems that will pass through the POTW/WRF into the receiving waters, the atmosphere, and landfills, or otherwise be incompatible with the POTW/WRF.
- to protect both POTW/WRF personnel who may be affected by wastewater and sludge in the course of their employment and the general public.
- to promote reuse and recycling of industrial wastewater and sludge from the POTW/WRF.
- to provide fees for the apportionment of the costs of operation, maintenance, and improvement of the POTW/WRF.
- to enable Liberty Utilities to comply with its APP/AZPDES conditions, sludge use and disposal requirements, and any other Federal or State laws to which the POTW/WRF is subject.

The Pretreatment Program and tariff document (collectively, Tariff) shall apply to all IUs Liberty Utilities receiving service from Liberty Utilities. The Pretreatment Program sets forth uniform requirements for industrial discharges into the WRFs, and also establishes a separate industrial discharge permit requirement IUs. The Pretreatment Program includes the issuance of individual wastewater discharge permits; provides monitoring, compliance, and enforcement activities; establishes administrative review procedures; requires IUs reporting; and provides for the setting of fees for the apportionment of costs resulting from the program established herein.

Applies to all **WASTEWATER** service areas
PART EIGHT
INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

1.1 ADMINISTRATION

Except as otherwise provided herein, Liberty Utilities shall administer, implement, and enforce the provisions of this Pretreatment Program. Any powers granted to, or duties imposed upon, Liberty Utilities may be delegated by Liberty Utilities to a duly authorized employee of Liberty Utilities.

1.2 ABBREVIATIONS

The following abbreviations, when used in this document shall have the designated meanings:

AAC	Arizona Administrative Code
ADEQ	Arizona Department of Environmental Quality
APP	Aquifer Protection Permit
ARS	Arizona Revised Statute
AZPDES	Arizona Pollutant Discharge Elimination System
BOD	Biochemical Oxygen Demand (mg/l, typically 5-day equivalent)
BMP	Best Management Practice
BMR	Baseline Monitoring Report
CFR	Code of Federal Regulations
CIU	Categorical Industrial User
COD	Chemical Oxygen Demand (mg/l)
COP	Code of Practice
DMA	Designated Management Agencies
DPA	Designated Planning Agency
EPA	U.S. Environmental Protection Agency
GPD	Gallons per day
IU	Industrial User
O&M	Operation and Maintenance
mg/L	milligrams per liter
MGD	Million Gallons per Day
NPDES	National Pollutant Discharge Elimination System
POTW	Publicly Owned Treatment Works
RCRA	Resource Conservation and Recovery Act
SIU	Significant Industrial User
SNC	Significant Noncompliance
TSS	Total Suspended Solids (mg/l)
TRC	Technical Review Criteria
U.S.C.	United States Code
WMU	Wastewater Management Utilities
WRF	Water Reclamation Facility
U.S.C.	United States Code

Applies to all **WASTEWATER** service areas
PART EIGHT
INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

1.3 APPLICABILITY

These Pretreatment Standards and Program requirements apply to any devices and systems used in the storage, treatment, recycling and reclamation of municipal sewage or industrial wastes of a liquid nature. It also includes sewers, pipes, and other conveyances of wastewater to the Facilities.

The Pretreatment Program is applicable as follows:

- A. IUs or users subject to the National Categorical Pretreatment Standards. Any IU, as defined herein, or user subject to the National Categorical Pretreatment Standards (40 CFR Chapter I, Subchapter N - Effluent Guidelines and Standards) shall meet the Pretreatment Standards and the requirements of the Pretreatment Program including applicable categorical standards.
- B. All Non-Residential Dischargers. Any Non-Residential Discharger irrespective of their designation as an IU, shall meet the Pretreatment Standards as described herein for:
 - (1) Specific Limitations (Section 3.0).
 - (2) Local Regulatory Limits based on concentrations and daily flow.
 - (a) Prohibited Waste (Section 3.1)
 - (b) Restricted Waste (Section 3.2)
- C. This application extends to Non-Residential Dischargers, IUs, users subject to the National Categorical Pretreatment Standards and Residential Dischargers who operate practices, or systems from a residence, that changes the constituent nature of the wastewater produced by the customer.
- D. This application extends to PART EIGHT of the Tariff 'Code of Practice'.

1.4 DEFINITIONS

- A. Act or (the Act.) The Federal Water Pollution Control Act, also known as the Clean Water Act, as amended, 33 U.S.C. section 1251 et seq.
- B. Approval Authority. Arizona Department of Environmental Quality, Arizona. *See* Arizona Administrative Code R18-9-A905(A)(8).

Applies to all **WASTEWATER** service areas
PART EIGHT
INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

C. Authorized or Duly Authorized Representative of the IU.

(1) If the IU is a corporation:

- (a) The president, secretary, treasurer, or a vice president of the corporation in charge of a principal business function, or any other person who performs similar policy or decision-making functions for the corporation.
- (b) The manager of one or more manufacturing, production, or operating facilities, provided the manager is (i) authorized to make management decisions that govern the operation of the regulated facility including having the explicit or implicit duty of making major capital investment recommendations, and initiate and direct other comprehensive measures to assure long term environmental compliance with environmental laws and regulations; (ii) can ensure that the necessary systems are established or actions taken to gather complete and accurate information for individual wastewater discharge permit requirements; and (iii) where authority to sign documents has been assigned or delegated to the manager in accordance with corporate procedures.

(2) If the IU is a partnership or sole proprietorship: a general partner or proprietor, respectively.

(3) If the IU is a Federal, State, or local governmental facility: a director or highest official appointed or designated to oversee the operation and performance of the activities of the government facility, or their designee.

(4) The individuals described in paragraphs 1 through 3, above, may designate a Duly Authorized Representative if the authorization is in writing, the authorization specifies the individual or position responsible for the overall operation of the facility from which the discharge originates or having overall responsibility for environmental matters for the company, and the written authorization is submitted to Liberty Utilities.

D. Biochemical Oxygen Demand or BOD. The quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedures for five (5) days at 20 degrees centigrade, usually expressed as a concentration (e.g., mg/l).

E. Best Management Practices (or BMPs). Schedules of activities, prohibitions of practices, maintenance procedures, and other management practices to implement the prohibitions listed in 40 CFR 403.5(a)(1) and (b) and/or the Arizona Administrative Code (AAC) R18-9-A905(A)(8)(b). BMPs include treatment requirements, operating procedures, and practices to control plant site runoff, spillage or leaks, sludge or waste disposal, or drainage from raw materials storage.

Applies to all **WASTEWATER** service areas
PART EIGHT
INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

- F. Categorical Pretreatment Standard or Categorical Standard. Any regulation containing pollutant discharge limits promulgated by EPA in accordance with sections 307(b) and (c) of the Act (33 U.S.C. section 1317) that apply to a specific category of IUs and that appear in 40 CFR Chapter I, Subchapter N, Parts 405-471c.
- G. Categorical Industrial User or (CIU). An IU subject to a categorical Pretreatment Standard or Categorical Standard.
- H. Liberty Utilities Manager. A duly authorized representative of Liberty Utilities.
- I. Liberty Utilities Organizational Structure. Liberty Utilities, through a duly authorized representative, Liberty Utilities shall administer this Pretreatment Program and Tariff.
- J. Chemical Oxygen Demand or (COD). A measure of the oxygen (as chemical) required to chemically oxidize all compounds, both organic and inorganic, in water.
- K. Control Authority. Liberty Utilities (Liberty Utilities).
- L. Daily Maximum. The arithmetic average of all effluent samples for a pollutant collected during a calendar day. Total mass is a product of concentrations and daily total flow.
- M. Daily Maximum Limit. The maximum allowable discharge limit of a pollutant during a calendar day. Where Daily Maximum Limits are expressed in units of mass, the daily discharge is the total mass discharged over the course of the day. Where Daily Maximum Limits are expressed in terms of a concentration, the daily discharge is the arithmetic average measurement of the pollutant concentration derived from all measurements taken that day.
- N. Environmental Protection Agency or EPA. The U.S. Environmental Protection Agency or, where appropriate, the Regional Water Management Division Director, the Regional Administrator, or other duly authorized official of said agency.
- O. Existing Source. Any source of discharge that is not a "New Source."
- P. Grab Sample. A sample that is taken from a waste stream without regard to the flow in the waste stream and over a period not to exceed fifteen (15) minutes.
- Q. Industrial User (IU). A customer who generates a source of Indirect Discharge (40 CFR § 403.3).

Applies to all **WASTEWATER** service areas
PART EIGHT
INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

- R. Indirect Discharge or Discharge. The introduction of pollutants into the POTW/WRF from any nondomestic source.
- S. Instantaneous Limit. The maximum concentration of a pollutant allowed to be discharged at any time, determined from the analysis of any discrete or composited sample collected independent of the industrial flow rate and the duration of the sampling event.
- T. Interference. A discharge that, alone or in conjunction with a discharge or discharges from other sources, inhibits or disrupts the POTW/WRF, its treatment processes or operations or its sludge processes, use or disposal; and therefore, is a cause of a violation of Liberty Utilities' APP/AZPDES permit or of the prevention of sewage sludge use or disposal in compliance with any of the following statutory/regulatory provisions or permits issued thereunder, or any more stringent State or local regulations: Section 405 of the Clean Water Act; the Solid Waste Disposal Act, including Title II commonly referred to as the Resource Conservation and Recovery Act (RCRA); any State regulations contained in any State sludge management plan prepared pursuant to Subtitle D of the Solid Waste Disposal Act; the Clean Air Act; the Toxic Substances Control Act; and the Marine Protection, Research, and Sanctuaries Act.
- U. Local Regulatory Limit. Specific discharge limits developed and enforced by Liberty Utilities upon industrial, or commercial facilities, to implement the general and specific discharge prohibitions listed in 40 CFR 403.5(a)(1) and (b).
- V. Medical Waste. Isolation wastes, infectious agents, human blood and blood products, pathological wastes, sharps, body parts, contaminated bedding, surgical wastes, potentially contaminated laboratory wastes, and dialysis wastes.
- W. Monthly Average. The sum of all "daily discharges" measured during a calendar month divided by the number of "daily discharges" measured during that month.
- X. Monthly Average Limit. The highest allowable of "daily maximum discharges" over a calendar month, calculated as the sum of all "daily discharges" measured during a calendar month divided by the number of "daily discharges" measured during that month.

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Y. New Source

- (1) Any building, structure, facility, or installation from which there is (or may be) a discharge of pollutants, the construction of which commenced after the publication of proposed Pretreatment Standards under section 307(c) of the Act that will be applicable to such source if such Standards are thereafter promulgated in accordance with that section, provided that:
 - (a) The building, structure, facility, or installation is constructed at a site at which no other source is located; or
 - (b) The building, structure, facility, or installation totally replaces the process or production equipment that causes the discharge of pollutants at an Existing Source; or
 - (c) The production or wastewater generating processes of the building, structure, facility, or installation are substantially independent of an Existing Source at the same site. In determining whether these are substantially independent, factors such as the extent to which the new facility is integrated with the existing plant, and the extent to which the new facility is engaged in the same general type of activity as the Existing Source, should be considered.
- (2) Construction on a site at which an Existing Source is located and results in a modification rather than a New Source if the construction does not create a new building, structure, facility, or installation meeting the criteria of Section (1)(b) or (c) above but otherwise alters, replaces, or adds to existing process or production equipment.
- (3) Construction of a New Source as defined under this paragraph has commenced if the owner or operator has:
 - (a) Begun, or caused to begin, as part of a continuous onsite construction program:
 - i. any placement, assembly, or installation of facilities or equipment; or
 - ii. significant site preparation work including clearing, excavation, or removal of existing buildings, structures, or facilities which is necessary for the placement, assembly, or installation of new source facilities or equipment.
 - (b) Entered a binding contractual obligation for the purchase of facilities or equipment which are intended to be used in its operation within a reasonable time. Options to purchase or contracts which can be terminated or modified without substantial loss, and contracts for feasibility, engineering, and design studies do not constitute a contractual obligation under this paragraph.

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- AA. Noncontact Cooling Water. Water used for cooling that does not come into direct contact with any raw material, intermediate product, waste product, or finished product.
- BA. Non-Residential Discharger. A customer discharging into Liberty Utilities that is engaged in any activity that changes the constituent nature of the wastewater from typical household wastewater.
- CA. Pass Through. A discharge which exits the POTW/WRF into waters of the United States in quantities or concentrations which, alone or in conjunction with a discharge or discharges from other sources, is a cause of a violation of any requirement of Liberty Utilities' APP/AZPDES permit, including an increase in the magnitude or duration of a violation.
- DA. Person. Any individual, partnership, corporation, firm, company, corporation, association, joint stock company, trust, estate, governmental entity, or any other legal entity; or their legal representatives, agents, or assigns. This definition includes all Federal, State, and local governmental entities.
- EA. pH. A measure of the acidity, or alkalinity, of a solution, expressed in standard units.
- FA. Pollutant. Dredged spoil, solid waste, incinerator residue, filter backwash, sewage, garbage, sewage sludge, munitions, medical waste, chemical wastes, biological materials, radioactive materials, heat, wrecked or discarded equipment, rock, sand, cellar dirt, municipal, agricultural and industrial wastes, and certain characteristics of wastewater (e.g., pH, temperature, TSS, turbidity, color, BOD, COD, toxicity, or odor).
- GA. Pretreatment. The reduction of the amount of pollutants, the elimination of pollutants, or the alteration of the nature of pollutant properties in wastewater prior to, or in lieu of, introducing such pollutants into the POTW/WRF. This reduction or alteration can be obtained by physical, chemical, or biological processes; by process changes; or by other means, except by diluting the concentration of the pollutants unless allowed by an applicable Pretreatment Standard.
- HA. Pretreatment Requirements. Any substantive, or procedural requirement, related to pretreatment imposed on an IU, other than a Pretreatment Standard.
- IA. Pretreatment Standards or Pretreatment Requirements. Prohibited discharge standards, categorical Pretreatment Standards, and Local Regulatory Limits.
- JA. Prohibited Discharge Standards or Prohibited Discharges. Absolute prohibitions against the discharge of certain substances. These prohibitions appear in Sections 3 and 3.1 of this Pretreatment Program.

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- KA. Publicly Owned Treatment Works (POTW). A treatment works, as defined by section 212 of the Act (33 U.S.C. section 1292), which is owned by a state or municipality (as defined by Section 502(4) of the Clean Water Act). This definition includes any devices and systems used in the storage, treatment, recycling and reclamation of municipal sewage or industrial wastes of a liquid nature. It also includes sewers, pipes, and other conveyances only if they convey wastewater to a POTW. The term also means the municipality as defined in Section 502(4) of the Clean Water Act, which has jurisdiction over the Indirect Discharges to and the discharges from such a wastewater treatment plant.
- LA. Septic Tank Waste. Any sewage from holding tanks such as vessels, chemical toilets, campers, trailers, and septic tanks
- MA. Sewage. Human excrement and gray water (household showers, dishwashing operations, etc.).
- NA. Significant Industrial User (SIU).
- (1) An IU subject to categorical Pretreatment Standards
 - (2) An IU that:
 - (a) Discharges an average of twenty-five thousand (25,000) gpd, or more of process wastewater, to the POTW/WRF (excluding sanitary, noncontact cooling and boiler blowdown wastewater);
 - (b) Contributes a process waste stream which makes up five (5) percent or more of the average dry weather hydraulic, or organic (BOD, ammonia, and/or total nitrogen) capacity of the POTW/WRF; or
 - (c) Is designated as such by Liberty Utilities on the basis that it has a reasonable potential for adversely affecting the POTW's/WRF's operations, or for violating any Pretreatment Standard, or Requirement.
 - (3) Liberty Utilities may determine that an IU is subject to categorical Pretreatment Standards, hereinafter referred to as a Non-Significant Categorical IU, rather than a SIU on a finding that the IU never discharges more than 100 gallons per day (gpd) of total categorical wastewater (excluding sanitary, non-contact cooling and boiler blowdown wastewater, unless specifically included in the Pretreatment Standard) and the following conditions are met:
 - (a) The IU, prior to Liberty Utilities' finding, has consistently complied with all applicable categorical Pretreatment Standards and Requirements.

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- (b) The IU annually submits the certification statement required in Section 7.7.14, together with any additional information necessary to support the certification statement.
- (c) The IU never discharges any untreated concentrated wastewater.
- (4) Upon a finding that an IU meeting the criteria in Subsection (2) of this part has no reasonable potential for adversely affecting the POTW's/WRF's operation or for violating any Pretreatment Standard or Requirement, Liberty Utilities may at any time, on its own initiative or in response to a petition received from an IU, and in accordance with procedures in 40 CFR 403.8(f)(6), determine that such IU should not be considered a SIU.
- OA. Slug Load or Slug Discharge. Any discharge at a flow rate or concentration could cause a violation of the prohibited discharge standards in Section 3 of the Pretreatment Program. A Slug Discharge is any Discharge of a non-routine, episodic nature, including but not limited to an accidental spill or a non-customary batch Discharge, which has a reasonable potential to cause Interference or Pass Through, or in any other way violate the POTW's/WRF's regulations, Local Limits or Permit conditions.
- PA. Storm Water: Any flow occurring during, or following any form of natural precipitation, and resulting from such precipitation, including snowmelt.
- QA. Total Suspended Solids or Suspended Solids. The total suspended matter that floats on the surface of, or is suspended in, water, wastewater, or other liquid, and that is removable by laboratory filtering.
- RA. User or Industrial User. A source of indirect discharge.
- SA. Wastewater. Liquid and water-carried industrial wastes and sewage from residential dwellings, commercial buildings, industrial and manufacturing facilities, and institutions, whether treated or untreated, which are contributed to the POTWWRF.
- TA. Wastewater Treatment Plant or Treatment Plant. That portion of the POTW/WRF which is designed to provide treatment of municipal sewage and industrial waste.
- UA. Water Reclamation Facility (WRF). A treatment works, as defined by section 212 of the Act (33 U.S.C. section 1292), which is owned by Liberty Utilities. This definition includes any devices or systems used in the collection, storage, treatment, recycling, and reclamation of sewage, or industrial wastes, of a liquid nature and any conveyances, which convey wastewater to a treatment plant.

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SECTION 2 - AUTHORITY

Pretreatment Requirements apply to POTWs/WRFs

Regulations under the Federal Water Pollution Control Act (also known as the Clean Water Act), require POTWs/WRFs to develop a pretreatment program for any POTW/WRF (or combination of POTWs operated by the same authority) with a total design flow greater than 5 million gallons per day (MGD) within a single collection system and receive wastewater from Industrial Users pollutants which Pass Through or may Interfere with the operation of the WRF, or are otherwise subject to Pretreatment Standards. A POTW/WRF with a design flow of 5 million gallons per day or less may also be required to develop a pretreatment program if required by the applicable regulatory authority based on the nature or volume of industrial influent, treatment process impacts, permit compliance concerns, sludge contamination, or other circumstances.

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Pretreatment Requirements apply to Non-Domestic Sources of Wastewater

Under 40 CFR 403.1(b), pretreatment requirements apply to:

- (1) Pollutants from non-domestic sources covered by Pretreatment Standards which are indirectly discharged into or transported by truck or rail or otherwise introduced into POTW/WRF as defined in 40 CFR § 403.3.
- (2) POTW/WRF which receives wastewater from sources subject to National Pretreatment Standards.
- (3) States which have or are applying for National Pollutant Discharge Elimination System (NPDES) programs approved in accordance with section 402 of the Act.
- (4) Any new or existing source subject to Pretreatment Standards. National Pretreatment Standards do not apply to sources which Discharge to a sewer which is not connected to a POTW/WRF.

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In Arizona, the requirements of the federal pretreatment standards have been incorporated by reference as AAC R18-9-A905(A)(8)(b).

The Pretreatment Standards and Pretreatment Program are Approved ACC Tariffs

Liberty Utilities - Pretreatment Standards and the Pretreatment Program have been adopted in the Corporation's Terms and Conditions of Service and are approved Tariffs.

SECTION 3 - PRETREATMENT STANDARDS

Liberty Utilities enforces pretreatment standards by limiting the discharges as described below and will review pretreatment prior to approval of any industrial non-domestic discharge into its wastewater systems.

- A. **General Prohibitions.** No IU or non-residential discharger shall introduce or cause to be introduced into the POTW/WRF any pollutant or wastewater which causes Pass Through or Interference. These general prohibitions apply to all IUs and non-residential dischargers of the POTW/WRF whether or not they are subject to categorical Pretreatment Standards or any other National, State, or local Pretreatment Standards or Requirement.

In addition to those pollutants classified as Prohibited Waste (Section 3.1), the following are prohibited from discharge into the Liberty Utilities POTW/WRF:

- (1) Discharge of any substances which will inhibit the operation or performance of the Liberty Utilities - GCWRF and EDOWRF or pass through the system and cause Liberty Utilities - GCWRF and EDOWRF to violate any requirements of any operating or discharge permit issued by the county, state or federal government, or any WMU discharge permit limits.
- (2) Discharge of any substance which may cause the Liberty Utilities - GCWRF and EDOWRF reclaimed water or treatment residues, biosolids or scum to be unsuitable for reclamation, reuse, or disposal or which may interfere with such reclamation, reuse, or disposal processes.
- (3) Discharge of any wastewater which causes the Liberty Utilities - GCWRF and EDOWRF effluent to exhibit toxicity to test organisms in a standard biological toxicity test as defined by local, state, or federal requirements, or which the Company determines would be toxic to or impede the treatment capabilities of the biological processes in the Liberty Utilities GCWRF and EDOWRF

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- (4) Discharge of any substance which may cause the Liberty Utilities - GCWRF and EDOWRF to be in a noncompliance with biosolids use or disposal criteria, guidelines or regulations developed under Section 405 of the Clean Water Act, any criteria, guidelines or regulations affecting biosolids uses or disposal developed pursuant to the Solid Waste Disposal Act, the Clean Air Act, the Toxic Substances Control Act or state or local standards applicable to the biosolids management method adopted by Liberty Utilities and/or local and state authorities.
- (5) Discharge of any wastewater containing hazardous substances, toxic, conventional, or non-conventional pollutants in sufficient quantity, either singly or by interaction, which could injure or interfere with any wastewater treatment process, constitutes a health or safety hazard to humans or animals, or exceed the limitations set forth in the Local Regulatory Limits (Section 3.4) or the categorical pretreatment standards appropriate for the specific industrial user is prohibited. Hazardous substances, toxic, conventional or non-conventional pollutants will include, but not be limited to, any pollutant identified in 40 CFR Part 122, Appendix D - Tables II, III, IV, and V (AZPDES Permit Limits that are applicable), or substances alone or in combination with other constituents that are determined to be toxic by the toxicity test as defined in 40 CFR Part 136 for wastewater or the toxicity characteristic leaching procedure test as defined in 40 CFR Part 261 for biosolids.

B. Local Regulatory Limits

No industrial user of the Liberty Utilities - GCWRF and EDOWRF shall discharge wastes or wastewaters included in this Section and having concentrations of pollutants higher than those listed in this Section.

The Local Regulatory Limits apply at the point where the wastewater is discharged to the POTW/WRF.

All concentrations for metallic substances are for total metal unless indicated otherwise. Liberty Utilities may impose mass limitations in addition to the concentration-based limitations herein.

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3.1 PROHIBITED WASTE

Prohibited Waste means material or waste streams that shall not be discharged to any of the collection systems operated by Liberty Utilities – GCWRF and EDOWRF.

This includes any waste, other than sanitary waste, which by itself or in combination with another substance either:

- (1) constitutes or may constitute a significant health or safety hazard to any person;
- (2) may interfere with any sewer or sewage treatment process;
- (3) may cause a discharge from a sewage facility to contravene any requirements of or under any ADEQ APP, AZPDES discharge permit, Reuse permit, direct or indirect potable water reuse, or any other act, or any other law or regulation governing the quality of the discharge, or may cause the discharge to result in a hazard to people, animals, property or vegetation; or
- (4) may cause biosolids to fail criteria for beneficial land application

Prohibited Wastes include:

Non-Sanitary Wastewater

Discharge of storm water, surface water, ground water, artesian well water, roof runoff, or subsurface drainage.

Air Contaminant Waste

Any waste other than sanitary waste which, by itself or in combination with another substance, is capable of creating, causing or introducing an air contaminant outside any sewer or sewage facility or is capable of creating, causing or introducing an air contaminant within any sewer or sewage facility which would prevent safe entry by authorized personnel.

Flammable or Explosive Waste or High Temperature Wastes

A high temperature waste is any waste which, by itself or in combination with another substance, will create heat in amounts which will interfere with the operation and maintenance of a sewer or sewage facility or with the treatment of waste in a sewage facility.

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Discharge of any waste streams with a closed cup flash point of less than 140 degrees Fahrenheit (60 degrees Celsius) using the test methods specified in federal regulations, 40 CFR § 261.21.

Wastewater having a temperature greater than 100 degrees F, or which will inhibit biological activity in the POTW/WRF resulting in interference.

In addition, any waste which, by itself or in combination with another substance, is capable of causing or contributing to an explosion or supporting combustion in any sewer or sewage facility including, but not limited to gasoline, naphtha, propane, diesel, fuel oil, kerosene or alcohol.

Discharge of any liquids, solids or gases that by reason of their nature or quantity are, or may be, sufficient either alone or by interaction to cause fire or explosion or be injurious in any other way to either:

- (1) the operation of the Liberty Utilities wastewater collection system or the Liberty Utilities – GCWRF and/or EDOWRF.
- (2) the integrity of the sewer system or cause a danger to the public health or safety.

Reactive Waste

Any waste which, by itself, or in combination with another substance, is capable of causing or contributing to an undesirable physical or chemical reaction when introduced to sanitary sewer systems, including endothermic reactions, exothermic reactions, precipitation, etc.

Odorous Waste

Discharge of any noxious or malodorous liquids, gases or solids which, either singly or by interaction, can create a public nuisance or hazard to life or are sufficient to prevent entry into the sewers without specialized hazardous material protective equipment or clothing for sewer maintenance or repair.

pH Waste

Any non-domestic waste which, at the point of discharge into a sewer, has a pH lower than 5.5 or higher than 9.0, as determined by either a grab or a composite sample.

Slug Loads

Discharge of any slug load as defined in Sections 1.4 of this Tariff, including oxygen demanding pollutants (BOD, etc.), released in a single extraordinary discharge episode of such volume or strength as to cause interference to Liberty Utilities – GCWRF or EDOWRF.

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Obstructive Waste

Discharge of any solid or viscous substances that will or may cause obstruction to the flow in a sewer or other interference with the operation of the wastewater system.

This includes any waste which, by itself or in combination with another substance, is capable of obstructing the flow of, or interfering with, the operation or performance of any sewer or sewage facility including, but not limited to: earth, sand, sweepings, gardening or agricultural waste, ash, chemicals, paint, metal, glass, sharps, rags, cloth, tar, asphalt, cement-based products, plastic, wood, waste portions of animals, fish or fowl, and solidified fat.

Corrosive Waste

Any waste with corrosive properties which, by itself or in combination with any other substance, may cause damage or hazard to any sewer or sewage facility or structure, interference with operations or which may prevent safe entry by authorized personnel.

Radioactive Waste

Discharge of any wastewater containing any radioactive wastes or isotopes of such half-life or concentration as to exceed limits established by the local, state or federal regulations.

Oily Waste

Discharge of any petroleum oil, non-biodegradable cutting oil or products of mineral oil origin that will cause Interference or Pass Through the Liberty Utilities – GCWRF or EDOWRF.

Biomedical Waste

Any of the following categories of biomedical waste: human or animal anatomical waste, animal waste, untreated microbiological waste, waste sharps and untreated human or animal blood and body fluids.

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Miscellaneous Prohibited Wastes

Any of the following wastes:

- a. Seawater
- b. Polychlorinated biphenyl compounds (PCBs)
- c. chlorinated phenols
- d. pesticides
- e. tetrachloroethylene
- f. 4,4' - DDE
- g. 4,4' -DDT
- h. Aldrin
- i. BHC-Alpha
- j. BHC-Gamma (Lindane)
- k. Heptachlor
- l. Heptachlor Epoxide
- m. Per- and polyfluoroalkyl substances – known as PFAS

Pollutants which result in the presence of toxic gases, vapors, or fumes within the WRF/POTW in a quantity that may cause acute worker health and safety problems.

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3.2 RESTRICTED WASTE

Restricted waste means waste that may be permitted to be discharged to collection systems operated by Liberty Utilities but have specific criteria which must be met prior to that discharge.

These include:

Non-Residential Wastewater

Condensate, non-contact cooling water and industrial or commercial wastewater unless specifically authorized by the Liberty Utilities in the Pretreatment Program.

Food Waste

Any non-domestic waste from cooking and handling of food that, at the point of discharge into a sewer, contains particles larger than 0.5 centimeters in any dimension.

Trucked or Hauled Waste

Discharge of any trucked or hauled pollutants, unless the hauler has first obtained written approval from Liberty Utilities in accordance with the Pretreatment Program (Section 4).

Detergent Waste

Discharge of detergents, surface active agents, or other substances which might cause excessive foaming in the POTW/WRF.

Sludges & Residue

Sludges, screenings, and other residues from the pretreatment of industrial wastes or from the cleaning of interceptors or sewer collection systems.

Dyes and Coloring Material

Discharge of any substance with objectionable color not removed in the treatment process, such as, but not limited to, dye wastes and vegetable tanning solutions, where the dye is used by Liberty Utilities, or one or more of its agents, as a tracer. Discharge of portable toilet contents utilizing dyes is strictly prohibited.

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Petroleum Oil

Nonbiodegradable cutting oil, or products of mineral oil origin, in amounts that will cause Interference or Pass Through.

Other Pollutants

Other pollutants which result in the presence of toxic gases, vapors, or fumes within the POTW in a quantity that may cause acute worker health and safety problems.

3.3 STATE PRETREATMENT STANDARDS

IUs must comply with AAC R18-9-A905(A)(8) – Effluent guidelines and standards.

3.4 LOCAL LIMITS

- A. Liberty Utilities is authorized to establish Local Limits pursuant to 40 CFR 403.5(c). Any waste which, at the point of discharge into a sewer, contains any contaminant at a concentration in excess of the limits set out Title 18, Chapter 4 of the Arizona Administrative Code. or as more specifically defined in the tables below. All concentrations are expressed as total concentrations which includes all forms of contaminants, whether dissolved or undissolved. The concentration limits apply to both grab and composite samples. Contaminant definitions and methods of analysis are outlined in standard methods.
- B. The following pollutant limits are established to protect against Pass Through and Interference. No person shall discharge wastewater containing in excess of the following Daily Maximum Limits:

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CONVENTIONAL POLLUTANTS [mg/L]		
	Monthly Average	Daily Maximum
Biochemical Oxygen Demand (BOD)	350	525
Chemical Oxygen Demand (COD)	1000	1500
Ammonia	55	80
Total Nitrogen- as NO ₃	100	150
Oil and Grease ¹	64	96
Total Suspended Solids	350	525

ORGANIC CONTAMINANTS (Daily Maximum)	
Benzene	Reserved ¹
Ethyl Benzene	Reserved
Toluene	Reserved
Xylenes	Reserved
Chloroform	Reserved
Total Oil and Grease (hydrocarbons)	96
Perfluoroalkyl Substances (PFAS)	Reserved

¹ “Reserved” indicates that Liberty Utilities requires Industrial Users to conduct monthly monitoring and sampling for these organic contaminants; however, the Arizona Corporation Commission has not yet approved a Daily Maximum discharge limitation for these constituents. A Daily Maximum limit may be established in the future, subject to Commission review and approval.

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TRACE METALS	
PARAMETER	Daily Average Effluent Limitation (mg/L)
Antimony (Sb)	0.0048
Arsenic (As)	0.008
Beryllium (Be)	0.008
Cadmium (Cd)	0.012
Chloride (Cl)	Reserved
Chromium (Cr)	0.0238
Cobalt (Co)	Reserved
Copper (Cu)	Reserved
Cyanide (CN)	Reserved
Fluoride (F)	3.00
Iron (Fe)	Reserved
Lead (Pb)	0.13
Manganese (Mn)	Reserved
Mercury (Hg)	0.005
Molybdenum (Mo)	Reserved
Nitrate (NO ₃)	100

Issued: [DATE]

Effective: [DATE]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (GOLD CANYON Gold Canyon Sewer) Corp.
14920 W Camelback Rd
Gold Canyon, AZ 85340
Decision No. XXXX

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Nickel (Ni)	0.242
Selenium (Se)	0.142
Silver (Ag)	Reserved
Sulfate (SO ₄)	Reserved
Sulfide (S)	N/A
Thallium (TI)	0.005
Zinc (Zn)	Reserved

The above limits apply at the point where the wastewater is discharged to the POTW/WRF. All concentrations for metallic substances are for total metal unless indicated otherwise. Liberty Utilities may impose mass limitations in addition to the concentration-based limitations above.

Liberty Utilities may accept certain pollutants which are compatible with the Liberty Utilities – GCWRF or EDOWRF treatment processes; however, the IU shall pay a surcharge, established based on quantity, to cover the costs of such treatment. Any surcharge shall be at cost.

3.5 CORPORATION RIGHT OF REVISION

Liberty Utilities reserves the right to establish, by agreement or in individual wastewater discharge permits, more stringent Pretreatment Standards or Requirements on discharges to the POTW/WRF consistent with the purpose of this Tariff.

3.6 DILUTION

No IU shall ever increase the use of process water, or in any way attempt to dilute a discharge, as a partial or complete substitute for adequate treatment to achieve compliance with a discharge limitation unless expressly authorized by an applicable Pretreatment Standard or Requirement. Liberty Utilities may impose mass limitations on IU who are using dilution to meet applicable Pretreatment Standards or Requirements, or in other cases when the imposition of mass limitations is appropriate.

Issued: [DATE]

Effective: [DATE]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (GOLD CANYON Gold Canyon Sewer) Corp.
14920 W Camelback Rd
Gold Canyon, AZ 85340
Decision No. XXXX

Applies to all **WASTEWATER** service areas
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SECTION 4 - PRETREATMENT PROGRAM

This Pretreatment Program shall apply to all Non-Residential Dischargers, IUs, or users subject to the National Categorical Pretreatment Standards discharging to the Liberty Utilities – GCWRF and EDOWRF.

4.1 ADMINISTRATION

Except as otherwise provided herein, Liberty Utilities shall administer, implement, and enforce the provisions of the Pretreatment Program. Liberty Utilities may delegate some or all these duties to duly authorized Liberty Utilities employees.

4.2 NATIONAL CATEGORICAL PRETREATMENT STANDARDS

IUs must comply with the categorical Pretreatment Standards found in 40 CFR Chapter I, Subchapter N, Parts 405-471.

- A. Where a categorical Pretreatment Standard is expressed only in terms of either the mass or the concentration of a pollutant in wastewater, Liberty Utilities may impose equivalent concentration or mass limits.
- B. When the limits in a categorical Pretreatment Standard are expressed only in terms of mass of pollutant per unit of production, the Liberty Utilities may convert the limits to equivalent limitations expressed either as mass of pollutant discharged per day or effluent concentration for purposes of calculating effluent limitations applicable to individual IUs.
- C. When wastewater subject to a categorical Pretreatment Standard is mixed with wastewater not regulated by the same Standard, Liberty Utilities shall impose an alternate limit in accordance with 40 CFR § 403.6(e).
- D. A user may obtain a net/gross adjustment to a categorical pretreatment standard in accordance with 40 CFR § 403.15.
- E. All users subject to a categorical pretreatment standard shall comply with all requirements of such standard and shall also comply with any limitations and prohibitions contained in this article. Where the same pollutant is limited by more than one pretreatment standard, the limitations which are more stringent shall prevail. Compliance with categorical pretreatment standards for existing sources shall be within the timeframe specified in the applicable categorical pretreatment standard. Compliance with categorical pretreatment standards for new sources shall be upon commencement of discharge.
- F. Liberty Utilities may establish more stringent pretreatment standards, or additional Liberty Utilities, site specific effluent limits, when, in its judgment, such limitations are necessary to implement the objectives of the Pretreatment Program.

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4.3 STATE PRETREATMENT STANDARDS

In addition to the requirements of this Pretreatment Program, IUs must comply with AAC R18-9-A906.

4.4 LOCAL REGULATORY LIMITS

- A. Liberty Utilities is authorized to establish Local Regulatory Limits pursuant to 40 CFR § 403.5(c).
- B. Section 3.4 Pretreatment Standards establishes the Local regulatory Limits.
- C. Liberty Utilities may develop BMPs for any significant industrial user or other user, as needed, to implement this Pretreatment Program.
- D. These COPs are Pretreatment Standards.

4.4.1 Right of Revision

Liberty Utilities reserves the right to establish, by tariff, and subsequently in individual wastewater discharge permits, more stringent Standards or Requirements on discharges to the POTW consistent with the purpose of this Pretreatment Program.

4.5 Waste Discharge Permits

A waste discharge permit, as set forth in Section 6, is required for industrial and non-domestic wastewater generators for the following conditions:

- A. Any discharge subject to National Categorical Pretreatment Standards.
- B. Any Significant Industrial discharge as defined by Liberty Utilities.
- C. Any discharger whose discharge would be in violation with Local Regulatory Limits detailed in the Pretreatment Standards.
- D. Any discharger required by the State Pretreatment Standards to obtain a permit.
- E. Any other discharger directed by Liberty Utilities to apply for a permit.
- F. Permit applications and fees, violations and enforcement, and specific penalties are subject to the terms of the approved Tariff.

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SECTION 5 - PRETREATMENT FACILITIES

IUs shall provide wastewater treatment as necessary to comply with this Pretreatment Program and shall achieve compliance with all categorical Pretreatment Standards, Local Limits, and the prohibitions set out in Section 3.0 of this Pretreatment Program within the time limitations specified by EPA, the State, or Liberty Utilities, whichever is more stringent. Any facilities necessary for compliance shall be provided, operated, and maintained at the IU's expense. Detailed plans describing such facilities and operating procedures shall be submitted to Liberty Utilities for review and shall be acceptable to Liberty Utilities before such facilities are constructed. The review of such plans and operating procedures shall in no way relieve the IU from the responsibility of modifying such facilities as necessary to produce a discharge acceptable to Liberty Utilities under the provisions of this Tariff. The IU shall be responsible for all costs incurred by Liberty Utilities in connection with reviewing the plans and operating procedures set forth in this Section and any specialty inspections that may be required at the sole discretion of Liberty Utilities.

5.1 ADDITIONAL PRETREATMENT MEASURES

- A. Whenever deemed necessary, Liberty Utilities may require IUs to restrict their discharge during peak flow periods, designate that certain wastewater be discharged only into specific sewers, relocate and/or consolidate points of discharge, separate sewage waste streams from industrial waste streams, and such other conditions as may be necessary to protect the POTW/WRF and determine the IU's compliance with the requirements of this Pretreatment Program.
- B. Liberty Utilities may require any person discharging into the POTW/WRF to install and maintain, on their property and at their expense, a suitable storage and flow control facility to ensure equalization of flow. An individual wastewater discharge permit may be issued solely for flow equalization.
- C. Grease, oil, and sand interceptors shall be provided when Liberty Utilities claims them necessary for the proper handling of wastewater containing excessive amounts of grease and oil, or sand; except that such interceptors shall not be required for residential users. All interception units shall be of a type and capacity approved by Liberty Utilities, shall be so located to be easily accessible for cleaning and inspection. Such interceptors shall be inspected, cleaned, and repaired by the IU at their expense.
- D. IUs with the potential to discharge flammable substances may be required to install and maintain an approved combustible gas detection meter.

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5.2 ACCIDENTAL DISCHARGE/SLUG DISCHARGE CONTROL PLANS

Liberty Utilities shall evaluate whether each SIU needs an accidental discharge/slug discharge control plan or other action to control Slug Discharges. Liberty Utilities may require any IU to develop, submit for approval, and implement such a plan or take such other action that may be necessary to control Slug Discharges. Alternatively, Liberty Utilities may develop such a plan for any IU. An accidental discharge/slug discharge control plan shall address, at a minimum, the following:

- A. Description of discharge practices, including non-routine batch discharges
- B. Description of stored chemicals
- C. Procedures for immediately notifying Liberty Utilities of any accidental or Slug Discharge, as required by Sections 7.7.6 of this Pretreatment Program
- D. Procedures to prevent adverse impact from any accidental or Slug Discharge. Such procedures include, but are not limited to, inspection and maintenance of storage areas, handling and transfer of materials, loading and unloading operations, control of plant site runoff, worker training, building of containment structures or equipment, measures for containing toxic organic pollutants, including solvents, and/or measures and equipment for emergency response.

5.3 HAULED WASTEWATER

- A. Septic tank waste may be introduced into the POTW/WRF only at locations designated by Liberty Utilities, and at such times as are established by Liberty Utilities. Such waste shall not violate Section 3.2 of this Pretreatment Program, or any other requirements established by Liberty Utilities. Liberty Utilities may require septic tank waste haulers to obtain individual wastewater discharge permits.
- B. Industrial Waste:
 - (1) Liberty Utilities will require haulers of industrial waste to obtain individual wastewater discharge permits.
 - (2) Liberty Utilities will require generators of hauled industrial waste to obtain individual wastewater discharge permits.
 - (3) Liberty Utilities also may prohibit the disposal of hauled industrial waste. The discharge of hauled industrial waste is subject to all other requirements of the Pretreatment Program.
 - (4) Industrial waste haulers may discharge loads only at locations designated by Liberty Utilities. No load may be discharged without prior consent of Liberty Utilities.

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- (5) Liberty Utilities may collect samples of each hauled load to ensure compliance with applicable Pretreatment Standards.
- (6) Liberty Utilities may require the industrial waste hauler to provide a waste analysis of any load prior to discharge.
- (7) Industrial waste haulers must provide a waste tracking form for every load. This form shall include, at a minimum, the name and address of the industrial waste hauler, permit number, truck identification, names and addresses of sources of waste, and volume and characteristics of waste. The form shall identify the type of industry, known or suspected waste constituents, and whether any wastes are RCRA hazardous wastes.

SECTION 6 - INDIVIDUAL WASTEWATER DISCHARGE PERMITS

6.1 WASTEWATER ANALYSIS

When requested by Liberty Utilities, an IU must submit information on the nature and characteristics of its wastewater within 30 days of the request. Liberty Utilities is authorized to prepare a form for this purpose and may periodically require IUs to update this information.

6.2 INDIVIDUAL WASTEWATER DISCHARGE PERMIT REQUIREMENT

- A. No SIU shall discharge wastewater into the POTW/WRF without first obtaining an individual wastewater discharge permit from Liberty Utilities, except that a SIU that has filed a timely application pursuant to Sections 6.3 of this Tariff may continue to discharge for the time period specified therein.
- B. Liberty Utilities may require other IUs to obtain individual wastewater discharge permits as necessary to carry out the purposes of this Tariff.
- C. Any violation of the terms and conditions of an individual wastewater discharge permit shall be deemed a violation of this Tariff and subjects the wastewater discharge permittee to the sanctions set out in the Pretreatment Program. Obtaining an individual wastewater discharge permit does not relieve a permittee of its obligation to comply with all Federal and State Pretreatment Standards or Requirements or with any other requirements of Federal, State, and local law.

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6.3 INDIVIDUAL WASTEWATER DISCHARGE PERMITTING: EXISTING CONNECTIONS

Any IU required to obtain an individual wastewater discharge permit who was discharging wastewater into the POTW/WRF prior to the effective date of this Pretreatment Program and who wishes to continue such discharges in the future, shall, within 90 days after said date, apply to Liberty Utilities for an individual wastewater discharge permit in accordance with Section 6.5 of this Pretreatment Program, and shall not cause or allow discharges to the POTW/WRF to continue after 30 days of the effective date of this Tariff except in accordance with an individual wastewater discharge permit issued by Liberty Utilities.

6.4 INDIVIDUAL WASTEWATER DISCHARGE PERMITTING: NEW CONNECTIONS

Any IU required to obtain an individual wastewater discharge permit who proposes to begin or recommence discharging into the POTW/WRF must obtain such permit prior to the beginning or recommencing of such discharge. An application for this individual wastewater discharge permit, in accordance with Section 6.5 of this Tariff, must be filed at least 90 days prior to the date upon which any discharge will begin or recommence.

6.5 INDIVIDUAL WASTEWATER DISCHARGE PERMIT APPLICATION CONTENTS

- A. All IUs required to obtain an individual wastewater discharge permit must submit a permit application. Liberty Utilities may require IUs to submit all, or some of the following applicable information as part of a permit application:
- (1) Identifying Information.
 - (a) The name and address of the facility, including the name of the operator and owner.
 - (b) Contact information, description of activities, facilities, and plant production processes on the premises.
 - (2) Environmental Permits. A list of any environmental control permits held by or for the facility. For permits that are required or currently pending, a description of the status of each permit.
 - (3) Description of Operations.
 - (a) A brief description of the nature, average rate of production (including each product produced by type, amount, processes, and rate of production), and standard industrial classifications of the operation(s) carried out by such IU. This description should include a schematic process diagram, which indicates points of discharge to the POTW/WRF from the regulated processes.

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- (b) Types of waste generated, and a list of all raw materials and chemicals used, or stored at the facility, which are, or could accidentally or intentionally be, discharged to the POTW/WRF.
 - (c) Number and type of employees, hours of operation, and proposed or actual hours of operation.
 - (d) Type and number of raw materials processed (average and maximum per day).
 - (e) Site plans, floor plans, mechanical and plumbing plans, and details to show all sewers, floor drains, and appurtenances by size, location, and elevation, and all points of discharge.
- (4) Time and duration of discharges.
- (5) The location for monitoring all waste covered by the permit.
- (6) Flow Measurement. Information showing the measured average daily and maximum daily flow, in gallons per day, to the POTW/WRF from regulated process streams and other streams, as necessary, to allow use of the combined waste stream formula set out in 40 CFR 403.6(e).
- (7) Measurement of Pollutants.
- (a) The categorical Pretreatment Standards applicable to each regulated process and any new categorically regulated processes for Existing Sources.
 - (b) The results of sampling and analysis identifying the nature and concentration, and/or mass, where required by the Standard or by Liberty Utilities, of the regulated pollutants in the discharge from each regulated process.
 - (c) Instantaneous, Daily Maximum, and long-term average concentrations, or mass, where required, shall be reported.
 - (d) The sample shall be representative of daily operations and shall be analyzed in accordance with procedures set out in Sections 7.7.8, 7.7.10, 7.7.11, 8.1, and 9 of this Tariff. Where the Standard requires compliance with a BMP, COP, or pollution prevention alternative, the IU shall submit documentation as required by Liberty Utilities, or the applicable Standards to determine compliance with the Standard.
 - (e) Sampling must be performed in accordance with procedures set out in Sections 7.7.8, 7.7.10, 7.7.11, 8.1, and 9 of this Tariff of the Pretreatment Program.

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- (8) Any other information may be deemed necessary by Liberty Utilities to evaluate the permit application.
- (9) Incomplete, or inaccurate applications, will not be processed and will be returned to the IU for revision.

6.6 APPLICATION SIGNATORIES AND REPORTS

- A. All wastewater discharge permit applications, IU reports and certification statements must be signed by an Authorized Representative of the IU and contain the certification statement in Section 7.7.14.
- B. If the designation of an Authorized Representative is no longer accurate because a different individual or position has responsibility for the overall operation of the facility or overall responsibility for environmental matters for the company, a new written authorization satisfying the requirements of this Section must be submitted to Liberty Utilities prior to, or together with, any reports to be signed by an Authorized Representative.

6.7 INDIVIDUAL WASTEWATER DISCHARGE PERMIT DECISIONS

Liberty Utilities will evaluate the data furnished by the IU and may require additional information, if necessary. Within 30 days of receipt of a complete permit application, Liberty Utilities will determine whether to issue an individual wastewater discharge permit. Liberty Utilities may deny any application for an individual wastewater discharge permit.

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SECTION 7 - INDIVIDUAL WASTEWATER DISCHARGE PERMIT ISSUANCE**7.1 INDIVIDUAL WASTEWATER DISCHARGE PERMIT DURATION**

An individual wastewater discharge permit shall be issued for a specified time period, not to exceed five (5) years from the effective date of the permit. An individual wastewater discharge permit may be issued for a period less than five (5) years, at the discretion of Liberty Utilities. Each individual wastewater discharge permit will indicate a specific date upon which it will expire.

7.2 INDIVIDUAL WASTEWATER DISCHARGE PERMIT CONTENTS

An individual wastewater discharge permit shall include such conditions as are deemed reasonably necessary by Liberty Utilities to prevent Pass Through, or Interference, protect the quality of the water body receiving the POTW/WRF effluent, protect worker health and safety, facilitate sludge management and disposal, and protect against damage to the POTW/WRF.

A. Individual wastewater discharge permits must contain:

- (1) A statement that indicates the wastewater discharge permit issuance date, expiration date and effective date.
- (2) A statement that the wastewater discharge permit is nontransferable.
- (3) Effluent limits, including Best Management Practices, based on applicable Pretreatment Standards.
- (4) Self-monitoring, sampling, reporting, notification, and record-keeping requirements. These requirements shall include an identification of pollutants (or best management practice) to be monitored, sampling location, sampling frequency, and sample type based on Federal, State, and local law.
- (5) A statement of applicable civil and criminal penalties for violation of the Pretreatment Standards and Requirements, and any applicable compliance schedule. Such a schedule may not extend the time for compliance beyond that required by applicable Federal, State, or local law.
- (6) Requirements to control Slug Discharge, if determined by Liberty Utilities to be necessary.

Issued: [DATE]

Effective: [DATE]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (GOLD CANYON Gold Canyon Sewer) Corp.
14920 W Camelback Rd
Gold Canyon, AZ 85340
Decision No. XXXX

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- B. Individual wastewater discharge permits may contain, but need not be limited to, the following conditions:
1. Limits on the average and/or maximum rate of discharge, time of discharge, and/or requirements for flow regulation and equalization.
 2. Requirements for the installation of pretreatment technology, pollution control, or construction of appropriate containment devices, designed to reduce, eliminate, or prevent the introduction of pollutants into the treatment works.
 3. Requirements for the development and implementation of spill control plans or other special conditions including management practices necessary to adequately prevent accidental, unanticipated, or non-routine discharges.
 4. Development and implementation of waste minimization plans to reduce the amount of pollutants discharged to the POTW/WRF for the term of the individual wastewater discharge permit.
 5. The unit charge or schedule of IU charges and fees for the management of the wastewater discharged to the POTW/WRF.
 6. Requirements for installation and maintenance of inspection and sampling facilities and equipment, including flow measurement devices.
 7. A statement that compliance with the individual wastewater discharge permit does not relieve the permittee of responsibility for compliance with all applicable Federal and State Pretreatment Standards, including those which become effective during the term of the individual wastewater discharge permit.
 8. Other conditions as deemed appropriate by Liberty Utilities to ensure compliance with this Pretreatment Program, and State and Federal laws, rules, and regulations.

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7.3 PERMIT MODIFICATION

Liberty Utilities may modify an individual wastewater discharge permit for good cause, including, but not limited to, the following reasons:

- A. To incorporate any new or revised Federal, State, or local Pretreatment Standards or Requirements.
- B. To address significant alterations, or additions to the IU's operation, processes, or wastewater volume or character since the time of the individual wastewater discharge permit issuance
- C. A change in the POTW/WRF that requires either a temporary or permanent reduction or elimination of the authorized discharge.
- D. Information indicating that the permitted discharge poses a threat to a Liberty Utilities POTW/WRF, Liberty Utilities personnel, or the receiving waters.
- E. Violation of any terms or conditions of the individual wastewater discharge permit.
- F. Misrepresentations, or failure to fully disclose all relevant facts, in the wastewater discharge permit application or in any required reporting.
- G. Revision of, or a grant of variance, from categorical Pretreatment Standards pursuant to 40 CFR 403.13.
- H. To correct typographical, or other errors in the individual wastewater discharge permit.
- I. To reflect a transfer of the facility ownership or operation to a new owner or operator were requested in accordance with Section 6.7.

7.4 INDIVIDUAL WASTEWATER DISCHARGE PERMIT TRANSFER

Individual wastewater discharge permits may be not be transferred. New owner or operator shall apply for a new discharge permit 60 days prior to the date of facility transfer. Failure of new owner or operator to apply for a new discharge permit will render the existing individual wastewater permit void as of the date of facility transfer.

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7.5 INDIVIDUAL WASTEWATER DISCHARGE PERMIT REVOCATION

Liberty Utilities may revoke an individual wastewater discharge permit for good cause, including, but not limited to, the following reasons:

- A. Failure to notify Liberty Utilities of significant changes to the wastewater prior to the changed discharge.
- B. Failure to provide prior notification to Liberty Utilities of changed conditions pursuant to Section 6.3 of this Document.
- C.
- D. Misrepresentation or failure to fully disclose all relevant facts in the wastewater discharge permit application.
- E.
- F. Falsifying self-monitoring reports and certification statements.
- G.
- H. Tampering with monitoring equipment.
- I.
- J. Refusing to allow Liberty Utilities timely access to the facility premises and records.
- K.
- L. Failure to meet effluent limitations.
- M.
- N. Failure to pay fines.
- O.
- P. Failure to pay sewer charges.
- Q.
- R. Failure to meet compliance schedules.
- S.
- T. Failure to complete a wastewater survey or the wastewater discharge permit application.
- U.
- V. Failure to provide advance notice of the transfer of business ownership of a permitted facility.
- W.
- X. Violation of any Pretreatment Standard or Requirement, or any terms of the wastewater discharge permit or this Pretreatment Program.

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Individual wastewater discharge permits will be voidable upon cessation of operations or transfer of business ownership. All individual wastewater discharge permits issued to an IU are void upon the issuance of a new individual wastewater discharge permit to that IU.

7.6 INDIVIDUAL WASTEWATER DISCHARGE PERMIT REISSUANCE

An IU with an expiring individual wastewater discharge permit shall apply for individual wastewater discharge permit reissuance by submitting a complete permit application, in accordance with Section 6.5 of this Pretreatment Program, a minimum of 90 days prior to the expiration of the IU's existing individual wastewater discharge permit.

7.7 REPORTING REQUIREMENTS

7.7.1 METERING

If required by the individual wastewater permit approved by Liberty Utilities, the IU shall install a metering device of a form and at a location acceptable to Liberty Utilities.

Unless designated to the IU in the individual wastewater permit, Liberty Utilities will be responsible for the reading of water and/or wastewater meters when installed in discharger's establishment.

Meters will always be accessible to Liberty Utilities and/or the applicable Liberty Utilities' representatives.

7.7.2 BASELINE MONITORING REPORTS

Within either one hundred eighty (180) days after the effective date of a categorical Pretreatment Standard, or the final administrative decision on a category determination under 40 CFR 403.6(a)(4), whichever is later, existing Categorical IUs currently discharging to or scheduled to discharge to the POTW/WRF shall submit to Liberty Utilities a report which contains the information listed in paragraph B, below. At least ninety (90) days prior to commencement of their discharge, New Sources, and sources that become Categorical IUs subsequent to the promulgation of an applicable categorical Standard, shall submit to Liberty Utilities a report which contains the information listed in paragraph B, below. A New Source shall report on the method of pretreatment it intends to use to meet applicable categorical Standards. A New Source also shall give estimates of its anticipated flow and quantity of pollutants to be discharged.

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IUs described above shall submit the information set forth below:

- A. All information required in Section 6.5A (1) (a), Section 6.5 A (2), Section 6.5A (3), and Section 6.5A (6).
- B. Measurement of pollutants.
 - (1) The IU shall provide the information required in Section 6.5.
 - (2) The IU shall take a minimum of one representative sample to compile that data necessary to comply with the requirements of this paragraph.
 - (3) Samples should be taken immediately downstream from pretreatment facilities (POTW/WRF) if such exist or immediately downstream from the regulated process if no pretreatment exists. If other wastewaters are mixed with the regulated wastewater prior to pretreatment the IU should measure the flows and concentrations necessary to allow use of the combined waste stream formula in 40 CFR 403.6(e) to evaluate compliance with the Pretreatment Standards.
 - (4) Where an alternate concentration or mass limit has been calculated in accordance with 40 CFR 403.6(e) this adjusted limit along with supporting data shall be submitted to Liberty Utilities.
 - (5) Sampling and analysis shall be performed in accordance with Sections 7.7.8, 7.7.10, 7.7.11, 8.1, and 9.
 - (6) Liberty Utilities may allow the submission of a baseline report which utilizes only historical data so long as the data provides information sufficient to determine the need for industrial pretreatment measures.
 - (7) The baseline report shall indicate the time, date and place of sampling and methods of analysis, and shall certify that such sampling and analysis is representative of normal work cycles and expected pollutant Discharges to the POTW/WRF.

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- C. Compliance Certification: A statement, reviewed by the IU's Authorized Representative as defined in Section 1.4 (C) and certified by a qualified professional, indicating whether Pretreatment Standards are being met on a consistent basis, and, if not, whether additional operation and maintenance (O&M) and/or additional pretreatment is required to meet the Pretreatment Standards and Requirements.
- D. Compliance Schedule: If additional pretreatment and/or O&M will be required to meet the Pretreatment Standards, the shortest schedule by which the IU will provide such additional pretreatment and/or O&M must be provided. The completion date in this schedule shall not be later than the compliance date established for the applicable Pretreatment Standard. A compliance schedule pursuant to this Section must meet the requirements set out in Section 7.7.3 of this Pretreatment Program.
- E. Signature and Report Certification: All baseline monitoring reports must be certified in accordance with Section 7.7.14 of this Document and signed by an Authorized Representative as defined in Section 1.4 (C).

7.7.3 COMPLIANCE SCHEDULE PROGRESS REPORTS

The following conditions shall apply to the compliance schedule required this Pretreatment Program:

- A. The schedule shall contain progress increments in the form of dates for the commencement and completion of major events leading to the construction and operation of additional pretreatment required for the IU to meet the applicable Pretreatment Standards (such events include, but are not limited to, hiring an engineer, completing preliminary and final plans, executing contracts for major components, commencing and completing construction, and beginning and conducting routine operation).
- B. No increment referred to above shall exceed nine (9) months.
- C. The IU shall submit a progress report to Liberty Utilities no later than fourteen (14) days following each date in the schedule and the final date of compliance including, as a minimum, whether it complied with the increment of progress, the reason for any delay, and, if appropriate, the steps being taken by the IU to return to the established schedule.

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- D. In no event shall more than nine (9) months elapse between such progress reports to Liberty Utilities and Categorical Pretreatment Standard Deadlines. Within ninety (90) days following the date for final compliance with applicable categorical Pretreatment Standards, or in the case of a New Source following commencement of the introduction of wastewater into the POT/WRF, any IU subject to such Pretreatment Standards and Requirements shall submit to Liberty Utilities a report containing the information described in Section 6.5A of this Pretreatment Program. For IUs subject to equivalent mass or concentration limits established in accordance with the procedures in Section 3, this report shall contain a reasonable measure of the IU's long term production rate. For all other IUs subject to categorical Pretreatment Standards expressed in terms of allowable pollutant discharge per unit of production (or other measure of operation), this report shall include the IU's actual production during the appropriate sampling period. All compliance reports must be signed and certified in accordance with Section 7.7.14 of this Pretreatment Program. All sampling will be done in conformance with 7.7.8, 7.7.10, 7.7.11, 7.7.14, 8.1, and 9.

7.7.4 PERIODIC COMPLIANCE REPORTS

- A. Except as specified in Section 7.7.4 (C), all IUs must, at a frequency determined by Liberty Utilities, submit no less than once per year (January 31) a report indicating the nature and concentration of pollutants in the discharge which are limited by Pretreatment Standards and the measured or estimated average and maximum daily flows for the reporting period. In cases where the Pretreatment Standard requires compliance with a BMP, or pollution prevention alternative, the IU must submit documentation required by Liberty Utilities or the Pretreatment Standard necessary to determine the compliance status of the IU.
- B. Pursuant to 40 CFR 403.12(e)(2), Liberty Utilities may authorize an IU subject to a categorical Pretreatment Standard to forego sampling of a pollutant regulated by a categorical Pretreatment Standard if the IU has demonstrated through sampling and other technical factors that the pollutant is neither present nor expected to be present in the Discharge or is present only at background levels from intake water and without any increase in the pollutant due to activities of the IU. This authorization is subject to the following conditions:

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- (1) The waiver may be authorized where a pollutant is determined to be present solely due to sanitary wastewater discharged from the facility provided that the sanitary wastewater is not regulated by an applicable categorical Standard and otherwise includes no process wastewater.
- (2) The monitoring waiver is valid only for the duration of the effective period of the individual wastewater discharge permit, but in no case longer than five (5) years. The IU must submit a new request for the waiver before the waiver can be granted for each subsequent individual wastewater discharge permit.
- (3) In making a demonstration that a pollutant is not present, the IU must provide data from at least one sampling of the facility's process wastewater prior to any treatment present at the facility that is representative of all wastewaters from all processes.
- (4) The request for a monitoring waiver must be signed in accordance with Section 1.4(C) and include the certification statement in 7.7.14 (40 CFR 403.6(a)(2)(ii)).
- (5) Non-detectable sample results may be used only as a demonstration that a pollutant is not present if the EPA approved method from 40 CFR Part 136 with the lowest minimum detection level for that pollutant was used in the analysis.
- (6) Any grant of the monitoring waiver by Liberty Utilities must be included as a condition in the IU's permit. The reasons supporting the waiver and any information submitted by the IU in its request for the waiver must be maintained by Liberty Utilities for 3 years after expiration of the waiver.
- (7) Upon approval of the monitoring waiver and revision of the IU's permit by Liberty Utilities, the IU must certify on each report with the statement in Section 8.0 below, that there has been no increase in the pollutant in its waste stream due to activities of the IU.
- (8) In the event that a waived pollutant is found to be present or is expected to be present because of changes that occur in the IU's operations, the IU must immediately comply with the monitoring requirements of Section 7.7.14, or other more frequent monitoring requirements imposed by Liberty Utilities, and notify Liberty Utilities.
- (9) This provision does not supersede certification processes and requirements established in categorical Pretreatment Standards, except as otherwise specified in the categorical Pretreatment Standard.

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- C. Reduced reporting is not available to IUs that have in the last two (2) years been in Significant Noncompliance, as defined in Section 10 of this Pretreatment Program. In addition, reduced reporting is not available to an IU with daily flow rates, production levels, or pollutant levels that vary so significantly that, in the opinion of Liberty Utilities, decreasing the reporting requirement for this IU would result in data that are not representative of conditions occurring during the reporting period.
- D. All periodic compliance reports must be signed and certified in accordance with Section 7.7.14 of this Pretreatment Program.
- E. All wastewater samples must be representative of the IU's discharge. Wastewater monitoring and flow measurement facilities shall be properly operated, kept clean, and always maintained in good working order. The failure of an IU to keep its monitoring facility in good working order shall not be grounds for the IU to claim that sample results are unrepresentative of its discharge.
- F. Pursuant to 40 CFR 403.12(g)(6), if an IU subject to the reporting requirement in this Section 7 monitors any regulated pollutant at the appropriate sampling location more frequently than required by Liberty Utilities, using the procedures prescribed in 7.7.8, 7.7.10, 7.7.11, 7.7.14, 8.1, and 9 of this Pretreatment Program, the results of this monitoring shall be included in the report.

7.7.5 REPORTS OF CHANGED CONDITIONS

Each IU must notify Liberty Utilities of any significant changes to the IU's operations or system which might alter the nature, quality, or volume of its wastewater at least ninety (90) days before the change.

- A. Liberty Utilities may require the IU to submit such information as may be deemed necessary to evaluate the changed condition, including the submission of a wastewater discharge permit application under Section 6.5 of this Pretreatment Program.
- B. Liberty Utilities may issue an individual wastewater discharge permit under Section 6 of this Pretreatment Program or modify an existing wastewater discharge permit under Section 6 of this Pretreatment Program in response to changed conditions or anticipated changed conditions.

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7.7.6 REPORTS OF POTENTIAL PROBLEMS

- A. In the case of any Discharge, including, but not limited to, accidental discharges, discharges of a non-routine, episodic nature, a non-customary batch discharge, a Slug Discharge, or Slug Load, that might cause potential problems for the POTW/WRF, the IU shall telephone and notify Liberty Utilities within two hours of the incident. This notification shall include the location of the discharge, type of waste, concentration and volume, if known, and corrective actions taken by the IU.

Within five (5) days following such Discharge, the IU shall, unless waived by Liberty Utilities, submit a detailed written report describing the cause(s) of the discharge and the measures to be taken by the IU to prevent similar future occurrences. Such notification shall not relieve the IU of any expense, loss, damage, or other liability which might be incurred as a result of damage to the POTW/WRF, natural resources, or any other damage to person or property; nor shall such notification relieve the IU of any fines, penalties, or other liability which may be imposed pursuant to this Pretreatment Program.

- B. A notice shall be permanently posted on the IU's bulletin board or other prominent place advising employees who to call in the event of a discharge described in paragraph A, above. Employers shall ensure that all employees who could cause such a discharge to occur, are advised of the emergency notification procedure.
- C. SIUs are required to notify Liberty Utilities immediately of any changes at its facility affecting the potential for a Slug Discharge.

7.7.7 REPORTS FROM UNPERMITTED IUS

All IUs not required to obtain an individual wastewater discharge permit shall provide reports required under this Tariff at Liberty Utilities' request.

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7.7.8 NOTICE OF VIOLATION/REPEAT SAMPLING AND REPORTING

If sampling performed by an IU indicates a violation, the IU must notify Liberty Utilities within twenty-four (24) hours of becoming aware of the violation. The IU shall also repeat the sampling and analysis and submit the results of the repeat analysis to Liberty Utilities within thirty (30) days after becoming aware of the violation. Resampling by the IU is not required if Liberty Utilities performs sampling at the IU's facility at least once a month, or if Liberty Utilities performs sampling at the IU between the time when the initial sampling was conducted and the time when the IU or Liberty Utilities receives the results of this sampling, or if Liberty Utilities has performed the sampling and analysis in lieu of the IU.

7.7.9 NOTIFICATION OF THE DISCHARGE OF HAZARDOUS WASTE

- A. Any IU who commences the discharge of hazardous waste shall notify Liberty Utilities, the EPA Regional Waste Management Division Director, and State hazardous waste authorities, in writing, of any discharge into the POTW/WRF of a substance which, if otherwise disposed of, would be a hazardous waste under 40 CFR Part 261. Such notification must include the name of the hazardous waste as set forth in 40 CFR Part 261, the EPA hazardous waste number, and the type of discharge (continuous, batch, or other). If the IU discharges more than one hundred (100) kilograms of such waste per calendar month to the POTW/WRF, the notification also shall contain the following information to the extent such information is known and readily available to the IU: an identification of the hazardous constituents contained in the wastes, an estimation of the mass and concentration of such constituents in the waste stream discharged during that calendar month, and an estimation of the mass of constituents in the waste stream expected to be discharged during the following twelve (12) months. All notifications must take place no later than one hundred and eighty (180) days after the discharge commences. Any notification under this paragraph needs to be submitted only once for each hazardous waste discharged. However, notifications of changed conditions must be submitted under Section 7.7.5 of this Pretreatment Program. The notification requirement in this Section does not apply to pollutants already reported by IUs subject to categorical Pretreatment Standards under the self-monitoring requirements of Section 7.7.13 of this Pretreatment Program.
- B. Dischargers are exempt from the requirements of paragraph A, above, during a calendar month in which they discharge no more than fifteen (15) kilograms of hazardous wastes, unless the wastes are acute hazardous wastes as specified in 40 CFR 261.30(d) and 261.33(e). Discharge of more than fifteen (15) kilograms of non-acute hazardous wastes in a calendar month, or of any quantity of acute hazardous wastes as specified in 40 CFR 261.30(d) and 261.33(e), requires a onetime notification. Subsequent months during which the IU discharges more than such quantities of any hazardous waste do not require additional notification.

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- C. In the case of any new regulations under section 3001 of RCRA identifying additional characteristics of hazardous waste or listing any additional substance as a hazardous waste, the IU must notify Liberty Utilities, the EPA Regional Waste Management Waste Division Director, and State hazardous waste authorities of the discharge of such substance within ninety (90) days of the effective date of such regulations.
- D. In the case of any notification made under this Section, the IU shall certify that it has a program in place to reduce the volume and toxicity of hazardous wastes generated to the degree it has determined to be economically practical.
- E. This provision does not create a right to discharge any substance not otherwise permitted to be discharged by this Pretreatment Program, a permit issued thereunder, or any applicable Federal or State law.

7.7.10 ANALYTICAL REQUIREMENTS

All pollutant analyses, including sampling techniques, to be submitted as part of a wastewater discharge permit application or report shall be performed in accordance with the techniques prescribed in 40 CFR Part 136 and amendments thereto, unless otherwise specified in an applicable categorical Pretreatment Standard. If 40 CFR Part 136 does not contain sampling or analytical techniques for the pollutant in question, or where the EPA determines that the Part 136 sampling and analytical techniques are inappropriate for the pollutant in question, sampling and analyses shall be performed by using validated analytical methods at a State of Arizona certified lab or any other applicable sampling and analytical procedures, including procedures suggested by Liberty Utilities, or other parties approved by EPA.

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7.7.11 SAMPLE COLLECTION

Samples collected to satisfy reporting requirements must be based on data obtained through appropriate sampling and analysis performed during the period covered by the report, based on data that is representative of conditions occurring during the reporting period.

- A. Except as indicated in Section B and C below, the IU must collect wastewater samples using 24-hour flow proportional composite sampling techniques, unless time proportional composite sampling or grab sampling is authorized by Liberty Utilities. Where time proportional composite sampling or grab sampling is authorized by Liberty Utilities, the samples must be representative of the discharge. Using protocols (including appropriate preservation) specified in 40 CFR Part 136 and appropriate EPA guidance, multiple grab samples collected during a 24-hour period may be composited prior to the analysis as follows: for cyanide, total phenols, and sulfides the samples may be composited in the laboratory or in the field; for volatile organics and oil and grease, the samples may be composited in the laboratory. Composite samples for other parameters unaffected by the compositing procedures as documented in approved EPA methodologies may be authorized by Liberty Utilities, as appropriate. In addition, grab samples may be required to show compliance with Local Limits.
- B. Samples for oil and grease, temperature, pH, cyanide, total phenols, sulfides, and volatile organic compounds must be obtained using grab collection techniques.
- C. For sampling required in support of baseline monitoring and 90 day compliance reports required in Sections 7.7.2 and 7.7.3 of the Pretreatment Program (40 CFR 403.12(b) and (d)), a minimum of four (4) grab samples must be used for pH, cyanide, total phenols, oil and grease, sulfide and volatile organic compounds for facilities for which historical sampling data do not exist; for facilities for which historical sampling data are available, Liberty Utilities may authorize a lower minimum. For the response required by paragraphs Section 7.7.4 (40 CFR 403.12(e) and 403.12(h)), the IU is required to collect the number of grab samples necessary to assess and assure compliance with applicable Pretreatment Standards and Requirements.

7.7.12 DATE OF RECEIPT OF REPORTS

Written reports will be deemed to have been submitted on the date postmarked or if hand delivered, date received by Liberty Utilities.

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7.7.13 RECORDKEEPING

IUs subject to the reporting requirements of this Pretreatment Program shall retain, and make available for inspection and copying, all records of information obtained pursuant to any monitoring activities required by this Pretreatment Program, any additional records of information obtained pursuant to monitoring activities undertaken by the IU independent of such requirements, and documentation associated with Best Management Practices established under Sections 1.4 (E) and 7.7.2. Records shall include the date, exact place, method, and time of sampling, and the name(s) of the person(s) taking the samples; the dates analyses were performed; who performed the analyses; the analytical techniques or methods used; and the results of such analyses. These records shall remain available for a period of at least three (3) years. This period shall be automatically extended for the duration of any litigation concerning the IU or Liberty Utilities, or where the IU has been specifically notified of a longer retention period by Liberty Utilities.

7.7.14 CERTIFICATION STATEMENTS

- A. Certification of Permit Applications, IU Reports and Initial Monitoring Waiver. The following certification statement is required to be signed and submitted by: (i) IUs submitting permit applications in accordance with Section 6.5; (ii) IUs submitting baseline monitoring reports under Section 7.7; (iii) IUs submitting reports on compliance with the categorical Pretreatment Standard deadlines under Section 7.7.3; (iv) IUs submitting periodic compliance reports required by Section 7.7.4; and (v) IUs submitting an initial request to forego sampling of a pollutant on the basis of Section 7.7.4 (B). The following certification statement must be signed by an Authorized Representative as defined in Section 1.4(C):

(1) I certify under penalty of law that this document and all attachments were prepared under my direction, or supervision, in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons, who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

- B. Annual Certification for Non-Significant Categorical IUs. A facility determined to be a Non-Significant Categorical IU by Liberty Utilities pursuant to Section 1.4.NA.3 [Note: See 40 CFR 403.3(v)(2)] must annually submit the following certification statement signed in accordance with the signatory requirements in Section 1.4.C and 40 CFR 403.12. The following certification must accompany an alternative report required by Liberty Utilities:

Issued: [DATE]

Effective: [DATE]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (GOLD CANYON Gold Canyon Sewer) Corp.
14920 W Camelback Rd
Gold Canyon, AZ 85340
Decision No. XXXX

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Based on my inquiry of the person or persons directly responsible for managing compliance with the categorical Pretreatment Standards under 40 CFR _____, I certify that, to the best of my knowledge and belief that during the period from _____, _____ to _____, _____ [months, days, year]:

- a) The facility described as _____ [facility name] met the definition of a Non-Significant Categorical IU as described in Section 1.4.NA.3 of Liberty Utilities' Pretreatment Program and Tariff and 40 CFR 403.3(v)(2); and
- b) The facility complied with all applicable Pretreatment Standards and requirements during this reporting period; and the facility never discharged more than 100 gallons of total categorical wastewater on any given day during this reporting period.

This compliance certification is based on the following information.

Issued: [DATE]

Effective: [DATE]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (GOLD CANYON Gold Canyon Sewer) Corp.
14920 W Camelback Rd
Gold Canyon, AZ 85340
Decision No. XXXX

Applies to all **WASTEWATER** service areas
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SECTION 8 - COMPLIANCE MONITORING**8.1 RIGHT OF ENTRY: INSPECTION AND SAMPLING**

Liberty Utilities shall have the right to enter the premises of any IU to determine whether the IU is complying with all requirements of this Pretreatment Program and any individual wastewater discharge permit or order issued hereunder. IUs shall allow Liberty Utilities ready access to all parts of the premises for the purposes of inspection, sampling, records examination and copying, and the performance of any additional duties.

- A. Where an IU has security measures in force which require proper identification and clearance before entry into its premises, the IU shall make necessary arrangements with its security guards so that, upon presentation of suitable identification, Liberty Utilities shall be permitted to enter without delay for the purposes of performing specific responsibilities.
- B. Liberty Utilities shall have the right to set up on the IU's property or require installation of such devices as are necessary to conduct sampling and/or metering of the IU's operations.

Liberty Utilities may require the IU to install monitoring equipment as necessary. The facility's sampling and monitoring equipment shall be maintained at all times in a safe and proper operating condition by the IU at its own expense. All devices used to measure wastewater flow and quality shall be calibrated no less than annually to ensure their accuracy.

- C. Any temporary or permanent obstruction to safe and easy access to the facility to be inspected and/or sampled shall be promptly removed by the IU at the written or verbal request of Liberty Utilities and shall not be replaced. The costs of clearing such access shall be borne by the IU.
- D. Unreasonable delays in allowing Liberty Utilities access to the IU's premises shall be a violation of this Pretreatment Program.

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8.2 COMPLIANCE WITH PRETREATMENT PROGRAM AS A TERM OF SERVICE

The Pretreatment Program is an approved Tariff under the ACC rules and regulations and is included as part of the Terms of Service for customers. Under AAC R14-2-609 and this Tariff, Liberty Utilities may terminate service for failure of the customer to provide the utility reasonable access to its equipment and property; a breach of a written contract for service, if there is the existence of an obvious hazard to the safety or health of the consumer or the general population, or for noncompliance with this tariff.

If Liberty Utilities has been refused access to a building, structure, or property, or any part thereof, and is able to demonstrate probable cause to believe that there may be a violation of the Pretreatment Program, or that there is a need to inspect and/or sample as part of a routine inspection and sampling program designed to verify compliance with the Pretreatment Program or any permit issued hereunder, or to protect the overall public health, safety and welfare of the community. These remedies are cumulative, and Liberty Utilities may elect to terminate service without recourse to the courts.

SECTION 9 - CONFIDENTIAL INFORMATION

Information and data on an IU obtained from reports, surveys, wastewater discharge permit applications, individual wastewater discharge permits, monitoring programs, and Liberty Utilities inspection and sampling activities, shall be available to the public without restriction, unless the IU specifically requests, and is able to demonstrate to the satisfaction of Liberty Utilities, that the release of such information would divulge information, processes, or methods of production entitled to protection as trade secrets under applicable State law. Any such request must be asserted at the time of submission of the information or data. When requested and demonstrated by the IU furnishing a report that such information should be held confidential, the portions of a report which might disclose trade secrets or secret processes shall not be made available for inspection by the public but shall be made available immediately upon request to governmental agencies for uses related to the NPDES program or pretreatment program, and in enforcement proceedings involving the person furnishing the report. Wastewater constituents and characteristics and other effluent data, as defined at 40 CFR 2.302 shall not be recognized as confidential information and shall be available to the public without restriction.

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SECTION 10 - PUBLICATION OF IUS IN SIGNIFICANT NONCOMPLIANCE

Liberty Utilities shall publish annually, in a newspaper of general circulation that provides meaningful public notice within the jurisdictions served by Liberty Utilities, a list of the IUs which, at any time during the previous twelve (12) months, were in Significant Noncompliance with applicable Pretreatment Standards and Requirements. The term Significant Noncompliance shall be applicable to all Significant IUs (or any other IU that violates paragraphs (C), (D) or (H) of this Section) and shall mean:

- A. Chronic violations of wastewater discharge limits, defined here as those in which sixty six percent (66%) or more of all the measurements taken for the same pollutant parameter taken during a six (6) month period exceed (by any magnitude) a numeric Pretreatment Standard or Requirement, including Instantaneous Limits as defined in Sections 1.4.(S).
- B. Technical Review Criteria (TRC) violations, defined in 40 CFR § 403.8(f)(vii)(B) as those in which thirty three percent (33%) or more of wastewater measurements taken for each pollutant parameter during a six (6) month period equals or exceeds the product of the numeric Pretreatment Standard or Requirement including Instantaneous Limits, as defined by Sections 1.4.(S). multiplied by the applicable criteria (1.4 for BOD, TSS, fats, oils and grease, and 1.2 for all other pollutants except pH).
- C. Any other violation of a Pretreatment Standard or Requirement as defined by Sections 3 and (Daily Maximum, long term average, Instantaneous Limit, or narrative standard) that Liberty Utilities determines has caused, alone or in combination with other discharges, Interference or Pass Through, including endangering the health of POTW/WRF personnel or the general public.
- D. Any discharge of a pollutant that has caused imminent endangerment to the public or to the environment or has resulted in Liberty Utilities exercise of its emergency authority to halt or prevent such a discharge.
- E. Failure to meet, within ninety (90) days of the scheduled date, a compliance schedule milestone contained in an individual wastewater discharge permit or enforcement order for starting construction, completing construction, or attaining final compliance.
- F. Failure to provide within forty-five (45) days after the due date, any required reports, including baseline monitoring reports, reports on compliance with categorical Pretreatment Standard deadlines, periodic self-monitoring reports, and reports on compliance with compliance schedules.
- G. Failure to accurately report noncompliance.
- H. Any other violation(s), which may include a violation of BMP or COP, which Liberty Utilities determines will adversely affect the operation or implementation of the local pretreatment program.

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SECTION 11- ENFORCEMENT REMEDIES AND GUIDELINES**11.1 UTILITY RIGHT TO SHUT OFF AND TERMINATE SERVICE.**

The purpose of this Tariff is to prevent the introduction of pollutants into Liberty Utilities' WRF or a POTW that will interfere with its operation, including interference with its use or disposal of sludge, prevent the introduction of pollutants into a WRF/POTW that could adversely impact the treatment works or otherwise be incompatible with it, and to obtain compliance with all applicable laws and regulations by those regulated dischargers into the WRF/POTW.

11.2 UTILITY DISCRETION TO TERMINATE SERVICE

Liberty Utilities will have sole and complete discretion to shut off wastewater services to any IU for any violation of any provision in this Tariff, or for any violation of any provision in the waste discharge permit in accordance with the terms and conditions of the waste discharge permit between an IU and Liberty Utilities.

11.3 NOTIFICATION REQUIREMENTS

Violation of this Tariff or of any provision of a waste discharge permit is cause for shutting off of or termination of service at Liberty Utilities' discretion. Liberty Utilities will notify the Arizona Corporation Commission at least two business days before it terminates service to any IU.

11.4 PROCESS FOR SUSPENSION OF SERVICE

Shutting off of services for any violation of this Tariff or a wastewater discharge permit between an IU and Liberty Utilities will be in accordance with the terms of the wastewater discharge permit between an IU and Liberty Utilities. The wastewater discharge permit will provide for the suspension of wastewater flows from any IU for a violation of this Tariff or the applicable wastewater discharge permit. This is to ensure the integrity of Liberty Utilities' wastewater operations and avoid adverse impacts to the provision of safe and reliable service to other customers.

- A. IU will provide contact information (including name, service address, contact address (if different), telephone number and email address as part of IU's request for service);
- B. Liberty Utilities will contact IU with a written notification of non-compliance, whereby IU has five (5) calendar days to respond with a written plan for satisfactory correction and prevention of future violations;
- C. Upon providing response, IU will then have 72 hours to implement plan and come into compliance, provided the plan is to Liberty Utilities' satisfaction;

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- D. Failure to come into compliance could then result in Liberty Utilities shutting off service to IU at Liberty Utilities' sole and complete discretion;
- E. Under no circumstances can IU dispute the Liberty Utilities notification until after response and implementation of plan occurs and compliance is achieved.
- F. Service will not be restored to IU until IU has resolved all outstanding violations and penalties to Liberty Utilities' satisfaction

11.5 FLOW INFORMATION

IU must provide information to Liberty Utilities describing maximum average and peak wastewater flows discharged from IU's facility that IU is requesting Liberty Utilities collect and treat during a 24-hour period. Any exceedance of such wastewater flows may be considered a Slug Discharge/Load and a violation of this Tariff for purposes of enforcement and shutting off of services in Liberty Utilities' sole discretion.

11.6 SHUTOFF MECHANISMS

Liberty Utilities will install metering and vault, and other equipment as necessary, so that it has the ability to shut off Indirect Discharge into it's the WRF/POTW when a violation by an IU has occurred in Liberty Utilities sole discretion. Design standards for the discharge point for IU facilities must include plans for the discharge of Indirect Discharge.

11.7 LIABILITY FOR DAMAGES AND INDEMNIFICATION

IU is liable to the extent any violation results in any damage to Liberty Utilities WRF or any facilities used in the provision of wastewater service to any Liberty Utilities customers, as well as to the extent such violation causes any harm to any persons, and the waste discharge permit will include a provision that IU will indemnify Liberty Utilities in accordance with this provision.

11.8 VAULT AND HAUL SERVICES

Should vault and haul services be necessary due to the violation by IU, then IU will be fully and solely responsible for the costs against any IU, to the extent the vault and haul services are due to the violation by the IU.

11.9 REGULATORY ENFORCEMENT AND PENALTIES

Violation of this rule could result in enforcement or other legal action against the IU by interconnected municipalities, the Arizona Department of Environmental Quality and/or the U.S. Environmental Protection Agency. These entities are authorized by law to impose monetary penalties of up to \$37,500 per day per violation.

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11.10 EFFLUENT PARAMETER EXCEEDENCE CHARGES

An effluent parameter exceedance charge may be assessed for any exceedance of the waste discharge permit requirements, when deemed necessary by Liberty Utilities.

11.11 PENALTY SCHEDULE FOR VIOLATIONS

In addition to or instead of any other remedies currently set forth, Liberty Utilities may, in its full discretion, impose the following penalties for the listed violations as set forth in the following table:

Violations	Nature of Violations	Fine/Action	Notifications (Timeframe to Address)
Exceedance of Local Limit, Permit Limit or Federal Standard	A pattern of exceedances will constitute one violation. For purposes of this violation, a pattern will mean exceedances that (1) occur once per day (i.e., a 24-hour period) over three consecutive days or (2) occur more than twice in any specific day.	\$25,000 per each violation.	Discharger will have up to five (5) days from receipt of notification to address before commencement of fines.
Failure to Report	Failure to provide correct information, or provision of missing or incomplete information after notification by Liberty Utilities that information is incorrect, missing or incomplete.	Up to \$5,000 per day per violation (i.e. each piece of incorrect, missing or incomplete information).	Three days from the time of notification of incomplete or missing information to address before commencement of fines.
Failure to Monitor Correctly	Failure to Monitor All Pollutants as set forth in this Tariff or a waste discharge permit (if applicable).	Up to \$5,000 per day per violation	Three days from the time of notification that discharger is failing to monitor as required.
Failure to install monitoring equipment.	Delay of 30 days or more after notification by Liberty Utilities.	Up to \$5,000 per day per violation	Three days after expiration of the 30day period and notification by Liberty Utilities.
Denial of Entry onto Dischargers property for verification of compliance with this Tariff and a waste discharge permit.	Entry Denied or Consent Withdrawn, Liberty Utilities request for copies of records pertinent this Tariff or a waste discharge permit is denied	Up to \$1,000 per day per violation	Commencement of fines can begin 24 hours after denial of entry.

Issued: [DATE]

Effective: [DATE]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (GOLD CANYON Gold Canyon Sewer) Corp.
14920 W Camelback Rd
Gold Canyon, AZ 85340
Decision No. XXXX

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11.12 USE OF FINE PROCEEDS

The proceeds of any fine(s) will be used towards making additional investments as needed in the Liberty Utilities wastewater infrastructure.

11.13 COST RECOVERY FOR DAMAGES

Liberty Utilities may recover the cost of damages caused by any violation of this Tariff or the waste discharge permit by an IU.

11.14 NON-EXCLUSIVITY OF REMEDIES

The remedies provided for in this Pretreatment Program are not exclusive. Liberty Utilities may take any, all, or any combination of these actions against a noncompliant IU when the circumstances warrant. Enforcement of pretreatment violations will generally be in accordance with Liberty Utilities' enforcement response plan. Further, Liberty Utilities is empowered to take more than one enforcement action against any noncompliant IU.

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SECTION 12-SUPPLEMENTAL ENFORCEMENT ACTION**12.1 PENALTIES FOR LATE REPORTS**

A penalty of \$250 shall be assessed to any IU for each day that a report required by this Pretreatment Program, a permit or order issued hereunder is late, beginning five days after the date the report is due. Increased penalties may also be assessed where reports are more than 30-45 days late. Actions taken by Liberty Utilities to collect late reporting penalties shall not limit Liberty Utilities' authority to initiate other enforcement actions that may include penalties for late reporting violations.

12.2 PERFORMANCE BONDS OR LETTER OF CREDIT

Liberty Utilities may decline to issue or reissue an individual wastewater discharge permit to any IU who has failed to comply with any provision of this Pretreatment Program, a previous individual wastewater discharge permit, or any other Pretreatment Standard or Requirement, unless such IU first files a satisfactory bond or letter of credit, payable to Corporation, in a sum not to exceed a value determined by Liberty Utilities to be necessary to achieve consistent compliance.

12.3 LIABILITY INSURANCE

Liberty Utilities may decline to issue or reissue an individual wastewater discharge to any IU who has failed to comply with any provision of this Pretreatment Program, a previous individual wastewater discharge permit, or order issued hereunder, or any other Pretreatment Standard or Requirement, unless the IU first submits proof that it has obtained financial assurances sufficient to restore or repair damage to the POTW/WRF caused by its discharge.

12.4 PAYMENT OF OUTSTANDING FEES AND PENALTIES

Liberty Utilities may decline to issue or reissue an individual wastewater discharge permit to any IU who has failed to pay any outstanding fees, fines or penalties incurred as a result of any provision of this Pretreatment Program, a previous individual wastewater discharge permit, or order issued hereunder.

12.5 WATER AND WASTEWATER SUPPLY SEVERANCE

Whenever an IU has violated or continues to violate any provision of this Pretreatment Program, an individual wastewater discharge permit, or order issued hereunder, or any other Pretreatment Standard or Requirement, wastewater and/or water service to the IU may be severed. Service will recommence, at the IU's expense, only after the IU has satisfactorily demonstrated its ability to comply.

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SECTION 13-PROHIBITED BYPASS**13.1 BYPASS**

A. For the purposes of this Section,

- (1) Bypass means the intentional diversion of waste streams from any portion of an IU's treatment facility.
- (2) Severe property damage means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.

B. An IU may allow any bypass to occur which does not cause Pretreatment Standards or Requirements to be violated, but only if it also is for essential maintenance to assure efficient operation. These bypasses are not subject to the provision of paragraphs (C) and (D) of this Section.

C. Bypass Notifications

- (1) If an IU knows in advance of the need for a bypass, it shall submit prior notice to Liberty Utilities, at least ten (10) days before the date of the bypass.
- (2) An IU shall submit oral notice to Liberty Utilities of an unanticipated bypass that exceeds applicable Pretreatment Standards within twenty-four (24) hours from the time it becomes aware of the bypass. A written submission shall also be provided within five (5) days of the time the IU becomes aware of the bypass. The written submission shall contain a description of the bypass and its cause; the duration of the bypass, including exact dates and times, and, if the bypass has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent reoccurrence of the bypass. Liberty Utilities may waive the written report on a case-by-case basis if the oral report has been received within twenty-four (24) hours.

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D. Bypass

- (1) Bypass is prohibited, and Liberty Utilities may take an enforcement action against an IU for a bypass, unless:
 - (a) Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage.
 - (b) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate back up equipment should have been installed in the exercise of reasonable engineering judgment to prevent a bypass which occurred during normal periods of equipment downtime or preventive maintenance.
 - (c) The IU submitted notices as required under paragraph C of this section. Liberty Utilities may approve an anticipated bypass, after considering its adverse effects, if Liberty Utilities determines compliance with Section 14.

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SECTION 14 – COMPLIANCE AND ENFORCEMENT STANDARDS**14.1 DECLINING TO ISSUE INDIVIDUAL WASTEWATER DISCHARGE PERMIT**

Liberty Utilities may decline to issue or reissue an individual wastewater discharge permit to any IU who has failed to comply with any provision of the Pretreatment Program, a previous individual wastewater discharge permit, or any other Pretreatment Standard or requirement, unless such IU first files a satisfactory bond, payable to Liberty Utilities, in a sum not to exceed a value determined by Liberty Utilities to be necessary to achieve consistent compliance.

14.2 EMERGENCY SHUTDOWN

A. For the purposes of this Section,

- (1) Emergency shut down means the intentional diversion of waste streams from any portion of an IU's treatment facility. Severe property damage means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of an emergency shut down. Severe property damage does not mean economic loss caused by delays in production.

B. An IU may allow any bypass to occur which does not cause Pretreatment Standards or Requirements to be violated, but only if it also is for essential maintenance to assure efficient operation. These emergency shutdowns are not subject to the provision of paragraphs (C) and (D) of this Section.

C. Shut Down Notifications

- (1) If an IU knows in advance of the need for a bypass, it shall submit prior notice to Liberty Utilities at least ten (10) days before the date of the emergency shut down, if possible.
- (2) An IU shall submit oral notice to Liberty Utilities of an unanticipated emergency shutdown that exceeds applicable Pretreatment Standards within twenty-four (24) hours from the time it becomes aware of the emergency shut down. A written submission shall also be provided within five (5) days of the time the IU becomes aware of the emergency shut down. The written submission shall contain a description of the emergency shut down; its cause; the duration of the bypass, including exact dates and times, and, if the emergency shut down has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent reoccurrence of the emergency shut down. Liberty Utilities may waive the written report on a case-by-case basis if the oral report has been received within twenty-four (24) hours.

Applies to all **WASTEWATER** service areas
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INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

D. Emergency Shutdown

- (1) Emergency shut down is prohibited, and Liberty Utilities may take an enforcement action against an IU for a bypass, unless:
 - (a) Emergency shut down was unavoidable to prevent loss of life, personal injury, or severe property damage.
 - (b) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate back up equipment should have been installed in the exercise of reasonable engineering judgment to prevent a bypass which occurred during normal periods of equipment downtime or preventive maintenance.
 - (c) The IU submitted notice as required under paragraph C of this Section.

Applies to all **WASTEWATER** service areas

PART EIGHT
CODE OF PRACTICE

EXECUTIVE SUMMARY

Liberty Utilities (Gold CanyonGold Canyon Sewer) Corp. ("Corporation") hereby declares that the following Code of Practice has been prepared and adopted to provide for pretreatment standards in the maintenance and operation of wastewater treatment at the Gold Canyon Water Reclamation Facility ("GCWRF") and the Entrada Del Oro Water Reclamation Facility ("EDOWRF"). This Code of Practice shall be filed with the Arizona Corporation Commission and made part of Corporation's Wastewater Service Tariff, Part Four, Section LB [Waste Limitations].

Corporation hereby expressly reserves the right to make any lawful addition and/or revisions in this Code of Practice when and as they may become advisable to properly manage the WRF and to promote the peace, health, safety and welfare of the customers that will be served. This Code of Practice is supplementary to, and are not to be construed as, any abridgement of any lawful rights of the Company as outlined in the Arizona Revised Statutes governing Public Utilities (Title 40) and the Arizona Administrative Corporation Commission Rules on Sewer (Title 14, Article 6), including the right to disconnect or to refuse permission to connect a customer to the Company's wastewater system for violation of this Code of Practice or any other applicable law of the State of Arizona.

This Code of Practice incorporates pretreatment standards per 40 CFR 403, A.A.C. Title 12, Article 4, and A.A.C. Title 18, Chapter 9, Article 3. This Code of Practice is enforceable per the authority granted to wastewater utilities established under A.A.C. Title 14, Chapter 2, Article 6 of the Arizona Administrative Code.

Issued: [DATE]

Effective: [DATE]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (GOLD CANYONGold Canyon Sewer) Corp.
14920 W Camelback Rd
Gold Canyon, AZ 85340
Decision No. XXXX

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-001)
SECTION 1 – DEFINITIONS

I. PROHIBITED WASTE

Prohibited waste means:

(1) Air Contaminant Waste

Any waste other than sanitary waste which, by itself or in combination with another substance, is capable of creating, causing or introducing an air contaminant outside any sewer or sewage facility or is capable of creating, causing or introducing an air contaminant within any sewer or sewage facility which would prevent safe entry by authorized personnel.

(2) Flammable or Explosive Waste

any pollutants which create a fire or explosion hazard to the sewer or any waste other than sanitary waste which, which by itself or in combination with another substance, is capable of causing or contributing to an explosion or supporting combustion in any sewer or sewage facility including, but not limited to gasoline, naphtha, propane, diesel, fuel oil, kerosene or alcohol.

(3) Obstructive Waste

Any waste other than sanitary waste which, by itself or in combination with another substance, is capable of obstructing the flow of, or interfering with, the operation or performance of any sewer or sewage facility including, but not limited to: earth, sand, sweepings, gardening or agricultural waste, ash, chemicals, paint, metal, glass, sharps, rags, cloth, tar, asphalt, cement-based products, plastic, wood, waste portions of animals, fish or fowl and solidified fat.

(4) Corrosive Waste

Any waste other than sanitary waste which, with corrosive properties which, by itself or in combination with any other substance, may cause damage to any sewer or sewage facility or which may prevent safe entry by authorized personnel.

(5) High Temperature Waste

Any waste other than sanitary waste which, by itself or in combination with another substance, will create heat in amounts which will **interfere** with the operation and maintenance of a sewer or sewage facility or with the treatment of waste in a sewage facility;

Any waste other than sanitary waste which, will raise the temperature of waste entering any sewage facility to 38 degrees Celsius (100 degrees Fahrenheit) or more; or any non-domestic waste entering any sewage facility with a temperature of 65 degrees Celsius (150 degrees Fahrenheit) or more.

Applies to all **WASTEWATER** service areas
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SECTION 1 - DEFINITIONS

(6) Biomedical Waste

Any of the following categories of biomedical waste: human anatomical waste, animal waste, untreated microbiological waste, waste sharps, medical products, and untreated human blood and body fluids known to contain viruses and agents.

(7) Miscellaneous Wastes

Any storm water, surface water, groundwater, roof runoff, or surface drainage is prohibited.

(8) Dilution Wastes

Any discharge that has been in any way, been diluted as a substitute for pretreatment, for the purposes of obtaining compliance with any categorical standard or pretreatment requirement or any other requirement imposed by this article except where dilution is expressly authorized by a categorical standard.

(9) Other Discharge Limitations.

Any discharge that is transported from the point of generation to the sewer by any hauler, unless the hauler has first:

- (a) Obtained authorization to discharge from the Company.
- (b) Disclosed the nature, origin, and volume of the discharge.

Any waste, other than sanitary waste, which by itself or in combination with another substance:

- (a) constitutes or may constitute a significant health or safety hazard to any person;
- (b) Any waste other than sanitary waste which may interfere with any sewer or sewage treatment process;
- (c) may cause a discharge from a sewage facility to contravene any requirements by or under any ADEQ or AZPDES discharge permit or any other act, approved Waste Minimization Plan (WMP), or any other law or regulation governing the quality of the discharge, or may cause the discharge to result in a hazard to people, animals, property or vegetation;
- (d) may cause bio-solid to fail criteria for beneficial land application.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-001)
SECTION 1 - DEFINITIONS

II. RESTRICTED WASTE (GCGC-CP-01-001)

Restricted waste means:

(10) **Specified Waste**

Any waste other than sanitary waste which, at the point of discharge into a sewer, contains any contaminant at a concentration in excess of the Limits set out below. All concentrations are expressed as total concentrations which includes all forms of the contaminant, whether dissolved or undissolved. The concentration limits apply to both grab and composite samples. Contaminant definitions and methods of analysis are outlined in standard methods.

CONVENTIONAL CONTAMINANTS (mg/L)	
Biochemical Oxygen Demand (BOD)	350
Chemical Oxygen Demand (COD)	1000
Ammonia	55
Total Nitrogen- as NO ₃	100
Oil and Grease	64
Total Suspended Solids	350

ORGANIC CONTAMINANTS (mg / L)	
Benzene	Reserved ²
Ethyl Benzene	Reserved
Toluene	Reserved
Xylenes	Reserved
Chloroform	Reserved
Total Oil and Grease (hydrocarbons)	96
Perfluoroalkyl Substances (PFAS)	Reserved

² "Reserved" indicates that Liberty Utilities requires Industrial Users to conduct monthly monitoring and sampling for these organic contaminants; however, the Arizona Corporation Commission has not yet approved a Daily Maximum discharge limitation for these constituents. A Daily Maximum limit may be established in the future, subject to Commission review and approval.

Applies to all **WASTEWATER** service areas
PART EIGHT
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SECTION 1 - DEFINITIONS

TRACE METALS	
PARAMETER	DAILY AVERAGE (mg/L)
Antimony (Sb)	0.0048
Arsenic	0.008
Beryllium	0.008
Cadmium (Cd)	0.012
Chloride (Cl)	Reserved
Chromium (Cr)	0.238
Cobalt (Co)	Reserved
Copper (Cu)	Reserved
Cyanide (CN)	Reserved
Fluoride	3.00
Iron (Fe)	Reserved
Lead (Pb)	0.13
Manganese (Mn)	Reserved
Mercury (Hg)	0.0050
Nitrate	100
Molybdenum (Mo)	Reserved
Nickel (Ni)	0.242
Selenium (Se)	0.142
Silver (Ag)	Reserved
Sulfate (SQ4)	Reserved
Sulfide (S)	N/A
Thallium	0.005
Zinc (Zn)	Reserved

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PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-001)
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(11) Food Waste

Any solid or viscous pollutants, animal fats, oil, and grease (FOG) in amounts that may cause obstruction to the flow in sewers or pass through or other interference or damage to the sewer collection system. Any pollutant, including oxygen demanding pollutants (BOD, COD, TOC, etc.) released in a discharge flow at a rate and/or pollutant concentration which may cause interference with the sewer collection system or wastewater treatment process. This also includes petroleum oil, non-biodegradable cutting oil, or other products of mineral oil origin in amounts that may cause interference or pass through at the wastewater treatment facility.

(12) Radioactive Waste

Any discharge containing a toxic, radioactive, poisonous or other substances in which sufficient quantity to cause or have the potential to cause injury or damage to a person or property or interference with any sewage treatment process, cause corrosive structural damage, constitute a hazard to humans or create any hazard to the sewer system or the effluent of the sewer system. All such wastes shall be subject to compliance with Nuclear Regulatory Commission standards for sewer disposal including the Unity Equation. Radioactive waste industrial users shall be treated in accordance with applicable federal and state regulations and guidelines, including section 40 of the Code of Federal Regulations.

(13) pH Waste

Any discharge with a pH less than 5.5 standard units (SU) or greater than 9.5 SU as determined by either a grab or a composite sample.

(14) Dyes and Coloring: Material

Dyes or coloring materials which may pass through a sewage facility and discolor the effluent from a sewage facility except where the dye is used by the Sewer Company, or one or more of its agents, as a tracer.

(15) Miscellaneous Restricted Wastes

Any of the following wastes:

- (a) 4,4' - DDE
- (b) 4,4' - DDT
- (c) Aldrin
- (d) BHC-Alpha
- (e) BHC-Beta
- (f) BHC- Gamma(Lindane)
- (g) Heptachlo

Applies to all **WASTEWATER** service areas
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SECTION 1 - DEFINITIONS

- (h) Heptachlor epoxide.
 - (i) Polychlorinated biphenyl compounds (PCB's)
 - (j) chlorinated phenols³
 - (k) pesticides
 - (l) herbicides
 - (m) tetrachloroethylene
 - (n) polynuclear aromatic hydrocarbons (PAH' s)⁴
- (16) Temperature
- Any waste other than sanitary waste which, will raise the temperature of waste entering any sewage facility to 38 degrees Celsius (100 degrees Fahrenheit) or more; or any non-domestic waste entering any sewage facility with a temperature of 65 degrees Celsius (150 degrees Fahrenheit) or more.

³ include: chlorophenol 1 (ortho, meta, para); dichlorophenol (2,3, 2,4-, 2,5-, 2,6-, 3,4-, 3,5-); trichlorophenol (2,3,4-, 2,3,5-, 2,3,6-, 2,4,5-, 2,4,6-, 3,4,5-); tetrachlorophenol (2,3,4,5-, 2,3,4,6-, 2,3,5,6-); pentachloro phenol

⁴ includes: naphthalene benzo(a) anthracene; acenaphthylene chrysene; acenaphthene benzo(k)fluoranthene; fluorene benzo(k)fluoranthene; phenanthrene benzo(a)pyrene; anthracene dibenzo(a,h)anthracene fluoranthene indeno(1,2,3-cd)pyrene; pyrene benzo(g,h,i)perylene

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-002)
SECTION 2 - DENTAL OPERATIONS

I. APPLICATION

This code of practice for dental operations defines mandatory requirements for managing non-domestic waste discharged directly or indirectly into a sewer connected to a sewage facility.

This code of practice applies to dental operations.

II. DISCHARGE REGULATIONS

An operator of a dental operation must not discharge waste which, at the point of discharge into a sewer, contains;

- (1) prohibited waste, special waste, or storm water; or
- (2) restricted waste with the exception of mercury measured at the point of discharge from a certified amalgam separator.

An operator of a dental operation that produces liquid waste from photographic imaging containing silver shall comply with the requirements of GCGC-CP-01-001.

An operator of a dental operation that produces wastewater containing dental amalgam must either:

- (1) collect and transport the wastewater from the dental operation for off-site waste management; or
- (2) treat the wastewater at the dental operation site prior to discharge to the sewer using a certified amalgam separator.

An operator of a dental operation must install and maintain the amalgam separator according to the manufacturer's or supplier's recommendations in order that the amalgam separator functions correctly. Such separator must be certified for use by the manufacturer.

An operator of a dental operation who installs an amalgam separator must ensure that:

- (1) all dental operation wastewater that contains dental amalgam is treated using the amalgam separator;
- (2) a monitoring point is installed at the outlet of the amalgam separator or downstream of the amalgam separator at a location upstream of any discharge of other waste;
- (3) the monitoring point must be installed in such a manner that the total flow from the amalgam separator may be intercepted and sampled; and
- (4) the monitoring point shall be readily and easily accessible at all times for inspection.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-002)
SECTION 2 - DENTAL OPERATIONS

If the amalgam separator is located downstream of a wet vacuum system, an operator of a dental operation must ensure that:

- (1) the wet vacuum system is fitted with an internal flow control fitting; or
- (2) a flow control fitting is installed on the water supply line to the wet vacuum system.

The flow control fitting must be sized to limit the flow to a rate that is no more than the maximum inlet flow rate of the amalgam separator as stated by the manufacturer of the amalgam separator.

An operator of a dental operation must locate an amalgam separator in such a manner that an accidental spill, leak or collecting container failure will not result in waste containing amalgam entering any sewer. If a location is not available, an operator of a dental operation must do one of the following:

- (1) install spill containment to contain spills or leaks from the amalgam separator; or
- (2) cap all floor drains into which liquid spilled from the amalgam separator would normally flow.

An operator of a dental operation must replace the amalgam separator's collecting container when any one of the following occurs:

- (1) the manufacturer's or supplier's recommended expiry date, as shown on the amalgam separator, has been reached; or
- (2) the warning level specified by the manufacturer has been reached; or
- (3) analytical data obtained using a method of analysis outlined in standard methods, or an alternative method of analysis approved by the manager, having a method detection limit of 0.0000005 mg/L or lower, indicates that the total concentration of mercury in the discharge from the amalgam separator is greater than, or equal to 0.005 mg/L.

An operator of a dental operation shall not dispose of dental amalgam collected in an amalgam separator, a collecting container, or any other device, to a sewer.

III. RECORD KEEPING AND RETENTION

An operator of a dental operation that uses an amalgam separator must keep at the site of installation of the amalgam separator, an operation and maintenance manual containing instructions for installation, use, maintenance and service of the amalgam separator installed.

An operator of a dental operation that uses an amalgam separator must post, at the site of installation of the amalgam separator, a copy of the manufacturer's standard test report pertaining to the amalgam separator installed.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-002)
SECTION 2 - DENTAL OPERATIONS

- (4) date of installation of the amalgam separator and name of the installation service provider;
- (5) serial number and expiry date of the amalgam separator and/or its components;
- (6) maximum recommended flow rate through the amalgam separator, where applicable;
- (7) dates of inspection, maintenance, cleaning and replacement of any amalgam separation equipment or components;
- (8) dates and descriptions of all operational problems, spills, leaks or collecting container failures associated with the amalgam separator and remedial actions taken;
- (9) name, address and telephone number of any person or company who performs any maintenance or disposal services related to the operation of the amalgam separator; and
- (10) dates of pick-up of the collecting container for off-site disposal, volume of waste disposed and the location of disposal.

The records must be retained for a period of two years and must be available on request by a company representative.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-003)
SECTION 3 – DRY-CLEANING OPERATIONS

I. APPLICATION

This code of practice for Dry Cleaning operations defines the requirements for managing waste discharged directly or indirectly into a sewer connected to a sewage facility from dry cleaning businesses, or other facilities employing solvent or chemical cleaning routines.

Definitions are included in GCGC-CP-01-DEF.

II. DISCHARGE REGULATIONS

An operator of a dry-cleaning operation must not discharge waste, which at the point of discharge into a sewer contains:

- (1) Tetrachloroethylene and Perchloroethylene are prohibited;
- (2) Petroleum solvent in a concentration that is in excess of 15 milligrams per liter as analyzed in a grab sample; and
- (3) Prohibited waste, restricted waste, special waste, storm water, or contaminated water.

An operator of a dry-cleaning operation that generates wastewater containing petroleum solvent shall either:

- (1) Collect and transport the wastewater from the dry-cleaning operation for off-site waste management; or
- (2) Install and maintain a solvent/water separator and holding tank in accordance with this code of practice.

Solvent Water Separators and Holding Tanks

Solvent/water separator and holding tank installations must conform to the requirements of this code of practice.

An operator of a dry-cleaning operation shall not directly discharge wastewater from the solvent/water separator to a sewage facility

- (1) An operator of a dry-cleaning operation must:
- (2) Collect the wastewater discharged from a solvent/water separator into a transparent, solvent-compatible, holding tank with a containment capacity 25% larger than the total volume of the solvent/water separator; and
- (3) Allow the wastewater to stand undisturbed for a period of not less than 12 hours following each operating date.

An operator of a dry-cleaning operation must check the contents of the holding tank after the specified period of time has elapsed to determine whether the wastewater contains any visible residual solvent. If there is no visible residual solvent in the holding tank, the contents may be discharged to the sewer.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-003)
SECTION 3 – DRY-CLEANING OPERATIONS

If the holding tank contains any visible tetrachloroethylene or petroleum solvent after the specified period of time, then the tetrachloroethylene or petroleum solvent must be separated and returned to the solvent recovery system. After the removal of all visible solvent, the wastewater may be discharged to the sanitary sewer.

Visual Inspections

An operator of a dry-cleaning operation must:

- (1) Visually inspect the solvent/water separator on a daily basis and
- (2) Clean the solvent/water separator at least once every seven (7) days to manufacturer's standards.

Spills and Leaks

An operator of a dry-cleaning operation must install spill containment facilities in all chemical storage areas and around all dry-cleaning machines.

An operator of a dry-cleaning operation must block off all sewer drains within the containment area for chemical storage and dry-cleaning equipment to prevent any accidental discharge of solvent to a sewer.

An operator of a dry-cleaning operation must inspect all dry-cleaning equipment for liquid leaks at least once per day.

An operator of a dry-cleaning operation must keep all equipment clean to ensure that leaks are visible. The following areas and items are to be checked for leaks:

- (1) hose connections, unions, couplings and valves
- (2) machine door gasket and seating
- (3) filter head gasket and seating
- (4) pumps
- (5) base tanks and storage
- (6) solvent/water separators
- (7) filter sludge recovery
- (8) distillation unit
- (9) diverter valves
- (10) saturated lint in lint baskets
- (11) holding tanks
- (12) cartridge filters

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-003)
SECTION 3 – DRY-CLEANING OPERATIONS

An operator of a dry-cleaning operation who detects any liquid leak from dry cleaning equipment or chemical storage must repair the leak within 72 hours and must immediately prevent any discharge of contaminants to a sewer.

III. RECORD KEEPING AND RETENTION

Every dry-cleaning operation must keep a record book on site for inspection with records from the previous two years.

The following information shall be recorded in the record book:

- (1) record of all inspections done by the operator, employees or other hired personnel;
- (2) record of any liquid leaks detected and remedial action taken;
- (3) record of solvent/water separator cleaning;
- (4) record of holding tank cleaning and solvent transfer; and
- (5) record of all other equipment maintenance and repair.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-004)
SECTION 4 – FOOD SERVICE OPERATIONS

I. APPLICATION

This code of practice for Food Service operations defines the requirements for managing waste discharged directly or indirectly into a sewer connected to a sewage facility from restaurants, or other facilities employing food service (such as food preparation services) as a primary or secondary business operation. Traps, interceptors and separators shall be provided to prevent the discharge of oil, grease, sand and other substances harmful or hazardous to the building drainage system, the collection system the private sewage disposal system or the sewage treatment plant or processes.

Traps, interceptors and separators shall be installed:

- (1) operators of a food services operation that adds kitchen equipment that discharges oil and grease;
- (2) operators of a food services operation that discharges non-domestic waste to sewer that exceeds any of the restricted waste criteria specified in GCGC-CP-01-DEF; or
- (3) any food service operation, as determined by Corporation's wastewater operations group.
- (4) at new facilities
- (5) at existing food service facilities, not equipped with a trap, interceptor or separator, when additions, alterations or remodel are done which increase servicing volume, seating capacity, etc.
- (6) at existing food service facilities, equipped with a trap, interceptor or separator, when additions, alterations or remodel are done which increase servicing volume, seating capacity, changes to the menu, etc.
- (7) at any non-food facilities when additions, alterations, or remodeling is proposed for the purpose of food preparation and service.
- (8) at existing facilities not equipped with a trap, interceptor or separator, which is proposed for the purpose of food preparation and service.

Definitions are included in GCGC-CP-01-DEF.

II. DISCHARGE REGULATIONS

An operator of a Food Service Operation must not discharge waste, which at the point of discharge into a sewer, contains:

- (1) oil and grease in a concentration that is in excess of 100 milligrams per liter as analyzed in a grab sample;
- (2) suspended solids in a concentration that is in excess of 350 milligrams per liter as analyzed in a grab sample;

Applies to all **WASTEWATER** service areas

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PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-004)
SECTION 4 – FOOD SERVICE OPERATIONS

- (3) 5-day biochemical oxygen demand (BOD 5) in a concentration that is in excess of 350 milligrams per liter in a grab sample;
- (4) prohibited waste, restricted waste, special waste, storm water, or contaminated water.

III. GREASE INTERCEPTORS

Grease interceptors are required to be installed and maintained by the Owner of food service operations within the collection system of Corporation facilities. Grease interceptor installations shall conform to the requirements of this code of practice.

Interceptors, such as grease, oil, or sand shall be provided by laundries, restaurants, service stations, auto repair shops, carwashes and other industrial users when, in the opinion of Corporation, interceptors are necessary for the proper handling of wastewater containing oil and grease or sand or any flammable wastes. Such interceptors shall not be required for domestic users.

Construction:

All traps, interceptors and separators shall be constructed of impervious materials capable of withstanding abrupt and extreme changes in temperature. New or upgraded grease devices shall have a three-lid manhole, properly sized per Table 1. Traps, interceptors and separators shall be watertight and equipped with easily removable covers. Covers shall be gastight and watertight.

Cleaning and Maintenance:

Cleaning and maintenance must be performed when total volume of captured oil, grease and solids material displaces more than twenty-five (25) percent of the total volume of the trap, interceptor or separator or when the pH of a sample taken from the effluent side of the interceptor drops below 5.0 or when odor generation becomes a health issue or when the Company inspection determines a cleaning is necessary.

Maintenance Records:

All traps, interceptors and separators shall be maintained by the user in efficient operating condition at all times. Written records and documentation of all cleaning, repair, calibration, and maintenance shall be maintained at the facility for a minimum of three (3) years and be made available upon request.

Maintenance Inspection:

All traps, interceptors and separators shall be inspected by Corporation representative during normal working hours. Inspection results shall be made available to person, firm or corporation in reasonable charge of the traps, interceptors and separators. Corporation representative shall require correction in order to enforce Corporation pretreatment code of practices.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-004)
SECTION 4 – FOOD SERVICE OPERATIONS

Skimming:

Skimming, decanting or discharging of removed waste or wastewater back into any traps, interceptors and separators or any appurtenance of the wastewater collection system is strictly prohibited.

Pumping:

All oil, sand and grease interceptors shall be pumped out or cleaned out completely not less than once every ninety (90) calendar days. Grease traps must be cleaned out completely not less than once every thirty (30) calendar days. Traps and interceptors shall be cleaned more frequently when necessary or required.

Bacteria as a Substitute:

The use of bacteria additives as a supplement to maintenance may be authorized by Corporation when a written request is made to the Corporation which includes material safety data sheets. The addition of emulsifiers, de-emulsifiers, surface active agents, enzymes, or degreasers directly or into any drain leading to any grease removal device is strictly prohibited unless approved by the Corporation.

Use:

Traps, interceptors and separators shall be single user only. When an interceptor can be safely used by multiple users (e.g., food courts), multiple users may be allowed when approved by Corporation. Multiple facilities operated by the same person, firm or corporation may be allowed to connect to a single interceptor with approval from Corporation. The person, firm or corporation in reasonable charge of the trap, interceptor or separator shall take any and all steps necessary to assure adequacy which includes repair, modification or replacement.

Alternate Devices and Technology:

Alternative devices and technologies shall be submitted to Corporation for approval before any such device is installed. The service facility will be required to furnish analytical data demonstrating the effluent discharge concentration to Corporation wastewater collection system will not exceed those listed in GCGC-CP-01-001.

Sizing:

All traps, interceptors and separators shall be properly sized per Table 1. When an interceptor is sized less than five hundred (500) gallons or more than two thousand five hundred (2,500) gallons, the person, firm or corporation making the permit application shall first meet with the Corporation to verify the reduced or increased size has been correctly calculated and that no other options are available.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-004)
SECTION 4 – FOOD SERVICE OPERATIONS

Size Modification:

Modifying the size of any trap or interceptor shall only be done when sizing per Table 1 allows the modification. Modifying the size of any trap or interceptor shall not be done without the approval of Corporation.

Domestic Wastewater:

Domestic wastewater shall not be discharged to the interceptor.

Minimization Plan:

All facilities required to install and operate a trap, interceptor or separator shall develop and implement a Waste Minimization Plan pertaining to the disposal of grease, oils, and food bearing wastes.

Best Management:

All establishments requiring a trap, interceptor or separator shall adopt BMP's (Best Management Practices) for handling sources of floatable oils, fat or grease originating within their facility. Proof of employee training in BMP's shall be shown to Corporation upon request.

Other Fixtures:

Toilets, urinals, and other similar fixtures shall not discharge through a grease interceptor.

Minimization Program:

The applicant shall establish and submit a written waste minimization plan (maintenance program) outlining specific methods (Best Management Practices) that the facility will use on a daily basis to reduce the discharge of oil and grease as well as solids from entering the interception device and ultimately, the Corporation sewer system. This plan shall be acceptable to and approved by the Corporation. The approved document shall accompany the permit application.

Discharge Permit:

This document will be used in lieu of a discharge permit to assist with enforcing all Corporation codes of practices.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-004)
SECTION 4 – FOOD SERVICE OPERATIONS

Grease interceptors automatic grease removal required:

A grease interceptor or automatic grease removal device shall be required to receive the drainage from fixtures and equipment with grease-laden waste located in food preparation areas, such as in restaurants, hotel kitchens, hospitals, school kitchens, bars, factory cafeterias, caterers, nursing homes, day care centers, churches and clubs. Fixtures and equipment shall include pot sinks, pre-rinse sinks; soup kettles or similar devices; workstations; floor drains or sinks into which kettles are drained; automatic hood wash units and dishwashers without pre-rinse sinks. Grease interceptors and automatic grease removal devices shall receive waste only from fixtures and equipment that allow fats, oils or grease to be discharged. Interceptors, such as grease, oil or sand shall be provided at laundries, restaurants, service stations, auto repair shops, carwashes and other industrial users when the proper handling of wastewater containing oil and grease or sand or any flammable wastes is necessary.

Location:

All Interceptors shall be approved and shall be located to be readily and easily accessible for cleaning and inspection.

Food waste grinder:

Where food waste grinders connect to grease interceptors, a solids interceptor shall separate the discharge before connecting to the grease interceptor. Solids interceptors and grease interceptors shall be sized and rated for the discharge of the food waste grinder. Emulsifiers, chemicals, enzymes and bacteria shall not discharge into the food waste grinder. Corporation shall require any user to cease operation of a garbage grinder and permanently remove such equipment when it is determined that the grinder is imposing any adverse effect on interceptor function.

Grease interceptor capacity:

Grease interceptors shall have the grease retention capacity indicated in Table 1 for the flow-through rates indicated. Corporation shall make determinations of interceptor adequacy and need, based on review of all relevant information regarding interceptor performance, facility site and building plan review and to require repairs to, modifications, or replacement of such traps.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-004)
SECTION 4 – FOOD SERVICE OPERATIONS

TABLE 1 - CAPACITY OF GREASE INTERCEPTORS - E PA-2 Model

A Determine maximum drainage flow from fixtures:					
Type of Fixture	Total Fixtures		Flow Rate		Amount
Restaurant kitchen sink		X	15 ~~gpm~~	=	
Single compartment sink		X	20gpm	=	
Double compartment sink		X	25gpm	=	
2, single compartment sinks		X	25 ~~gpm~~	=	
2, double compartment sinks		X	35gpm	=	
Triple sink <u>1.5 inch</u> drain		X	35 ~~gpm~~	=	
Triple sink <u>2 inch</u> drain		X	50gpm	=	
30gallon dishwasher		X	15gpm	=	
50gallon dishwasher		X	25gpm	=	
50--100gallon dishwasher		X	40gpm	=	
B. Total	Number of fixtures			--	~~gpm~~
C. Loading Factors					
Restaurant type	Fast food-paper delivery			=	.50
	Low volume			=	.50
	Medium volume			=	.75
	High Volume			=	1.0
D. B x C = D, subtotal					
E. D x 60 = Subtotal x 60 minutes = E, maximum flow for one (1) hour, in gallons					
F. E x 2 = maximum flow for <u>one hour</u> times two (2) hours retention time (based on restaurant volume) = F, volume of trap in gallons =					

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-004)
SECTION 4 – FOOD SERVICE OPERATIONS

Access and maintenance of traps, interceptors, and separators:

Complete access shall be provided to each interceptor and separator for service, maintenance and inspection of the inner chamber(s) and viewing and sampling of effluent wastewater discharged to the sewer. Interceptors and separators shall be maintained by periodic removal of accumulated grease, scum, oil, or other floating substances and solids deposited in the interceptor or separator.

Periodic Inspection:

All traps, interceptors and separators shall be subject to periodic inspections by Corporation during normal operating hours. These inspections can be based on an annual inspection or when a complaint is registered with Corporation regarding a grease-removal device. Should the inspection of any trap, interceptor or separator indicate a violation of any item in (1) through (3) below, the person, firm or corporation in reasonable charge shall bring the device into compliance within the timeframe noted on the notice of violation, but not longer than fourteen (14) calendar days.

If twenty-five (25) percent of the interceptor is full; both surface (oil and grease) and bottom (solids). When OSHA (Occupational, Safety and Health Administration) atmospheric levels of Hydrogen Sulfide limits have been exceeded - "Short Term Exposure Limit" (STEL) of fifteen (15) ppm over a fifteen-minute time-weighted average. When the "Immediately Dangerous to Life and Health" (IDLH) level is 100 ppm or above, immediate action shall be performed to return the level of Hydrogen Sulfide to safe and acceptable limits. If the violation cannot be immediately resolved, all use of the Trap, Interceptor or Separator shall cease until compliance is obtained.

When pH in the effluent chamber falls below 5.0 - which is an unhealthy anaerobic interceptor condition.

Maintenance:

Any trap, interceptor or separator not adequately maintained to prevent floatable oils, fat or grease from entering the sewerage system or produce excessive odors shall be in violation of Corporation codes of practice.

Clearing Obstructions:

Corporation shall take appropriate action to clear any obstruction of the Corporation sewer that causes a sewer overflow. When the obstruction is found to be caused by an overburdened or non-maintained trap, interceptor or separator, the person, firm or corporation in reasonable charge of the trap, interceptor or separator reimbursement of Corporation costs associated with clean-up efforts including any fines leveled against Corporation. Any establishments that continuously violate Corporation code of practice shall be subject to having sewer service discontinued.

Contain and/or Clean Up:

Should Corporation find it necessary to contain and/or clean up a private sanitary sewer overflow caused by blockage of private or public sewer lateral or system, all associated cost shall be the responsibility of the person, firm or corporation in reasonable charge of the property.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-004)
SECTION 4 – FOOD SERVICE OPERATIONS

Repairs or Replacements:

When repairs or replacements are necessary to a trap, interceptor or separator, all repairs or replacements shall be completed within the time frame stated on the notice to comply. Corporation may authorize a time extension, not to exceed thirty (30) days, for justifiable cause.

Grease Removal:

The person, firm or corporation in reasonable charge shall remove and dispose of grease at a facility permitted to receive and process such waste. Cleaning frequencies shall be dependent on the amount of oil, grease or solids generated at each operation, the size of the grease trap or interceptor, and the approved written waste minimization program, but not to exceed thirty-day intervals for traps and ninety-day intervals for interceptors. Traps and interceptors shall be cleaned by a licensed contractor.

Interference, Operation and Odors:

Any facility whose effluent discharge into the sewerage system causes interference in the conveyance system, operation of the sewerage system, or emits excessive odors shall be required to sample the discharge from the trap, interceptor or separator and have it analyzed for oil and grease and sulfides, total and dissolved. Results of the analysis shall be immediately reported. Corporation may sample the grease interception device at any time, utilizing Corporation representatives. The person, firm or corporation in reasonable charge shall be responsible for any and all associated cost of such testing or sampling.

IV. RECORD KEEPING AND RETENTION

An operator of a food services operation must keep a record at the food services operation of all grease interceptor inspection and maintenance activities including:

- (1) the date of inspection or maintenance;
- (2) the maintenance conducted;
- (3) the type and quantity of material removed from the grease interceptor; and
- (4) the location of disposal of the material removed from the grease interceptor.

The records shall be retained for a period of three years, and shall be available on request.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-005)
SECTION 5 - PHOTOGRAPHIC IMAGING OPERATIONS

I. APPLICATION

This code of practice for photographic imaging operations defines mandatory requirements for managing non - domestic waste discharged directly or indirectly into a sewer connected to a sewage facility.

This code of practice applies to photographic imaging operations. Definitions are included in GCGC-CP-01-DEF.

II. DISCHARGE REGULATIONS

An operator of a photographic imaging operation must not discharge waste which, at the point of discharge into a sewer, contains:

- (1) silver in a concentration that is in excess of prescribed local limit analyzed as analyzed in a grab sample; or,
- (2) prohibited waste, restricted waste, special waste, storm water, or contaminated water as defined in GCGC-CP-01-DEF.

An operator of a photographic imaging operation that produces liquid waste containing silver must either:

- (1) collect and transport the waste from the photographic imaging operation for off-site waste management; or
- (2) treat the waste at the photographic imaging operation site prior to discharge to the sewer using one of the following silver recovery technologies:
 - (a) two chemical recovery cartridges connected in series;
 - (b) an electrolytic recovery unit followed by two chemical recovery cartridges connected in series; or
 - (c) any other silver recovery technology, or combination of technologies, capable of reducing the concentration of silver in the waste to 1.2 mg/L or less where valid analytical test data has been submitted to, and accepted by, the Corporation wastewater group.

An operator of a photographic imaging operation must install and maintain silver recovery technology according to the manufacturer's or supplier's recommendations.

An operator of a photographic imaging operation must collect all liquid waste containing silver in a holding tank and must deliver this waste to the chemical recovery cartridges using a metering pump.

An operator of a photographic imaging operation must calibrate the metering pump at least once per year.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-005)
SECTION 5 - PHOTOGRAPHIC IMAGING OPERATIONS

Spill/ Leak Prevention

An operator of a photographic imaging operation must locate the silver recovery system in such a manner that an accidental spill, leak or container failure will not result in liquid waste containing silver in concentrations greater than 1.2 mg/L entering any sewer.

If a location referred to above is not available, an operator of a photographic imaging operation must do one of the following:

- (1) install spill containment to contain spills or leaks from the silver recovery system; or
- (2) cap all floor drains into which liquid spilled from the silver recovery system would normally flow.

Testing:

When using two separate chemical recovery cartridges, an operator of a photographic imaging operation must test the discharge from the first cartridge for silver content at least once per month using either silver test paper or a portable silver test kit.

When the discharge from the first chemical recovery cartridge referred to above cannot be sampled, an operator of a photographic imaging operation must:

- (1) install a cumulative flow meter on the silver recovery system; and
- (2) test the discharge from the second chemical recovery cartridge once per week using silver test paper or a silver test kit.

Cartridge Replacement

An operator of a photographic imaging operation must replace the chemical recovery cartridges when any one of the following occurs:

- (1) the manufacturer's or supplier's recommended expiry date, as shown on each cartridge, has been reached;
- (2) eighty percent (80%) of the manufacturer's or supplier's maximum recommended capacity, or total cumulative flow, for each cartridge has been reached;
- (3) test data, using silver test paper or a silver test kit, indicates that the discharge from the first cartridge is greater than 1000 mg/L; or
- (4) analytical data using a method of analysis outlined in standard methods, or an alternative method of analysis approved by the manager, having a method detection limit of 0.5 mg/ L silver or lower, indicates that the concentration of silver in the discharge from the silver recovery system is greater than, or equal to, 1.2 mg/ L.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-005)
SECTION 5 - PHOTOGRAPHIC IMAGING OPERATIONS

III. RECORD KEEPING AND RETENTION

An operator of a photographic imaging operation that uses a silver recovery system must keep, at the photographic imaging operation site, an operation and maintenance manual pertaining to all equipment used in the silver recovery system.

An operator of a photographic imaging operation that uses two chemical recovery cartridges connected in series must keep a record book at the photographic imaging operation site which includes the following information recorded for the previous two years:

- (1) serial number of each chemical recovery cartridge used;
- (2) installation date of each chemical recovery cartridge used;
- (3) expiry date of each chemical recovery cartridge used (where provided by manufacturers or suppliers);
- (4) maximum recommended capacity, or total cumulative flow, of each chemical recovery cartridge used;
- (5) dates of all metering pump calibrations;
- (6) monthly silver test results on the discharge from the first chemical recovery cartridge; or where the discharge from the first cartridge cannot be sampled, weekly silver test results on the discharge from the second chemical recovery⁵ cartridge and weekly cumulative flows through the silver recovery system; and
- (7) dates and descriptions of all operational problems associated with the chemical recovery cartridges and remedial actions taken.

Both chemical recovery cartridges used following an electrolytic recovery unit must be replaced by the operator of the photographic imaging operation when one of the events referred to above occurs if this is recommended by the manufacturer or supplier of the cartridges.

An operator of a photographic imaging operation that uses an electrolytic recovery unit in addition to two chemical recovery cartridges connected in series must keep a record book at the photographic imaging operation site which includes the following information recorded for the previous two years:

- (1) all information specified above;
- (2) date of each removal of silver from the electrolytic recovery unit;
- (3) date of each maintenance check on the electrolytic recovery unit;
- (4) dates and descriptions of all operational problems associated with the electrolytic recovery unit and remedial actions taken.

⁵ If treatment of liquid waste with two chemical recovery cartridges connected in series is the only silver recovery technology being used, then the owner of the photographic imaging operation must replace both chemical recovery cartridges when one of the events referred to occurs.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-006)
SECTION 6 – RV PARK OPERATIONS

I. APPLICATION

This code of practice for RV park operations defines the requirements for managing waste discharged directly or indirectly into a sewer connected to a sewage facility from RVs, mobile homes, trailers, watercraft and other sources which employ storage, chemical disinfection/stabilization and discharge as a waste disposal mechanism.

This code of practice applies to all RV park operations. Definitions are included in GCGC-CP-01-DEF.

II. DISCHARGE REGULATIONS

An operator of an RV park operation must not discharge waste, which at the point of discharge into a sewer, contains:

- (1) oil and grease in a concentration that is in excess of 100 milligrams per liter as analyzed in a grab sample;
- (2) suspended solids in a concentration that is in excess of 350 milligrams per liter as analyzed in a grab sample;
- (3) 5-day biochemical oxygen demand (BOD₅) in a concentration that is in excess of 350 milligrams per liter in a grab sample;
- (4) total nitrogen in excess of 100 mg/L;
- (5) prohibited waste, restricted waste, special waste, storm water, or contaminated water.

If the RV park operation accepts RV customers with the intention of providing sewerage hook-ups, that practice is only acceptable if one of the following conditions is met:

- (1) If the RV park operation has a dedicated pre-treatment facility, that facility must be used for the disposal of the first discharge of wastewater from any entering RVs. The facility must be maintained as per manufacturer's or engineer's operating instructions. Discharge from that facility which is directed to a sewer connected to a sewerage facility shall be metered such that large slugs of waste are not introduced to the sewer instantaneously. Discharges from such facilities to sewers are limited to 10% of the average daily sewerage flow (in USGPM) experienced in the sewer.
- (2) In the absence of a dedicated pre-treatment facility, the RV park operation shall require incoming RVs to certify that, prior to connection to a sewer, that the holding tanks of the RV have been discharged at an approved facility.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-006)
SECTION 6 – RV PARK OPERATIONS

III. RECORD KEEPING AND RETENTION

An operator of an RV park operation must keep a record at the RV park operation of:

- (1) all disposals of RV waste into a dedicated pre-treatment facility;
- (2) Pre-treatment facility inspection and maintenance activities including:
 - (a) the date of inspection or maintenance;
 - (b) the maintenance conducted; and
 - (c) the type and quantity of material removed from the facility;
- (3) Certifications of waste disposal prior to hook up of RVs to sewer services.

The records shall be retained for a period of two years and shall be available on request by Corporation representative.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-007)
SECTION 7 - PRETREATMENT/ INDUSTRIAL WASTE CONTROL

Reference **PART EIGHT** Liberty Utilities (Gold Canyon Water and Sewer) Corp. **Industrial Pretreatment Program and Tariff.**

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-008)
SECTION 8 - NONCOMPLIANCE / ENFORCEMENT

I. NOTICE OF VIOLATIONS

Whenever the Company determines that any customer has violated or is violating any provision of this Code, or any directives, orders, or permits issued or approved to which the Company is bound, the Company may serve upon such customer a written notice ("Notice") stating the nature of the violations(s) in accordance with A.A.C. R.14-2-609.C, and requiring that the customer correct the violation(s) within a specified period of time; perform such tasks as the Company determines are necessary for the customer to correct the violations; or perform such tasks and submit such information as is necessary for the Company to evaluate the extent of noncompliance or to determine appropriate enforcement actions to be taken in conjunction with the applicable regulatory agencies. A copy of the Notice shall also be provided to the Director of the Utilities Division of the Arizona Corporation Commission.

II. SUSPENSION OF SERVICE

If the customer does not cure the violation, or present a satisfactory plan of remediation to Company, within the time specified in the Notice, then Company may suspend or disconnect wastewater treatment service in accordance with A.A.C. R.14-2-609.C.

In addition, the Company may suspend wastewater treatment service, in accordance with A.A.C. R.14-2-609.B (without notice), when such suspension is necessary, in the opinion of the Company, in order to stop an actual or threatened discharge which presents or may present an imminent or substantial endangerment to the health or welfare of persons, to the environment, or causes the Company to violate any condition of its aquifer protection permit, AZPDES discharge permit, or any applicable sludge disposal regulations.

Any customer notified of an immediate suspension of the wastewater treatment service shall immediately stop or eliminate the discharge. In the event of a failure of the customer to comply voluntarily with the cease-and-desist request, the Company shall take such steps as deemed necessary, including immediate severance of the sewer connection and/or immediate disconnection of the water service, to prevent or minimize damage to the company's wastewater system or endangerment to any individuals or the environment. Any action that results in the immediate suspension of service, or disconnection, of a customer shall be reported to the Director of the Utilities Division of the Arizona Corporation Commission and Maricopa County Environmental Services Department (MCESD) within twenty-four (24) hours of the suspension or disconnection. Any reconnection of the affected customer shall be in accordance with the Company's Tariff for which the customer must pay the cost of disconnection and reconnection, plus the cost of parts and installation of an Elder valve (or similar equipment) to allow for easier disconnection in the event of a repeated discharge offense by customer.

Issued: [DATE]

Effective: [DATE]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (GOLD CANYON Gold Canyon Sewer) Corp.
14920 W Camelback Rd
Gold Canyon, AZ 85340
Decision No. XXXX

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Appendix RW Dir 1, Part D - Proposed Gold Canyon Tariff (showing changes)

PART ONE

STATEMENT OF CHARGES

I. RATES

In Decision No. XXXXX, dated [Month XX], 202X the Commission approved the following rates and charges to become effective MMM DD, 202X:

A. Monthly Service Charge

Customer Class	Charge¹
Residential	\$ ~~47.56~~ 4.59
<u>Residential – Multi-Family per unit</u>	<u>\$49.89</u>
Residential Dwelling < 700 square feet	\$ ~~20.25~~ 28.76 ²
School, Per Student	\$ ~~8.07~~ 10.98
Commercial, Per Gallon Per Day	\$0. ~~227~~ 308 ³

B. Effluent Sales

Description	Charge
Per 1,000 Gallons	Market Price [*]
Reclaimed Non-Potable Water Per Acre Foot	Market Price [*]

* Per annual market price assessment to be updated October 1st on annual basis to be effective January 1st on annual basis

¹ Customer Assistance Tariff (“CAT”) – A 15% discount is available on monthly minimum and commodity charges to qualified residential customers meeting the CAT qualifications.

² Customers to be billed on full unit capacity.

³ Gallons per day based on actual monthly water usage divided by 30. If water usage data cannot be obtained, then the Company will use an estimate of water usage.

Issued: [Date]

Effective: [Date]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (Gold Canyon Sewer) Corp.
14920 W. Camelback, Rd.
Litchfield Park, AZ 85340
Decision No. xxxxx

PART ONE STATEMENT OF CHARGES

C. Other Service-Related Charges

Description	Charge
Establishment ~~of Service~~ <u>per A.A.C. R14-2-603(D)(1)</u>	~~\$3025.00~~
Re-Establishment of Service ~~(Within 12 months)~~ <u>per A.A.C. R14-2-603(D)(1)</u>	~~*(a)~~
<u>Disconnection</u>	<u>At Cost (b)</u>
Reconnection ~~(Delinquent)~~ <u>per A.A.C. R14-2-603(D)(1)</u>	~~(a)(b)~~
NSF Check <u>per A.A.C. R14-2-608(E)(1)</u>	~~\$250.00 (c)~~
Deferred Payment (Per Month)	1.50%
Late ~~Payment Penalty (Per Month) Charge~~	~~*** (d)~~
~~After Hours Service Charge (At Customer's Request) (b)~~ <u>Service Calls – After Hours</u>	~~\$90.00~~ <u>125.00 (e)</u>
Deposit <u>Requirement</u>	~~** (f)~~
Deposit Interest <u>per A.A.C. R14-2-603(B)</u>	6.00%
<u>Service Lateral Connection Charge – All Sizes</u>	<u>(g)</u>
<u>Collection Main Extension Tariff Per A.A.C R14-2-606(B), Per Rule</u>	~~Cost (h)~~
~~Hook Up Fees for New Service~~ ~~Per Equivalent Residential Unit (ERU) (e)~~ <u>Wastewater Hook-Up Fee</u>	~~\$1,100.00 (j)~~
<u>Influent Meter and Metering System Installation</u>	<u>At Cost (i)</u>
<u>Failed Inspection Fee</u>	<u>\$75</u>

(a) ^{*} – Minimum Charges times number of full months off the system per A.A.C. R14-2-406(D). For partial months of service, the minimum charge will be billed on a prorated basis. ~~Months off system times the monthly minimum charge per Commission Rule A.A.C. R14-2-603(D).~~

~~(a) Customer shall pay the actual cost of physical disconnection and Establishment Fee (if same customer) and there~~

~~(b) shall be no charge for disconnection if no physical work is performed. Customer shall pay the actual cost including costs for excavation and trenching, pipeline modification, sewer block, backfill and grading, road repairs and permitting. Customer will be provided copies of invoices for actual costs incurred. There shall be no charge if no work is performed, per A.A.C. R14-2-603(D)(1)~~

~~(b) Liberty Litchfield Park may only charge one NSF fee when customers are billed for water and sewer services on one bill.~~

~~(c)~~

~~(d) ***~~ – Greater of \$5.00 or 1.5% per month on unpaid balance.

~~(c) The After Hours Service Charge shall apply to any service requested by Customer that is performed by Company after regular business hours and shall be in addition to the regular business hours service charge. Customer shall be charged for after-hours service calls outside of normal working hours for work performed at customer's request or convenience.~~

~~(e)(f)~~ Per A.A.C. R14-2-603(B)(7):

1. ~~***~~ Residential – two times the average bill by class

2. ~~non-residential~~ – two and one-half times the customer's estimated maximum monthly bill.

~~(g) At cost. Customer/Developer shall install or cause to be installed all Service Laterals as refundable advance in aid of construction.~~

~~(h) All Main Extensions shall be completed at cost and shall be treated as refundable advances-in-aid of construction.~~

~~(i) The cost of the influent meter and metering system installation shall be at the sole expense of the commercial and industrial user and not subject to refund.~~

~~(d)(j)~~ Residential and non-residential – Customers/Developers shall pay the applicable Wastewater Hook-up Fees tariff

Issued: [Date]

Effective: [Date]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (Gold Canyon Sewer) Corp.
14920 W. Camelback, Rd.
Litchfield Park, AZ 85340
Decision No. xxxxx

IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE TAX. PER COMMISSION RULE R14-2-608(D)(5).

~~(e) One ERU is rated at 270 gallons per day (gpd).~~ **PART ONE**
STATEMENT OF CHARGES

II. TAXES AND ASSESSMENTS

In addition to the collection of its regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, and use tax per Commission Rule A.A.C. R14-2-608(D)(5).

All Advances or Contributions are to include costs for labor, materials, overheads, and all applicable taxes, including all gross-up taxes for income taxes. ~~Cost to include labor, materials and, overheads, and all applicable taxes.~~

Under applicable law, any contributions or advances provided by a Developer are taxable income to the Utility. In accordance with the Gross-Up Sharing Method policy adopted by the Commission in Decision No. 76974, the Company will collect from the Developer any applicable share of income taxes for the Company's state and federal tax liability on all funds contributed and/or advanced. The funds will be collected prior to the commencement of service.

PART TWO

STATEMENT OF TERMS AND CONDITIONS

I. PERMITTED COSTS

- A. Costs shall be verified by invoice.
- B. For services that are provided by the Company at cost, costs shall include labor, materials, other charges incurred, and overhead. However, prior to any such service being provided, the estimated cost of such service will be provided by Company to the customer. After review of the cost estimate, the customer will pay the amount of the estimated cost to Company.
- C. In the event that the actual cost is less than the estimated cost, the Company will refund the excess to the customer within 30 days after completion of the provision of the service or after the Company's receipt of invoices, timesheets or other related documents, whichever is later.
- D. In the event the actual cost is more than the estimated cost, the Company will bill the customer for the amount due within 30 days after completion of the invoices, timesheets or other related documents, whichever is later. The amount so billed will be due and payable 30 days after the invoice date. However, if the actual cost is more than five percent (5%) greater than the total amount paid, the customer will only be required to pay five percent (5%) more than the total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the total amount paid was made.
- E. At the customer's request, the Company shall make available to the customer all invoices, timesheets or related documents that support the cost for providing such service.
- F. Permitted costs shall include any Federal, State or local taxes that are or may be payable by the Company as a result of any tariff or contract for wastewater facilities under which the Customer advances or contributes funds or facilities to Company.

PART TWO

STATEMENT OF TERMS AND CONDITIONS

II. CUSTOMER DISCHARGE TO SYSTEM

A. Service Subject to Regulation

The Company provides wastewater service using treatment and collection facilities that are regulated by numerous county, state and federal statutes and regulations. Those regulations include limitations as to domestic strength wastewater and the type of wastewater that may be discharged into the system by any person directly or indirectly connected to the plant.

B. Waste Limitations

The Company has established the permissible limits of concentration as domestic strength wastewater and will limit concentration for various specific substances, materials, waters, or wastes that can be accepted in the sewer system, and to specify those substances, materials, waters, or wastes that are prohibited from entering the sewer system. Each permissible limit so established shall be placed on file in the business office of Company, with a copy filed with the Commission. No person shall discharge, or cause to be discharged, any new sources of inflow including, but not limited to, storm water, surface water, groundwater, roof runoffs, subsurface drainage, cooling water, or polluted industrial process waters into the sanitary sewer. Company will require an affidavit from all non-residential customers, and their professional engineer, stating that the wastewater discharged to the system does not exceed domestic strength or applicable pre-treatment standards.

PART TWO
STATEMENT OF TERMS AND CONDITIONS

II. CUSTOMER DISCHARGE TO SYSTEM (cont.)

C. Inspection and Right of Entry

Every facility that is involved directly or indirectly with the discharge of wastewater to the Treatment Plant may be inspected by Company as it deems necessary. These facilities shall include but not be limited to sewer; sewage pumping plants; all processes; devices and connection sewer; and all similar sewerage facilities. Inspections may be made to determine that such facilities are maintained and operated properly and are adequate to meet the provisions of these rules and this tariff. Inspections may include the collection of samples. Authorized personnel of Company shall be provided immediate access to all of the above facilities or to other facilities directly or indirectly connected to the Treatment Plant at all reasonable times including those occasioned by emergency conditions. Any permanent or temporary obstruction to easy access to the user's facility to be inspected shall promptly be removed by the facility user or owner at the written or verbal request of Company and shall not be replaced. No person shall interfere with, delay, resist or refuse entrance to an authorized Company representative attempting to inspect any facility involved directly or indirectly with a discharge of wastewater to the Treatment Plant. Adequate identification shall be provided by Company for all inspectors and other authorized personnel and these persons shall identify themselves when entering any property for inspection purposes or when inspecting the work of any contractor.

All transient motor homes, travel trailers and other units containing holding tanks must arrive at the Company's service area in an empty condition. Inspection will be required of said units prior to their being allowed to hookup to the wastewater system.

D. Termination of Service for Violation of Wastewater Rules and Regulations

The Company is authorized to discontinue service to any person connected to its sewer system who violates the Company's wastewater terms and conditions as set forth in this PART TWO or in any way creates a public health hazard or the likelihood of such a public health hazard. This termination authority also applies to non-payment for wastewater services.

PART TWO

STATEMENT OF TERMS AND CONDITIONS

E. Certain customers are also subject to additional discharge restrictions under the Wastewater Pre-Treatment Standards set forth in PART EIGHT of this Tariff of Rates and Charges.

III. RULES AND REGULATIONS

Company has adopted the Rules and Regulations established by the Commission as the basis for its operating procedures. A.A.C. R14-2-601 through A.A.C. R14-2-609 will be controlling of Company procedures, unless specifically approved tariffs or Commission Order(s) provide otherwise.

IV. COMPANY'S LIABILITY LIMITATIONS

A. Company Responsibility

- i. The Company does not assume the responsibility of inspecting or maintaining any customer's piping or apparatus and will not be responsible therefor.
- ii. In the event service is interrupted, irregular or defective, or fails from causes beyond the Company's control or through ordinary negligence of its employees or agents, the Company will not be liable for any injuries or damages arising therefrom.

B. Third-Party Claims

Company will not be responsible for any third-party claims against Company that arise from customer's use of Company's service unless such claims are caused by the Company's willful misconduct or gross negligence.

C. Indemnity

Customer will indemnify, defend and hold harmless the Company including the costs of reasonable attorney's fees against all claims including, without limitation claims for damages to any business or property, or injury to, or death of, any person arising out of any wrongful act or negligent omission of the customer, or the customer's agents, in connection with the Company's service or facilities.

PART TWO
STATEMENT OF TERMS AND CONDITIONS

D. Limitation of Damages

The liability of the Company for damages of any nature arising from errors, mistakes, omissions, interruptions, or delays of the Company, its agents, servants, or employees, in the course of establishing, furnishing, rearranging, moving, terminating, or changing the service or facilities or equipment shall not exceed an amount equal to the charges applicable under the Company's tariff calculated on a proportionate basis where appropriate to the period during which the error, mistake, omission, interruption or delay occurs, except if such damages are caused by the Company's willful misconduct or gross negligence.

E. Incidental, Indirect, Special, or Consequential Damages

In no event will the Company be liable for any incidental, indirect, special, or consequential damages including lost revenue or profits of any kind whatsoever regardless of the cause or foreseeability thereof.

F. Interference with Company Facilities

The Company will not be responsible in any occasion for any loss or damage caused by the negligence or wrongful act of the Customer or any of his agents, employees or licensees in installing, maintaining, using, operating or interfering with any Company facilities.

PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE-SINGLE FAMILY ACCOMODATION

APPLICABILITY

Applicable to residential wastewater service for domestic use rendered to individuals who meet all the program qualifications and special conditions of this rate schedule.

PROGRAMS

This Customer Assistance Tariff (CAT) contains the following programs: (1) Low-Income Program; (2) Deployed Services Member Program; and (3) Disabled Veteran Program. Collectively, these three programs are referred to as the “Customer Assistance Programs.”

TERRITORY

Within all customer service areas served by Liberty Utilities (Gold Canyon Sewer) Corp. (“Liberty Utilities”).

RATES

Fifteen percent (15%) discount applied to the regular filed tariff.

PROGRAM QUALIFICATIONS

1. The Liberty bill must be in your name and the address must be your primary residence.
2. You may not be claimed as a dependent on another person’s tax return.
3. You must reapply each time you move residences.
4. You must renew your application once every year, or sooner, if requested.
5. You must notify Liberty within thirty (30) days if you become ineligible for the CAT.

PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

SPECIAL CONDITIONS

1. **Application:** An application is required for each request for service under this schedule. A customer must reapply every year or sooner, if requested.
2. **Commencement of Rate:** Eligible customers whose applications have been approved shall be billed on this schedule commencing with the next regularly scheduled billing period that follows approval of application by Liberty.
3. **Verification:** Information provided by the applicant is subject to verification by Liberty. Refusal or failure of a customer to provide documentation of eligibility acceptable to Liberty, upon request by Liberty, shall result in removal from this rate schedule.
4. **Notice from Customer:** It is the customer's responsibility to notify Liberty if there is a change of eligibility status.
5. **Rebiling:** Customers may be re-billed retroactively for periods of ineligibility under the applicable rate schedule.
6. **Participation Limit:** The CAT (for all three programs included) is limited to 835 customers of the Company. Applications will be reviewed and approved on a first come, first served basis. Applicants will be placed on a waiting list if the participation limit has been met.
7. **Qualification:** A customer that qualifies for more than one program will only receive benefits from one program per year. CAT benefits will not be combined or accumulated.

Issued: [Date]

Effective: [Date]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (Gold Canyon Sewer) Corp.
14920 W. Camelback, Rd.
Litchfield Park, AZ 85340
Decision No. xxxxx

PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

LOW-INCOME PROGRAM

To qualify for the low-income program, the total gross annual income of all persons living in your household cannot exceed the income levels below:

Effective _____

<u>No. of Person in Household</u>	<u>Total Gross Annual Income*</u>
1	\$XXXXXX
2	\$XXXXXX
3	\$XXXXXX
4	\$XXXXXX
5	\$XXXXXX
6	\$XXXXXX

For each additional person residing in the household, add \$XXXXXX

***Qualifying annual incomes are set at 150-200 percent of the 202_ federal poverty levels.**

Acceptance into the program is subject to verification of income source.

For the purpose of the program the “gross household income” means all money and non-cash benefits, available for living expenses, from all sources, both taxable and non-taxable, before deductions for all people who live in your home. This includes, but is not limited to:

Wages or salaries	Social Security, SSI, SSP	Rental or royalty income
Interest or dividends from:	Scholarships, grants, or other	Profit from self-employment
Savings account, stocks or	aid	(IRS form Schedule C, Line
bonds	used for living expenses	29)
Unemployment benefits	Disability payments	Worker’s Compensation
TANF (AFDC)	Food Stamps	Child Support
Pensions	Insurance settlements	Spousal Support
Gifts		

Issued: [Date]

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Moses Thompson, President
Liberty Utilities (Gold Canyon Sewer) Corp.
14920 W. Camelback, Rd.
Litchfield Park, AZ 85340
Decision No. xxxxx

PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DEPLOYED SERVICES MEMBER PROGRAM

This program allows the Company to provide a 15% discount to deployed service members of the United States Military. The Company will provide the credit on the deployed service member's bill provided that the following criteria are met:

1. Deployment is not a "permanent change of station." Permanent change of station requires a service member to permanently change his or her place of residence, paid for by the applicable military branch. A service member's decision to keep a secondary residence in Arizona would be discretionary and would not qualify for this credit.
2. Deployed member does not have family living in the premises. Short term deployments, where a spouse and/or dependents remain in the United States would not qualify, as the service member would receive separate compensation from the military to cover domestic expenses while deployed.
3. The deployed service member is an active member of the military (*e.g.*, Air Force, Army, Coast Guard, Marines, and Navy) as defined by 10 U.S.C. § 101(a)(4) and includes any member of the Reserves or National Guard called to active duty.

ADMINISTRATION

1. Participation shall be determined on a first come, first served basis.
2. Each service member's eligibility must be verified based on written orders from the service member's command.
3. Continued eligibility will be determined periodically through a recertification process.
4. The Company is permitted to seek Commission approval to change participant limits based on level of participation.
5. Qualifying annual incomes are set at 200 percent of the 202__ federal poverty levels.

PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DEPLOYED SERVICES MEMBER PROGRAM

Effective _____

<u>No. of Person in Household</u>	<u>Total Gross Annual Income*</u>
1	\$XXXXXX
2	\$XXXXXX
3	\$XXXXXX
4	\$XXXXXX
5	\$XXXXXX
6	\$XXXXXX

For each additional person residing in the household, add \$XXXXXX

***Qualifying annual incomes are set at 200 percent of the 202 federal poverty levels.**

For the purpose of the program the “gross household income” means all money and non-cash benefits, available for living expenses, from all sources, both taxable and non-taxable, before deductions for all people who live in your home. This includes, but is not limited to:

Wages or salaries	Social Security, SSI, SSP	Rental or royalty income
Interest or dividends from:	Scholarships, grants, or other	Profit from self-employment
Savings account, stocks or	aid	(IRS form Schedule C, Line
bonds	used for living expenses	29)
Unemployment benefits	Disability payments	Worker’s Compensation
TANF (AFDC)	Food Stamps	Child Support
Pensions	Insurance settlements	Spousal Support
Gifts		

Issued: [Date]

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Moses Thompson, President
Liberty Utilities (Gold Canyon Sewer) Corp.
14920 W. Camelback, Rd.
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Decision No. xxxxx

PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DISABLED MILITARY VETERAN PROGRAM

This program allows the Company to provide a 15% discount to disabled military veterans of the United States Military. The Company will provide the credit on the disabled military veteran's bill provided that the following criteria are met:

1. Disabled military veteran was honorably discharged from the armed forces.
2. Disabled military veteran must have a permanent disability rating related to their military duty service.
3. The disabled military veteran must have been an active member of the military (*e.g.*, Air Force, Army, Coast Guard, Marines, and Navy) as defined by 10 U.S.C. § 101(a)(4) and includes any member of the Reserves or National Guard called to active duty.

ADMINISTRATION

1. Participation shall be determined on a first come, first served basis.
2. Each service member's eligibility must be verified based on documentation demonstrating a medical discharge or other written documentation from the United States Department of Defense or Department of Veteran Affairs.
3. Continued eligibility will be determined periodically through a recertification process.
4. The Company is permitted to seek Commission approval to change participant limits based on level of participation.
5. Qualifying annual incomes are set at 200 percent of the 202__ federal poverty levels.

PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DISABLED MILITARY VETERAN PROGRAM

Effective _____

<u>No. of Person in Household</u>	<u>Total Gross Annual Income*</u>
1	\$XXXXXX
2	\$XXXXXX
3	\$XXXXXX
4	\$XXXXXX
5	\$XXXXXX
6	\$XXXXXX

For each additional person residing in the household, add \$XXXXXX

***Qualifying annual incomes are set at 200 percent of the 202 federal poverty levels.**

Acceptance into the program is subject to verification of income source.

For the purpose of the program the “gross household income” means all money and non-cash benefits, available for living expenses, from all sources, both taxable and non-taxable, before deductions for all people who live in your home. This includes, but is not limited to:

Wages or salaries	Social Security, SSI, SSP	Rental or royalty income
Interest or dividends from:	Scholarships, grants, or other	Profit from self-employment
Savings account, stocks or	aid	(IRS form Schedule C, Line
bonds	used for living expenses	29)
Unemployment benefits	Disability payments	Worker’s Compensation
TANF (AFDC)	Food Stamps	Child Support
Pensions	Insurance settlements	Spousal Support
Gifts		

Issued: [Date]

Effective: [Date]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (Gold Canyon Sewer) Corp.
14920 W. Camelback, Rd.
Litchfield Park, AZ 85340
Decision No. xxxxx

PART THREE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

Recovery of Cost of Customer Assistance Tariff and Customer Surcharges

The Company shall recover the CAT costs from a monthly CAT surcharge on all residential and non-residential wastewater customers who are not participating in the CAT. Liberty is entitled to seek recovery of direct costs (*i.e.*, those costs directly associated with the programs, which costs would not be incurred in the absence of the programs). The Company shall account for those direct costs separately from other operating costs.

Liberty shall be entitled to implement a CAT surcharge on non-participating residential and non-residential wastewater as follows.

- For customers participating in the CAT, the Company shall maintain a balancing account detailing the beginning and ending balance of the cumulative unrecovered program costs each month.
- Liberty's authorized rate of return shall be applied monthly to the average of the beginning balances of the cumulative unrecovered program costs for wastewater service and included in the beginning balances for the following month.
- Using the balancing account, Liberty shall calculate the monthly surcharge for each customer as follows:

(Ending Balance for Low-Income Tariff Balancing Account including amortized carrying costs during recovery period/Number of active non-participating wastewater connections at year end)/12

- The ending balance in the balancing account shall equal the beginning balances plus discounts allowed on bills for the twelve-month tracking period, plus direct program costs incurred in the twelve-month period plus the return less surcharge fees billed in the twelve month tracking period.
- Liberty shall implement a monthly surcharge for the CAT for each twelve month period of the CAT. The Company shall calculate the monthly surcharge each year based on the active number of customer connections as of December 31 of the prior year. The Company shall file notice of the surcharge, along with a report on the CAT, with the Arizona Corporation Commission on or before January 31 and the surcharge shall be implemented on customer bills in February of each year with the recovery period ending in January of the following year.

PART FOUR

OFF-SITE FACILITIES HOOK-UP FEE

I. Purpose and Availability

The purpose of the off-site facilities hook-up fees payable to **Liberty Utilities (Gold Canyon Sewer) Corp.** (“Company”) pursuant to this tariff is to equitably apportion the costs of constructing additional off-site facilities to provide wastewater treatment and disposal facilities among all new service laterals. These charges are applicable to all new service laterals undertaken via Collection Main Extension Agreements, or requests for service not requiring a Collection Main Extension Agreement, entered into after the effective date of this tariff. The charges are one-time charges and are payable as a condition to Company’s establishment of service, as more particularly provided below.

II. Definitions

Unless the context otherwise requires, the definitions set forth in R-14-2-601 of the Arizona Corporation Commission’s (“Commission”) rules and regulations governing sewer utilities shall apply interpreting this tariff schedule.

“Applicant” means any party entering into an agreement with Company for the installation of wastewater facilities to serve new service laterals and may include developers and/or builders of new residential subdivisions, and non-residential properties.

“Company” means Liberty Utilities (Gold Canyon Sewer) Corp.

“Collection Main Extension Agreement” means an agreement whereby an Applicant, Developer and/or Builder agrees to advance the costs of the installation of wastewater facilities necessary to serve new service laterals, or install wastewater facilities to serve new service laterals and transfer ownership of such wastewater facilities to the Company, which agreement does not require the approval of the Commission pursuant to A.A.C. R-14-2-606, and shall have the same meaning as “Wastewater Facilities Agreement.”

“Off-Site Facilities” means the wastewater treatment plant, sludge disposal facilities, effluent disposal facilities and related appurtenances necessary for proper operation, including engineering and design costs. Off-site facilities may also include lift stations, force mains, transportation mains and related appurtenances necessary for proper operation if these facilities are not for the exclusive use of the Applicant and benefit the entire wastewater system.

“Service Lateral” means and includes all service laterals for single-family residential, commercial, industrial or other uses.

PART FOUR

OFF-SITE FACILITIES HOOK-UP FEE

III. Wastewater Hook-up Fee

For each new residential service lateral, Company shall collect a Hook-Up Fee of \$1,100 based on the Equivalent Residential Unit (“ERU”) of 270 gallons per day. Commercial and industrial applicants shall pay based on the total ERUs of their development calculated by dividing the estimated total daily wastewater capacity usage needed for service using standard engineering standards and criteria by the ERU factor of 270 gallons per day. For “Active Adult” communities with demonstrated age-restricted zoning and/or CCR’s providing for age-restricted living, the Hook-Up Fee for residential properties shall be \$775, based on an ERU factor of 190 gallons per day.

IV. Terms and Conditions

A. Assessment of One Time Off-Site Facilities Hook-up Fee: The off-site facilities hook-up fee may be assessed only once per residential parcel. For non-residential properties that reside on ~~the~~ oneone parcel but have future additional construction that adds additional impact to the Company’s existing wastewater infrastructure, an incremental Hook-Up Fee shall be applied based upon the additional EDU equivalents added by such construction activity.

B. Use of Off-Site Facilities Hook-up Fee: Off-site facilities hook-up fees may only be used to pay for capital items of off-site facilities, repay loans obtained to fund the cost of installation of off-site facilities. Off-site hook-up fees shall not be used to cover repairs, maintenance, or other operational purposes. The Company shall record amounts collected under the tariff as CIAC; however, such amounts shall not be deducted from rate base until such amounts have been expended for plant.

C. Time of Payment:

1. In the event that the person or entity that will be constructing improvements (“Applicant,” “Developer,” or “Builder”) is otherwise required to enter into a Collection Main Extension Agreement, payment of the fees required hereunder shall be made by the Applicant, Developer or Builder within 15 days of execution of a Main Extension Agreement.

2. In the event that the Applicant, Developer or Builder for service is not required to enter into a Collection Main Extension Agreement, the hook-up fee charges hereunder shall be due and payable at the time wastewater service is requested for the property.

PART FOUR
OFF-SITE FACILITIES HOOK-UP FEE

D. Off-Site Facilities Construction by Developer: Company and Applicant, Developer, or Builder may agree to construction of off-site facilities necessary to serve a particular development by Applicant, Developer or Builder, which facilities are then conveyed to Company. In that event, Company shall credit the total cost of such off-site facilities as an offset to off-site hook-up fees due under this Tariff. If the total cost of the off-site facilities constructed by Applicant, Developer or Builder and conveyed to Company is less than the applicable off-site hook-up fees under this Tariff, Applicant, Developer or Builder shall pay the remaining amount of off-site hook-up fees owed hereunder. If the total cost of the off-site facilities contributed by Applicant, Developer or Builder and conveyed to Company is more than the applicable off-site hook-up fees under this Tariff, Developer or Builder shall be refunded the difference upon acceptance of the off-site facilities by the Company.

E. Failure to Pay Charges; Delinquent Payments: Company will not be obligated to make an advance commitment to provide or actually provide wastewater service to any Developer, Builder or other applicant for service in the event that the Developer, Builder or other applicant for service has not paid in full all charges hereunder. Under no circumstances will Company connect service or otherwise allow service to be established if the entire amount of any payment has not been paid.

F. Large Subdivision and/or Development Projects: In the event that the Applicant, Developer or Builder is engaged in the development of a residential subdivision and/or development containing more than 150 lots, the Company may, in its reasonable discretion, agree to payment of off-site hook-up fees in installments. Such installments may be based on the residential subdivision and/or development's phasing and should attempt to equitably apportion the payment of charges hereunder based on the Applicant's, Developer's or Builder's construction schedule and water service requirements. In the alternative, the Applicant, Developer, or Builder shall post an irrevocable letter of credit in favor of the Company in a commercially reasonable form, which may be drawn by the Company consistent with the actual or planned construction and hook up schedule for the subdivision and/or development.

G. Off-Site Hook-Up Fees Non-refundable: The amounts collected by the Company pursuant to the off-site hook-up fee tariff shall be non-refundable contributions in aid of construction ("CIAC").

H. Use of Off-Site Hook-Up Fees Received: All funds collected by Company as off-site facilities hook-up fees shall be deposited into a separate account and bear interest and shall be used for the purposes of paying for the costs of installation of off-site facilities, including repayment of loans obtained for the installation of off-site facilities.

PART FOUR
OFF-SITE FACILITIES HOOK-UP FEE

I. Off-Site Facilities Hook-Up Fee in Addition to On-site Facilities: The off-site facilities hook-up fee shall be in addition to any costs associated with the construction of on-site facilities under a Collection Main Extension Agreement.

J. Disposition of Excess Funds: After all necessary and desirable off-site facilities are constructed utilizing funds collected pursuant to the off-site facilities hook-up fees, or if the off-site facilities hook-up fee has been terminated by order of the Arizona Corporation Commission, any funds remaining in the trust account shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.

K. Status Reporting Requirements to the Commission: The Company shall submit a calendar year Off-Site Facilities Hook-Up Fee status report each January via Docket Control for the prior twelve (12) month period, beginning January 2028, until the hook-up fee tariff is no longer in effect. This status report shall contain a list of all customers that have paid the hook-up fee tariff, the amount each has paid, the physical location/address of the property in respect of which such fee was paid, the amount of money spent from the account, the amount of interest earned on the funds within the tariff account, and an itemization of all facilities that have been installed using the tariff funds during the 12 month period.

Issued: [Date]

Effective: [Date]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (Gold Canyon Sewer) Corp.
14920 W. Camelback, Rd.
Litchfield Park, AZ 85340
Decision No. xxxxx

PART FIVE

**PURCHASED POWER
ADJUSTER MECHANISM**

Issued: [Date]

Effective: [Date]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (Gold Canyon Sewer) Corp.
14920 W. Camelback, Rd.
Litchfield Park, AZ 85340
Decision No. xxxxx

PART FIVE
PURCHASED POWER ADJUSTMENT MECHANISM (“PPAM”)

Whenever Liberty Utilities (Gold Canyon Sewer) Corp’s (“Liberty”) electric power provider alters the rates they charge, relative to the rates reflected in the purchased power expense adopted by the Arizona Corporation Commission in the Company’s last general rate case for that system, Liberty may, in accordance with the provisions of this PPAM, file a new schedule with the Commission for that system, setting forth an adjustment designed to recover such increased or decreased purchased power expenses due to the provider rate decrease or increase, provided that:

1. The total change in the purchased power expense will be calculated by comparing Liberty’s purchased power cost during the test year utilized in its last general rate case with Liberty’s cost of power for that same test year computed at Liberty’s new rate for power.
2. The calculated change in surcharge rates for the system must amount to at least \$0.01 per Equivalent Residential Unit (“ERU”) (rounded up from five) before an adjustment can be made.
3. All revised schedules filed with the Arizona Corporation Commission pursuant to the provisions of this PPAM will be accompanied by workpapers prepared by Liberty in a format approved by the Utilities Division Staff of the Commission and will be in sufficient detail to enable the Commission to test the accuracy of Liberty’s calculations.
4. The new schedules filed by Liberty under the provisions of this PPAM will become effective 30 days after such filing, unless suspended by Staff.
5. Illustration of the calculation of the above PPAM, assuming the following test year data:
 - A. Purchased Power Expense = \$88,400
 - B. kWh = 1,250,000 kWh
 - C. Total Equivalent Residential Units (“ERUs”) = 9,064
 - a. Residential Customer = 1 ERU
 - b. Residential < 700 SF= 0.231 ERU
 - c. Commercial Customer (based on 270 gpd/unit) = 1 ERU

Should Electric Purchased Power Rates increase at a future date such that the new Power Rates x (B) = \$92,825 a Purchased Power Expense pass thru calculation would be initiated.

PART FIVE
PURCHASED POWER ADJUSTMENT MECHANISM (“PPAM”)

Pass Thru Calculation Steps:

- 1) Total Electric Purchased Power Increase = $\$92,825 - \$88,400 = \$4,425$
- 2) Monthly PPAM Surcharge/ERU = $\$4,425 / 9,064 \text{ ERUs} / 12 \text{ months} = \$0.041$
- 3) Monthly PPAM Surcharge on Bill
 - a. Residential Customer = Monthly PPAM Surcharge/ERU x ERU Weighting
 $= \$0.041 \times 1$
 $= \$0.041 \text{ per connection}$
 - b. Residential Customer <700 square feet = Monthly PPAM Surcharge/ERU x ERU Weighting
 $= \$0.041 \times 0.231$
 $= \$0.009 \text{ per unit}$
 - c. Commercial Customer = Monthly PPAM Surcharge/ERU x Total Commercial ERUs x 12 months / Total Commercial Usage (gallons per day)
 $= \$0.041 \times 269 \times 12 / 72,579$
 $= \$0.002 \text{ per gallon per day}$

PART FIVE
PLAN OF ADMINISTRATION FOR
PURCHASED POWER ADJUSTMENT MECHANISM

I. GENERAL DESCRIPTION.

This document is the Plan of Administration (“POA”) for the Purchased Power Adjustment Mechanism (“PPAM”) for Liberty Utilities (Gold Canyon Sewer) Corp. ~~(“Liberty”) approved by the Arizona Corporation Commission (“Commission”) in Decision No. 78871 on March 15, 2023.~~ The PPAM allows Liberty Gold Canyon to pass through to its customer the increase or decrease in purchased power costs for any Commission-regulated that result from a rate change for its electric service provider supplying retail electric service to Liberty.

II. PPAM RELATED FILINGS.

~~A. — Within 60 days of the effective date of a Commission Decision authorizing a rate change in the approved tariffs for any Commission-regulated electric service provider supplying retail electric service to the Company, the Company~~Liberty ~~shall~~ may file with Docket Control an analysis of the actual impact on the energy portion of Liberty’s the Company’s electric service costs. ~~once a change in the rates of Liberty’s electric service provider is known.~~

A.

B. ~~Liberty~~The Company will provide the Commission with spreadsheets detailing exactly how the Company’s~~Liberty’s~~ purchased power expenses were calculated in the time period prior to a change in the rate that the Company must pay for purchased power. during the test year utilized in its last general rate case, prior to a change in the rate of Liberty’s electric service provider. ~~These details~~calculations will include basic service charges and rate and volume figures. That is, Liberty the company will break down its total purchased power bill into the amount due to fixed fees, volume of electricity used, and the rates paid per unit of electricity. For the period following the rate change, Liberty the Company will provide the same information, then compare the two periods, isolating any change in purchased power cost that is due exclusively to a rate change. The specific intent is to show exactly how much of any increase or decrease is due to changes in rates beyond Liberty’s the Company’s control and how much is due to a change in the amount of power that Liberty the Company consumes. Liberty The Company will only recover increases or refund decreases that are due to changes in rates.

C. All revised schedules filed with the Commission pursuant to the provisions of this PPAM will be accompanied by documentation prepared by Liberty the Company in a format approved by Utilities Division Staff of the Commission and will contain sufficient detail to enable the Commission to verify accuracy of Liberty’s the Company’s calculations.

D. The surcharges will not become effective until approved by the Commission.

E. Once a surcharge or credit has been approved, the Company shall provide notice (in a form acceptable to Staff) of the rate increases to customers with the bill where the rate increase first appears.

PART FIVE
PLAN OF ADMINISTRATION FOR
PURCHASED POWER ADJUSTMENT MECHANISM

III. APPLICATION TO SEWER CUSTOMERS.

- A.** The increase or decrease in purchased power costs that are due to changes in rates at the Company's sewer facilities will be allocated on a per capita basis.
- B.** The surcharge or credit will be calculated based on Equivalent Residential Units ("ERU").
- C.** Pass through calculation example:

PART FIVE
LIBERTY UTILITIES (GOLD CANYON SEWER) CORP.
PLAN OF ADMINISTRATION FOR
PURCHASED POWER ADJUSTMENT MECHANISM

	(a)	(b)	(c) = (a) x (b)
Class	Connections	ERU Rating	Number of ERUs
Residential	8,438	1	8,438
Residential < 700 SF	1,546	0.231	357
	Total Usage	Gallons/Day	Number of ERUs
Commercial	72,579	270	269
Total			9,064

Test Year Data	
a) kWh	1,250,000
b) Purchased Power Expense	\$88,400
c) Purchased Power Rate	\$0.07072
PPAM Surcharge Calculation	
d) New Purchased Power Rate	\$0.07426
e) New Purchased Power Expense (d x a)	\$92,825
f) Total Purchased Power Expense Increase / (Decrease) (e – b)	\$4,425
g) Monthly PPAM Surcharge/ERU (f / total ERUs / 12)	\$0.041
Monthly PPAM Surcharge per Class	
Residential (per Connection) = g x ERU Rating	\$0.041
Residential < 700 SF (per unit) = g x ERU Rating	\$0.009
Commercial (per Gallon per Day) = g x Number of ERUs x 12 / Total Usage	\$0.002

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ISSUED BY:
Moses Thompson, President
Liberty Utilities (Gold Canyon Sewer) Corp.
14920 W. Camelback, Rd.
Litchfield Park, AZ 85340
Decision No. xxxxx

PART SIX

**PROPERTY TAX
ADJUSTER MECHANISM**

Issued: [Date]

Effective: [Date]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (Gold Canyon Sewer) Corp.
14920 W. Camelback, Rd.
Litchfield Park, AZ 85340
Decision No. xxxxx

PART SIX
PROPERTY TAX ADJUSTMENT MECHANISM (“PTAM”)

The PTAM allows the Company to pass through to its customers the increases or decreases in property tax expenses that result from changes to the assessment ratio or property tax rate. Pass through costs will be divided equally between residential and non-residential customer classes to collect the total increase over a 12-month period. Details can be found in the Company’s Property Tax Adjustment Mechanism Plan of Administration.

Applicability Applicable to all customers served by this service area.

Terms and Conditions

The Company will annually file with the Commission by March 1 the proposed annual PTAM surcharge for the current calendar year. The filing shall detail how the Company’s property tax expenses were calculated by parcel by year. These calculations will include full cash value, assessment ratio, and tax rates by parcel. All documentation to support the proposed surcharge will be included. As part of each annual filing, the Company will perform a reconciliation for the prior reporting period comparing the amounts recovered from/refunded to customers to the amount of increase/decrease in property tax expenses due to changes in rates for that same period resulting in either an under / (over) recovery. This true-up will be included in the annual calculation. The revised PTAM surcharge will be effective on June 1 of each year. The PTAM surcharge will appear on each applicable customer bill as a separate line item. All rates in this Schedule shall be subject to their proportionate part of any taxes or other governmental imposts that are assessed directly or indirectly on the basis of revenues derived from this Schedule.

Issued: [Date]

Effective: [Date]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (Gold Canyon Sewer) Corp.
14920 W. Camelback, Rd.
Litchfield Park, AZ 85340
Decision No. xxxxx

LIBERTY UTILITIES (GOLD CANYON SEWER) CORP.
PART SIX
PLAN OF ADMINISTRATION FOR
PROPERTY TAX ADJUSTMENT MECHANISM

I. GENERAL DESCRIPTION.

This document is the Plan of Administration (“POA”) for the Property Tax Adjustment Mechanism (“PTAM”) for Liberty Utilities (Gold Canyon Sewer) Corp. (“Liberty Gold Canyon” or “Company”) approved by the Arizona Corporation Commission (“Commission”) in Decision No. _____ on _____. The PTAM allows Liberty Gold Canyon to pass through to its customers the increase or decrease in property taxes that results from a change in the applicable assessment ratio and/or property tax rates.

II. PTAM RELATED FILINGS.

A. Within 60 days of the effective date of a change in the assessment ratio and/or property tax rates applicable to the Company, the Company shall file with Docket Control an analysis of the actual impact on the Company’s property tax expenses.

B. The Company will provide the Commission with spreadsheets detailing exactly how the Company’s property tax expenses were calculated in the time period prior to a change in the assessment ratio and/or property tax rate that affects the Company’s property tax expenses. These calculations will include the assessment ratio, the property tax rates, and the value of the property that was taxed. For the period following the change(s), the Company will provide the same information, then compare the two periods, isolating any change in property tax expense that is due exclusively to changes in the assessment ratio and/or property tax rates. The specific intent is to show exactly how much of any increase or decrease in property tax expense is due to changes in the assessment ratio and tax rates beyond the Company’s control and how much is due to changes in the value of the property the Company owns. The Company will only recover increases or refund decreases that are due to changes in the assessment ratio and tax rates.

C. All revised schedules filed with the Commission pursuant to the provisions of this PTAM will be accompanied by documentation prepared by the Company in a format approved by Utilities Division Staff of the Commission and will contain sufficient detail to enable the Commission to verify accuracy of the Company’s calculations.

D. The surcharges will not become effective until approved by the Commission.

E. The Company will file annually with the Commission a report detailing the Company’s property tax expenses.

F. The Company shall provide notice (in a form acceptable to Staff) of the rate increases to customers with the bill where the rate increase first appears.

PART SIX
PLAN OF ADMINISTRATION FOR
PROPERTY TAX ADJUSTMENT MECHANISM

III. APPLICATION TO SEWER CUSTOMERS.

A. The increase or decrease in property tax expenses that are due to changes in the assessment ratio and/or property tax rates at the Company's sewer facilities will be allocated on a per capita basis.

B. See the examples on the next page:

PART SIX
PLAN OF ADMINISTRATION FOR
PROPERTY TAX ADJUSTMENT MECHANISM

Change in Assessment Ratio Example

Test Year					Current Year	
Assessment Ratio		20.00%			Assessment Ratio	21.00%
Property Full Cash Value		\$10,000,000	➡		Property Full Cash Value	\$10,000,000
Assessed Valuation		\$2,000,000			Assessed Valuation	\$2,100,000

Change in Assessed Valuation		
Current Year Assessed Valuation		\$2,100,000
Test Year Assessed Valuation		\$2,000,000
Increase in Assessed Valuation Due to Increase in Assessment Ratio		\$100,000

Test Year				Current Year	
Total Property Tax Rate		10.00%		Total Property Tax Rate	10.00%
Assessed Valuation		\$2,000,000		Assessed Valuation	\$2,100,000
Property Tax Expense		\$200,000		Property Tax Expense	\$210,000

PTAM Charge on Sample Customer Bill		
Increase in Property Tax Expense Due to Increase in Assessment Ratio		\$10,000
Number of Sewer Customers		20,000
PTAM Charge on Sample Customer Bill		\$0.50

Change in Total Property Tax Rate Example

Test Year					Current Year	
Total Property Tax Rate		10.00%			Total Property Tax Rate	11.00%
Assessed Valuation		\$2,000,000	➡		Assessed Valuation	\$2,000,000
Property Tax Expense		\$200,000			Property Tax Expense	\$220,000

Pass Through Calculation		
Current Year Property Tax Expense		\$220,000
Test Year Property Tax Expense		\$200,000
Increase in Property Tax Expense Due to Rate Increase		\$20,000

PTAM Charge on Sample Customer Bill		
Increase in Property Tax Expense Due to Rate Increase		\$20,000
Number of Sewer Customers		20,000
PTAM Charge on Sample Customer Bill		\$1.00

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Effective: [Date]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (Gold Canyon Sewer) Corp.
14920 W. Camelback, Rd.
Litchfield Park, AZ 85340
Decision No. xxxxx

Applies to all service areas
PART SEVEN
PLAN OF ADMINISTRATION FOR
PURCHASED WASTEWATER TREATMENT ADJUSTOR MECHANISM

I. GENERAL DESCRIPTION.

This document is the Plan of Administration (“POA”) for the Purchased Wastewater Treatment Adjustment Mechanism (“PWTAM”) for Liberty Utilities (Black Mountain Sewer) Corp. (“Company” or “Liberty Black Mountain”). Liberty Black Mountain provides wastewater collection and conveyance service to its customers. Wastewater collected through Liberty Black Mountain’s system is delivered to the City of Scottsdale’s wastewater treatment plant for treatment and disposal. The PWTAM allows Liberty Black Mountain to pass through to its customers the increase or decrease in purchased wastewater treatment costs that result from a rate change by the City of Scottsdale for wastewater treatment service provided to the Company.

The PWTAM is intended to recover increases, or refund decreases, in purchased wastewater treatment costs that are outside of the Company’s control and not otherwise reflected in base rates. The PWTAM shall recover or refund only changes in purchased wastewater treatment costs caused by changes in rates charged by the City of Scottsdale and shall not recover changes in cost caused by changes in wastewater volume, customer usage, other operating costs, capital costs, return, income taxes, or costs otherwise recovered through base rates or another Commission-approved adjustment mechanism.

II. PWTAM RELATED FILINGS.

A. Within 60 days of the effective date of a rate change by the City of Scottsdale applicable to wastewater treatment service provided to the Company, the Company shall file with Docket Control an analysis of the actual impact on the Company’s purchased wastewater treatment costs.

B. The Company will provide the Commission with spreadsheets detailing exactly how the Company’s purchased wastewater treatment expenses were calculated in the time period prior to a change in the rate that the Company must pay for purchased wastewater treatment service. These calculations will include applicable fixed charges, volume-based charges, capacity charges, billing determinants, and rate and volume figures. That is, the Company will break down its total purchased wastewater treatment bill into the amount due to fixed fees, the volume of wastewater delivered for treatment, and the rates paid per unit of wastewater treatment service. For the period following the rate change, the Company will provide the same information, then compare the two periods, isolating any change in purchased wastewater treatment cost that is due exclusively to a rate change. The specific intent is to show exactly how much of any increase or decrease is due to changes in rates beyond the Company’s control and how much is due to a change in the amount of wastewater delivered to the City of Scottsdale for treatment. The Company will only recover increases or refund decreases that are due to changes in rates.

Issued: [Date]

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ISSUED BY:
Moses Thompson, President
Liberty Utilities (Gold Canyon Sewer) Corp.
14920 W. Camelback, Rd.
Litchfield Park, AZ 85340
Decision No. xxxxx

PART SEVEN
PLAN OF ADMINISTRATION FOR
PURCHASED WASTEWATER TREATMENT ADJUSTOR MECHANISM

C. All revised schedules filed with the Commission pursuant to the provisions of this PWTAM will be accompanied by documentation prepared by the Company in a format approved by Utilities Division Staff of the Commission and will contain sufficient detail to enable the Commission to verify the accuracy of the Company's calculations.

D. Upon confirmation by Utilities Division Staff of the correct PWTAM surcharge or credit, Liberty Black Mountain will file with Docket Control, as a compliance item, a tariff showing the surcharge or credit and the effective date of implementation.

E. The surcharges or credits will not become effective until approved by the Commission.

F. The Company will file annually with the Commission a report detailing the Company's purchased wastewater treatment costs and any operational or flow-management measures employed by the Company to manage purchased wastewater treatment costs.

G. The Company shall provide notice, in a form acceptable to Staff, of any approved PWTAM surcharge or credit to customers with the bill where the surcharge or credit first appears.

III. APPLICATION TO WASTEWATER CUSTOMERS.

A. The increase or decrease in purchased wastewater treatment costs that are due to changes in rates charged by the City of Scottsdale will be allocated to Liberty Black Mountain wastewater customers on a per customer basis, unless otherwise approved by the Commission.

B. The PWTAM shall apply to all customers in the Liberty Black Mountain wastewater service area.

C. The PWTAM may be either a surcharge or a credit. If the City of Scottsdale increases its applicable wastewater treatment rates or charges above the level embedded in the Company's base rates, the difference may be recovered through the PWTAM. If the City of Scottsdale decreases its applicable wastewater treatment rates or charges below the level embedded in the Company's base rates, the difference shall be returned to customers through the PWTAM.

PART SEVEN
PLAN OF ADMINISTRATION FOR
PURCHASED WASTEWATER TREATMENT ADJUSTOR MECHANISM

D. The PWTAM shall recover or refund only changes in purchased wastewater treatment costs caused by changes in rates charged by the City of Scottsdale. The PWTAM shall not include changes in cost resulting from changes in wastewater volume, changes in customer usage, other operating costs, capital costs, return, income taxes, or costs otherwise recovered through base rates or another Commission-approved adjustment mechanism.

E. The PWTAM surcharge or credit shall appear separately on customers' wastewater bills.

IV. CALCULATION OF PWTAM SURCHARGE OR CREDIT.

A. The PWTAM surcharge or credit shall be calculated by comparing the purchased wastewater treatment costs under the City of Scottsdale rates embedded in Liberty Black Mountain's base rates to the purchased wastewater treatment costs under the City of Scottsdale's new rates.

B. The Company shall calculate the difference between the City of Scottsdale's new rate and the City of Scottsdale's base rate for each applicable rate component, including fixed charges, volume-based charges, capacity charges, or any other wastewater treatment charge directly applicable to Liberty Black Mountain.

C. The calculated increase or decrease in purchased wastewater treatment costs shall be divided by the applicable number of Liberty Black Mountain wastewater customers, or by another allocation method approved by the Commission, to determine the customer surcharge or credit.

D. The Company shall maintain all supporting documentation for each PWTAM filing, including the City of Scottsdale's notice of rate change, City of Scottsdale rate schedules, Liberty Black Mountain purchased wastewater treatment invoices, billing determinants, customer counts, and all calculations used to determine the surcharge or credit.

Applies to all **WASTEWATER** service areas
PART EIGHT
INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

~~ADEQ Public Water System:~~

~~ADEQ Public Water System Number: 07-046~~

SECTION 1 – PRETREATMENT PROGRAM

1.0 INTRODUCTION

To control the discharge of pollutants to the Nation's waters, the Clean Water Act (CWA) requires the Environmental Protection Agency (EPA) to promulgate regulations related to discharges. Discharges from non-domestic dischargers can impact the operations of Water Reclamation Facilities (WRFs) and Publicly Owned Treatment Works (POTWs) as the pollutants can pass through or interfere with the operations of the plants, threaten worker's health and safety, or contaminate sludges. The WRFs and POTWs are designed to treat domestic sewage. The non-domestic discharges are regulated by the National Pretreatment Program. Industrial and commercial dischargers (known as IUs) are required to obtain permits, or other control mechanisms to discharge wastewater to the POTW/WRF under the National Pretreatment Program. EPA promulgated the General Pretreatment Regulations (Title 40 Code of Federal Regulations (CFR) Section 403), which defines the National Pretreatment Program. The Arizona Administrative Code (AAC R18-9-A905(A)(8)(b)) incorporates the General Pretreatment Program/Regulations.

Liberty Utilities (~~Litchfield Park~~Gold Canyon Water & Sewer~~Sewer~~) Corp. (hereinafter referred to as Liberty Utilities) operates the ~~Palm Valley~~Gold Canyon Water Reclamation Facility (~~PVWRF~~GCWRF~~GCWRF~~) located at ~~McDowell Road~~US Highway 60 and ~~Litchfield Park~~Superstition Drive Road and the ~~Sarival~~Entrada Del Oro Water Reclamation Facility (~~EDOSWRF~~EDOWRF) located at ~~Sarival Avenue~~US Highway 60 and ~~McDowell~~Entrada Del Oro Road. ~~PVWRF~~GCWRF can treat up to 16.9 million gallons per day (MGD) of wastewater and the ~~SWRF~~EDOWRF can treat up to 4.0300-million ~~thousand~~ gallons per day (~~MGD~~), collectively "Facilities." The Facilities are owned and operated by Liberty Utilities and serve the ~~Litchfield Park~~Gold Canyon and ~~Goodyear~~EDO communities. Liberty Utilities can regulate discharges from IUs for potential contaminants of concern to minimize impact on its POTW/WRF under Liberty Utilities' Industrial Pretreatment Program Tariff.

The discharge of toxic and other harmful pollutants from IUs can be effectively controlled through a local pretreatment program that is based on these regulations, structured to address specific local concerns, and enforced through Liberty Utilities Industrial Pretreatment Program and Tariff.

Applies to all **WASTEWATER** service areas

PART EIGHT

INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

The objective of a Pretreatment Program (the General Pretreatment Regulations of the Clean Water Act (40 CFR, Part 403)) is to:

- to promote consistent application of pretreatment requirements among customers and to maintain the integrity of Liberty Utilities - ~~PVWREFGCWRF~~ and ~~SWRFEDOWRF~~ so that the continuity of safe and reliable service to all customers and the protection of the environment are preserved.
- to prevent the introduction of pollutants into the POTW/WRF that will interfere with its operation.
- to prevent the introduction of inadequately treated pollutants into the collection systems that will pass through the POTW/WRF into the receiving waters, the atmosphere, and landfills, or otherwise be incompatible with the POTW/WRF.
- to protect both POTW/WRF personnel who may be affected by wastewater and sludge in the course of their employment and the general public.
- to promote reuse and recycling of industrial wastewater and sludge from the POTW/WRF.
- to provide fees for the apportionment of the costs of operation, maintenance, and improvement of the POTW/WRF.
- to enable Liberty Utilities to comply with its ~~APP~~/AZPDES conditions, sludge use and disposal requirements, and any other Federal or State laws to which the POTW/WRF is subject.

The Pretreatment Program and tariff document (collectively, Tariff) shall apply to all IUs Liberty Utilities receiving service from Liberty Utilities. The Pretreatment Program sets forth uniform requirements for industrial discharges into the WRFs, and also establishes a separate industrial discharge permit requirement IUs. The Pretreatment Program includes the issuance of individual wastewater discharge permits; provides monitoring, compliance, and enforcement activities; establishes administrative review procedures; requires IUs reporting; and provides for the setting of fees for the apportionment of costs resulting from the program established herein.

Applies to all **WASTEWATER** service areas

PART EIGHT

INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

1.1 ADMINISTRATION

Except as otherwise provided herein, Liberty Utilities shall administer, implement, and enforce the provisions of this Pretreatment Program. Any powers granted to, or duties imposed upon, Liberty Utilities may be delegated by Liberty Utilities to a duly authorized employee of Liberty Utilities.

1.2 ABBREVIATIONS

The following abbreviations, when used in this document shall have the designated meanings:

AAC	Arizona Administrative Code
ADEQ	Arizona Department of Environmental Quality
APP	Aquifer Protection Permit
ARS	Arizona Revised Statute
AZPDES	Arizona Pollutant Discharge Elimination System
BOD	Biochemical Oxygen Demand (mg/l, typically 5-day equivalent)
BMP	Best Management Practice
BMR	Baseline Monitoring Report
CFR	Code of Federal Regulations
CIU	Categorical Industrial User
COD	Chemical Oxygen Demand (mg/l)
COP	Code of Practice
DMA	Designated Management Agencies
DPA	Designated Planning Agency
EPA	U.S. Environmental Protection Agency
GPD	Gallons per day
IU	Industrial User
O&M	Operation and Maintenance
~~MAG~~	~~Maricopa Association of Governments~~
mg/L	milligrams per liter
MGD	Million Gallons per Day
NPDES	National Pollutant Discharge Elimination System
POTW	Publicly Owned Treatment Works
RCRA	Resource Conservation and Recovery Act
SIU	Significant Industrial User
SNC	Significant Noncompliance
TSS	Total Suspended Solids (mg/l)
TRC	Technical Review Criteria
U.S.C.	United States Code
WMU	Wastewater Management Utilities
WRF	Water Reclamation Facility
U.S.C.	United States Code

Applies to all **WASTEWATER** service areas
PART EIGHT
INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

1.3 APPLICABILITY

These Pretreatment Standards and Program requirements apply to any devices and systems used in the storage, treatment, recycling and reclamation of municipal sewage or industrial wastes of a liquid nature. It also includes sewers, pipes, and other conveyances of wastewater to the Facilities.

The Pretreatment Program is applicable as follows:

- A. IUs or users subject to the National Categorical Pretreatment Standards. Any IU, as defined herein, or user subject to the National Categorical Pretreatment Standards (40 CFR Chapter I, Subchapter N - Effluent Guidelines and Standards) shall meet the Pretreatment Standards and the requirements of the Pretreatment Program including applicable categorical standards.
- B. All Non-Residential Dischargers. Any Non-Residential Discharger irrespective of their designation as an IU, shall meet the Pretreatment Standards as described herein for:
 - (1) Specific Limitations (Section 3.0).
 - (2) Local Regulatory Limits based on concentrations and daily flow.
 - (a) Prohibited Waste (Section 3.1)
 - (b) Restricted Waste (Section 3.2)
- C. This application extends to Non-Residential Dischargers, IUs, users subject to the National Categorical Pretreatment Standards and Residential Dischargers who operate practices, or systems from a residence, that changes the constituent nature of the wastewater produced by the customer.
- D. This application extends to PART EIGHT of the Tariff 'Code of Practice'.

1.4 DEFINITIONS

- A. Act or (the Act.) The Federal Water Pollution Control Act, also known as the Clean Water Act, as amended, 33 U.S.C. section 1251 et seq.
- B. Approval Authority. Arizona Department of Environmental Quality, Arizona. *See* Arizona Administrative Code R18-9-A905(A)(8).

Applies to all **WASTEWATER** service areas
PART EIGHT
INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

C. Authorized or Duly Authorized Representative of the IU.

(1) If the IU is a corporation:

- (a) The president, secretary, treasurer, or a vice president of the corporation in charge of a principal business function, or any other person who performs similar policy or decision-making functions for the corporation.
- (b) The manager of one or more manufacturing, production, or operating facilities, provided the manager is (i) authorized to make management decisions that govern the operation of the regulated facility including having the explicit or implicit duty of making major capital investment recommendations, and initiate and direct other comprehensive measures to assure long term environmental compliance with environmental laws and regulations; (ii) can ensure that the necessary systems are established or actions taken to gather complete and accurate information for individual wastewater discharge permit requirements; and (iii) where authority to sign documents has been assigned or delegated to the manager in accordance with corporate procedures.

(2) If the IU is a partnership or sole proprietorship: a general partner or proprietor, respectively.

(3) If the IU is a Federal, State, or local governmental facility: a director or highest official appointed or designated to oversee the operation and performance of the activities of the government facility, or their designee.

(4) The individuals described in paragraphs 1 through 3, above, may designate a Duly Authorized Representative if the authorization is in writing, the authorization specifies the individual or position responsible for the overall operation of the facility from which the discharge originates or having overall responsibility for environmental matters for the company, and the written authorization is submitted to Liberty Utilities.

D. Biochemical Oxygen Demand or BOD. The quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedures for five (5) days at 20 degrees centigrade, usually expressed as a concentration (e.g., mg/l).

E. Best Management Practices (or BMPs). Schedules of activities, prohibitions of practices, maintenance procedures, and other management practices to implement the prohibitions listed in 40 CFR 403.5(a)(1) and (b) and/or the Arizona Administrative Code (AAC) R18-9-A905(A)(8)(b). BMPs include treatment requirements, operating procedures, and practices to control plant site runoff, spillage or leaks, sludge or waste disposal, or drainage from raw materials storage.

Applies to all **WASTEWATER** service areas

PART EIGHT

INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

- F. Categorical Pretreatment Standard or Categorical Standard. Any regulation containing pollutant discharge limits promulgated by EPA in accordance with sections 307(b) and (c) of the Act (33 U.S.C. section 1317) that apply to a specific category of IUs and that appear in 40 CFR Chapter I, Subchapter N, Parts 405-471c.
- G. Categorical Industrial User or (CIU). An IU subject to a categorical Pretreatment Standard or Categorical Standard.
- H. Liberty Utilities Manager. A duly authorized representative of Liberty Utilities.
- I. Liberty Utilities Organizational Structure. Liberty Utilities, through a duly authorized representative, Liberty Utilities shall administer this Pretreatment Program and Tariff.
- J. Chemical Oxygen Demand or (COD). A measure of the oxygen (as chemical) required to chemically oxidize all compounds, both organic and inorganic, in water.
- K. Control Authority. Liberty Utilities (Liberty Utilities).
- L. Daily Maximum. The arithmetic average of all effluent samples for a pollutant collected during a calendar day. Total mass is a product of concentrations and daily total flow.
- M. Daily Maximum Limit. The maximum allowable discharge limit of a pollutant during a calendar day. Where Daily Maximum Limits are expressed in units of mass, the daily discharge is the total mass discharged over the course of the day. Where Daily Maximum Limits are expressed in terms of a concentration, the daily discharge is the arithmetic average measurement of the pollutant concentration derived from all measurements taken that day
- N. Environmental Protection Agency or EPA. The U.S. Environmental Protection Agency or, where appropriate, the Regional Water Management Division Director, the Regional Administrator, or other duly authorized official of said agency.
- O. Existing Source. Any source of discharge that is not a "New Source."
- P. Grab Sample. A sample that is taken from a waste stream without regard to the flow in the waste stream and over a period not to exceed fifteen (15) minutes.
- Q. Industrial User (IU). A customer who generates a source of Indirect Discharge (40 CFR § 403.3).

Applies to all **WASTEWATER** service areas

PART EIGHT

INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

- R. Indirect Discharge or Discharge. The introduction of pollutants into the POTW/WRF from any nondomestic source.
- S. Instantaneous Limit. The maximum concentration of a pollutant allowed to be discharged at any time, determined from the analysis of any discrete or composited sample collected independent of the industrial flow rate and the duration of the sampling event.
- T. Interference. A discharge that, alone or in conjunction with a discharge or discharges from other sources, inhibits or disrupts the POTW/WRF, its treatment processes or operations or its sludge processes, use or disposal; and therefore, is a cause of a violation of Liberty Utilities's [APP/AZPDES](#) permit or of the prevention of sewage sludge use or disposal in compliance with any of the following statutory/regulatory provisions or permits issued thereunder, or any more stringent State or local regulations: Section 405 of the Clean Water Act; the Solid Waste Disposal Act, including Title II commonly referred to as the Resource Conservation and Recovery Act (RCRA); any State regulations contained in any State sludge management plan prepared pursuant to Subtitle D of the Solid Waste Disposal Act; the Clean Air Act; the Toxic Substances Control Act; and the Marine Protection, Research, and Sanctuaries Act.
- U. Local Regulatory Limit. Specific discharge limits developed and enforced by Liberty Utilities upon industrial, or commercial facilities, to implement the general and specific discharge prohibitions listed in 40 CFR 403.5(a)(1) and (b).
- V. Medical Waste. Isolation wastes, infectious agents, human blood and blood products, pathological wastes, sharps, body parts, contaminated bedding, surgical wastes, potentially contaminated laboratory wastes, and dialysis wastes.
- W. Monthly Average. The sum of all "daily discharges" measured during a calendar month divided by the number of "daily discharges" measured during that month.
- X. Monthly Average Limit. The highest allowable of "daily maximum discharges" over a calendar month, calculated as the sum of all "daily discharges" measured during a calendar month divided by the number of "daily discharges" measured during that month.

Applies to all **WASTEWATER** service areas

PART EIGHT

INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

Y. New Source

- (1) Any building, structure, facility, or installation from which there is (or may be) a discharge of pollutants, the construction of which commenced after the publication of proposed Pretreatment Standards under section 307(c) of the Act that will be applicable to such source if such Standards are thereafter promulgated in accordance with that section, provided that:
 - (a) The building, structure, facility, or installation is constructed at a site at which no other source is located; or
 - (b) The building, structure, facility, or installation totally replaces the process or production equipment that causes the discharge of pollutants at an Existing Source; or
 - (c) The production or wastewater generating processes of the building, structure, facility, or installation are substantially independent of an Existing Source at the same site. In determining whether these are substantially independent, factors such as the extent to which the new facility is integrated with the existing plant, and the extent to which the new facility is engaged in the same general type of activity as the Existing Source, should be considered.
- (2) Construction on a site at which an Existing Source is located and results in a modification rather than a New Source if the construction does not create a new building, structure, facility, or installation meeting the criteria of Section (1)(b) or (c) above but otherwise alters, replaces, or adds to existing process or production equipment.
- (3) Construction of a New Source as defined under this paragraph has commenced if the owner or operator has:
 - (a) Begun, or caused to begin, as part of a continuous onsite construction program:
 - i. any placement, assembly, or installation of facilities or equipment; or
 - ii. significant site preparation work including clearing, excavation, or removal of existing buildings, structures, or facilities which is necessary for the placement, assembly, or installation of new source facilities or equipment.
 - (b) Entered a binding contractual obligation for the purchase of facilities or equipment which are intended to be used in its operation within a reasonable time. Options to purchase or contracts which can be terminated or modified without substantial loss, and contracts for feasibility, engineering, and design studies do not constitute a contractual obligation under this paragraph.

Applies to all **WASTEWATER** service areas

PART EIGHT

INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

- AA. Noncontact Cooling Water. Water used for cooling that does not come into direct contact with any raw material, intermediate product, waste product, or finished product.
- BA. Non-Residential Discharger. A customer discharging into Liberty Utilities that is engaged in any activity that changes the constituent nature of the wastewater from typical household wastewater.
- CA. Pass Through. A discharge which exits the POTW/WRF into waters of the United States in quantities or concentrations which, alone or in conjunction with a discharge or discharges from other sources, is a cause of a violation of any requirement of Liberty Utilities's [APP/AZPDES](#) permit, including an increase in the magnitude or duration of a violation.
- DA. Person. Any individual, partnership, corporation, firm, company, corporation, association, joint stock company, trust, estate, governmental entity, or any other legal entity; or their legal representatives, agents, or assigns. This definition includes all Federal, State, and local governmental entities.
- EA. pH. A measure of the acidity, or alkalinity, of a solution, expressed in standard units.
- FA. Pollutant. Dredged spoil, solid waste, incinerator residue, filter backwash, sewage, garbage, sewage sludge, munitions, medical waste, chemical wastes, biological materials, radioactive materials, heat, wrecked or discarded equipment, rock, sand, cellar dirt, municipal, agricultural and industrial wastes, and certain characteristics of wastewater (e.g., pH, temperature, TSS, turbidity, color, BOD, COD, toxicity, or odor).
- GA. Pretreatment. The reduction of the amount of pollutants, the elimination of pollutants, or the alteration of the nature of pollutant properties in wastewater prior to, or in lieu of, introducing such pollutants into the POTW/WRF. This reduction or alteration can be obtained by physical, chemical, or biological processes; by process changes; or by other means, except by diluting the concentration of the pollutants unless allowed by an applicable Pretreatment Standard.
- HA. Pretreatment Requirements. Any substantive, or procedural requirement, related to pretreatment imposed on an IU, other than a Pretreatment Standard.
- IA. Pretreatment Standards or Pretreatment Requirements. Prohibited discharge standards, categorical Pretreatment Standards, and Local Regulatory Limits.
- JA. Prohibited Discharge Standards or Prohibited Discharges. Absolute prohibitions against the discharge of certain substances. These prohibitions appear in Sections 3 and 3.1 of this Pretreatment Program.

Applies to all **WASTEWATER** service areas

PART EIGHT

INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

- KA. Publicly Owned Treatment Works (POTW). A treatment works, as defined by section 212 of the Act (33 U.S.C. section 1292), which is owned by a state or municipality (as defined by Section 502(4) of the Clean Water Act). This definition includes any devices and systems used in the storage, treatment, recycling and reclamation of municipal sewage or industrial wastes of a liquid nature. It also includes sewers, pipes, and other conveyances only if they convey wastewater to a POTW. The term also means the municipality as defined in Section 502(4) of the Clean Water Act, which has jurisdiction over the Indirect Discharges to and the discharges from such a wastewater treatment plant.
- LA. Septic Tank Waste. Any sewage from holding tanks such as vessels, chemical toilets, campers, trailers, and septic tanks
- MA. Sewage. Human excrement and gray water (household showers, dishwashing operations, etc.).
- NA. Significant Industrial User (SIU).
- (1) An IU subject to categorical Pretreatment Standards
 - (2) An IU that:
 - (a) Discharges an average of twenty-five thousand (25,000) gpd, or more of process wastewater, to the POTW/WRF (excluding sanitary, noncontact cooling and boiler blowdown wastewater);
 - (b) Contributes a process waste stream which makes up five (5) percent or more of the average dry weather hydraulic, or organic (BOD, ammonia, and/or total nitrogen) capacity of the POTW/WRF; or
 - (c) Is designated as such by Liberty Utilities on the basis that it has a reasonable potential for adversely affecting the POTW's/WRF's operations, or for violating any Pretreatment Standard, or Requirement.
 - (3) Liberty Utilities may determine that an IU is subject to categorical Pretreatment Standards, hereinafter referred to as a Non-Significant Categorical IU, rather than a SIU on a finding that the IU never discharges more than 100 gallons per day (gpd) of total categorical wastewater (excluding sanitary, non-contact cooling and boiler blowdown wastewater, unless specifically included in the Pretreatment Standard) and the following conditions are met:
 - (a) The IU, prior to Liberty Utilities' finding, has consistently complied with all applicable categorical Pretreatment Standards and Requirements.

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- (b) The IU annually submits the certification statement required in Section 7.7.14, together with any additional information necessary to support the certification statement.
- (c) The IU never discharges any untreated concentrated wastewater.
- (4) Upon a finding that an IU meeting the criteria in Subsection (2) of this part has no reasonable potential for adversely affecting the POTW's/WRF's operation or for violating any Pretreatment Standard or Requirement, Liberty Utilities may at any time, on its own initiative or in response to a petition received from an IU, and in accordance with procedures in 40 CFR 403.8(f)(6), determine that such IU should not be considered a SIU.
- OA. Slug Load or Slug Discharge. Any discharge at a flow rate or concentration could cause a violation of the prohibited discharge standards in Section 3 of the Pretreatment Program. A Slug Discharge is any Discharge of a non-routine, episodic nature, including but not limited to an accidental spill or a non-customary batch Discharge, which has a reasonable potential to cause Interference or Pass Through, or in any other way violate the POTW's/WRF's regulations, Local Limits or Permit conditions.
- PA. Storm Water: Any flow occurring during, or following any form of natural precipitation, and resulting from such precipitation, including snowmelt.
- QA. Total Suspended Solids or Suspended Solids. The total suspended matter that floats on the surface of, or is suspended in, water, wastewater, or other liquid, and that is removable by laboratory filtering.
- RA. User or Industrial User. A source of indirect discharge.
- SA. Wastewater. Liquid and water-carried industrial wastes and sewage from residential dwellings, commercial buildings, industrial and manufacturing facilities, and institutions, whether treated or untreated, which are contributed to the POTWWRF.
- TA. Wastewater Treatment Plant or Treatment Plant. That portion of the POTW/WRF which is designed to provide treatment of municipal sewage and industrial waste.
- UA. Water Reclamation Facility (WRF). A treatment works, as defined by section 212 of the Act (33 U.S.C. section 1292), which is owned by Liberty Utilities. This definition includes any devices or systems used in the collection, storage, treatment, recycling, and reclamation of sewage, or industrial wastes, of a liquid nature and any conveyances, which convey wastewater to a treatment plant.

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SECTION 2 - AUTHORITY

Pretreatment Requirements apply to POTWs/WRFs

Regulations under the Federal Water Pollution Control Act (also known as the Clean Water Act), require POTWs/WRFs to develop a pretreatment program for any POTW/WRF (or combination of POTWs operated by the same authority) with a total design flow greater than 5 million gallons per day (MGD) within a single collection system and receive wastewater from Industrial Users pollutants which Pass Through or may Interfere with the operation of the WRF, or are otherwise subject to Pretreatment Standards. A POTW/WRF with a design flow of 5 million gallons per day or less may also be required to develop a pretreatment program if required by the applicable regulatory authority based on the nature or volume of industrial influent, treatment process impacts, permit compliance concerns, sludge contamination, or other circumstances.

Liberty Utilities is a Water Management Utility Under Section 502(4) of the Clean Water Act

~~Section 208 of the Clean Water Act devolves regional water quality management Designated Planning Agencies, or DPAs. In this case, the DPA is the Maricopa Association of Governments (MAG), and MAG maintains a Section 208 Area-wide Water Quality Management Plan (the MAG 208 Plan) detailing the management of wastewater, recycled water and biosolids within Maricopa County.~~

~~DPAs engage other agencies for the management and execution of the short and long term strategies of the DPA. These agencies are Designated Management Agencies (DMAs) and Wastewater Management Utilities (WMUs). While a DMA and a WMU perform the same functions, they are organizationally different: DMAs are governmental entities; WMUs are public service corporations.~~

~~A DMA is defined as “a local government subdivision that is certified by ADEQ as having adequate resources and capabilities to design, operate, and maintain wastewater facilities and the desire to implement portions of the MAG 208 Plan.” A WMU is “a privately owned centralized wastewater treatment facility and a collection system that provides services to multiple properties. To be a WMU, ADEQ must certify that the entity has the resources, capability, and desire to function as a DMA.” In addition, to be established as a WMU, the private entity must provide a 20-year future growth plan and coordinate with neighboring DMAs and other WMUs that will implement other strategies in the MAG 208 Plan.~~

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~~Liberty Utilities — Responsibilities as a WMU~~

~~Pursuant to Section 208(c)(2) of the Clean Water Act, a DMA or designated WMU must be able to:~~

- ~~• Carry out appropriate portions of a regional 208 Plan.~~
- ~~• Manage effectively waste treatment facilities and related facilities in conformance with the 208 Plan.~~
- ~~• Design, construct, operate, and maintain new and existing wastewater treatment facilities, directly or by contract, as required by any plan established to fulfill Section 208 planning requirements.~~
- ~~• Accept and utilize grants or other funds from any source for waste treatment management purposes.~~
- ~~• Raise revenues, including assessment of waste treatment charges.~~
- ~~• Incur short term and long term indebtedness.~~
- ~~• Assure in the implementation of the regional 208 Plan that each participating community pays its proportionate share of treatment costs.~~
- ~~• Refuse to receive any waste from any municipality or subdivision which does not comply with any provisions of an approved plan established to fulfill Section 208 planning requirements.~~
- ~~• Accept industrial waste for treatment.~~

~~Liberty Utilities has an approved 208 Plan Amendments, approved by the applicable governmental authority for each of the Liberty Utilities.~~

Pretreatment Requirements apply to Non-Domestic Sources of Wastewater

Under 40 CFR 403.1(b), pretreatment requirements apply to:

- (1) Pollutants from non-domestic sources covered by Pretreatment Standards which are indirectly discharged into or transported by truck or rail or otherwise introduced into POTW/WRF as defined in 40 CFR § 403.3.
- (2) POTW/WRF which receives wastewater from sources subject to National Pretreatment Standards.
- (3) States which have or are applying for National Pollutant Discharge Elimination System (NPDES) programs approved in accordance with section 402 of the Act.
- (4) Any new or existing source subject to Pretreatment Standards. National Pretreatment Standards do not apply to sources which Discharge to a sewer which is not connected to a POTW/WRF.

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In Arizona, the requirements of the federal pretreatment standards have been incorporated by reference as AAC R18-9-A905(A)(8)(b).

The Pretreatment Standards and Pretreatment Program are Approved ACC Tariffs

Liberty Utilities - Pretreatment Standards and the Pretreatment Program have been adopted in the Corporation's Terms and Conditions of Service and are approved Tariffs.

SECTION 3 - PRETREATMENT STANDARDS

Liberty Utilities enforces pretreatment standards by limiting the discharges as described below and will review pretreatment prior to approval of any industrial non-domestic discharge into its wastewater systems.

- A. **General Prohibitions.** No IU or non-residential discharger shall introduce or cause to be introduced into the POTW/WRF any pollutant or wastewater which causes Pass Through or Interference. These general prohibitions apply to all IUs and non-residential dischargers of the POTW/WRF whether or not they are subject to categorical Pretreatment Standards or any other National, State, or local Pretreatment Standards or Requirement.

In addition to those pollutants classified as Prohibited Waste (Section 3.1), the following are prohibited from discharge into the Liberty Utilities POTW/WRF:

- (1) Discharge of any substances which will inhibit the operation or performance of the Liberty Utilities - ~~PVWREFGCWRF~~ and ~~SWRFEDOWRF~~ or pass through the system and cause Liberty Utilities - ~~PVWREFGCWRF~~ and ~~SWRFEDOWRF~~ to violate any requirements of any operating or discharge permit issued by the county, state or federal government, or any WMU discharge permit limits.
- (2) Discharge of any substance which may cause the Liberty Utilities - ~~PVWREFGCWRF~~ and ~~SWRFEDOWRF~~ reclaimed water or treatment residues, biosolids or scum to be unsuitable for reclamation, reuse, or disposal or which may interfere with such reclamation, reuse, or disposal processes.
- (3) Discharge of any wastewater which causes the Liberty Utilities - ~~PVWREFGCWRF~~ and ~~SWRFEDOWRF~~ effluent to exhibit toxicity to test organisms in a standard biological toxicity test as defined by local, state, or federal requirements, or which the Company determines would be toxic to or impede the treatment capabilities of the biological processes in the Liberty Utilities ~~PVWREFGCWRF~~ and ~~SWRFEDOWRF~~

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- (4) Discharge of any substance which may cause the Liberty Utilities - ~~PVWRF~~~~GCWRF~~ and ~~SWRF~~~~EADOWRF~~ to be in a noncompliance with biosolids use or disposal criteria, guidelines or regulations developed under Section 405 of the Clean Water Act, any criteria, guidelines or regulations affecting biosolids uses or disposal developed pursuant to the Solid Waste Disposal Act, the Clean Air Act, the Toxic Substances Control Act or state or local standards applicable to the biosolids management method adopted by Liberty Utilities and/or local and state authorities.
- (5) Discharge of any wastewater containing hazardous substances, toxic, conventional, or non-conventional pollutants in sufficient quantity, either singly or by interaction, which could injure or interfere with any wastewater treatment process, constitutes a health or safety hazard to humans or animals, or exceed the limitations set forth in the Local Regulatory Limits (Section 3.4) or the categorical pretreatment standards appropriate for the specific industrial user is prohibited. Hazardous substances, toxic, conventional or non-conventional pollutants will include, but not be limited to, any pollutant identified in 40 CFR Part 122, Appendix D - Tables II, III, IV, and V (AZPDES Permit Limits that are applicable), or substances alone or in combination with other constituents that are determined to be toxic by the toxicity test as defined in 40 CFR Part 136 for wastewater or the toxicity characteristic leaching procedure test as defined in 40 CFR Part 261 for biosolids.

B. Local Regulatory Limits

No industrial user of the Liberty Utilities - ~~PVWRF~~~~GCWRF~~ and ~~SWRF~~~~EADOWRF~~ shall discharge wastes or wastewaters included in this Section and having concentrations of pollutants higher than those listed in this Section.

The Local Regulatory Limits apply at the point where the wastewater is discharged to the POTW/WRF.

All concentrations for metallic substances are for total metal unless indicated otherwise. Liberty Utilities may impose mass limitations in addition to the concentration-based limitations herein.

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3.1 PROHIBITED WASTE

Prohibited Waste means material or waste streams that shall not be discharged to any of the collection systems operated by Liberty Utilities – ~~PVWRF~~~~GCWRF~~ and ~~SWRF~~~~EDOWRF~~.

This includes any waste, other than sanitary waste, which by itself or in combination with another substance either:

- (1) constitutes or may constitute a significant health or safety hazard to any person;
- (2) may interfere with any sewer or sewage treatment process;
- (3) may cause a discharge from a sewage facility to contravene any requirements of or under any ADEQ APP, AZPDES discharge permit, Reuse permit, direct or indirect potable water reuse, or any other act, or any other law or regulation governing the quality of the discharge, or may cause the discharge to result in a hazard to people, animals, property or vegetation; or
- (4) may cause biosolids to fail criteria for beneficial land application

Prohibited Wastes include:

Non-Sanitary Wastewater

Discharge of storm water, surface water, ground water, artesian well water, roof runoff, or subsurface drainage.

Air Contaminant Waste

Any waste other than sanitary waste which, by itself or in combination with another substance, is capable of creating, causing or introducing an air contaminant outside any sewer or sewage facility or is capable of creating, causing or introducing an air contaminant within any sewer or sewage facility which would prevent safe entry by authorized personnel.

Flammable or Explosive Waste or High Temperature Wastes

A high temperature waste is any waste which, by itself or in combination with another substance, will create heat in amounts which will interfere with the operation and maintenance of a sewer or sewage facility or with the treatment of waste in a sewage facility.

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Discharge of any waste streams with a closed cup flash point of less than 140 degrees Fahrenheit (60 degrees Celsius) using the test methods specified in federal regulations, 40 CFR § 261.21.

Wastewater having a temperature greater than 100 degrees F, or which will inhibit biological activity in the POTW/WRF resulting in interference.

In addition, any waste which, by itself or in combination with another substance, is capable of causing or contributing to an explosion or supporting combustion in any sewer or sewage facility including, but not limited to gasoline, naphtha, propane, diesel, fuel oil, kerosene or alcohol.

Discharge of any liquids, solids or gases that by reason of their nature or quantity are, or may be, sufficient either alone or by interaction to cause fire or explosion or be injurious in any other way to either:

- (1) the operation of the Liberty Utilities wastewater collection system or the Liberty Utilities – ~~PVWRF~~~~GCWRF~~ and/or ~~SWRF~~~~EDOWRF~~.
- (2) the integrity of the sewer system or cause a danger to the public health or safety.

Reactive Waste

Any waste which, by itself, or in combination with another substance, is capable of causing or contributing to an undesirable physical or chemical reaction when introduced to sanitary sewer systems, including endothermic reactions, exothermic reactions, precipitation, etc.

Odorous Waste

Discharge of any noxious or malodorous liquids, gases or solids which, either singly or by interaction, can create a public nuisance or hazard to life or are sufficient to prevent entry into the sewers without specialized hazardous material protective equipment or clothing for sewer maintenance or repair.

pH Waste

Any non-domestic waste which, at the point of discharge into a sewer, has a pH lower than 5.5 or higher than 9.0, as determined by either a grab or a composite sample.

Slug Loads

Discharge of any slug load as defined in Sections 1.4 of this Tariff, including oxygen demanding pollutants (BOD, etc.), released in a single extraordinary discharge episode of such volume or strength as to cause interference to Liberty Utilities – ~~PVWRF~~~~GCWRF~~ or ~~SWRF~~~~EDOWRF~~.

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Obstructive Waste

Discharge of any solid or viscous substances that will or may cause obstruction to the flow in a sewer or other interference with the operation of the wastewater system.

This includes any waste which, by itself or in combination with another substance, is capable of obstructing the flow of, or interfering with, the operation or performance of any sewer or sewage facility including, but not limited to: earth, sand, sweepings, gardening or agricultural waste, ash, chemicals, paint, metal, glass, sharps, rags, cloth, tar, asphalt, cement-based products, plastic, wood, waste portions of animals, fish or fowl, and solidified fat.

Corrosive Waste

Any waste with corrosive properties which, by itself or in combination with any other substance, may cause damage or hazard to any sewer or sewage facility or structure, interference with operations or which may prevent safe entry by authorized personnel.

Radioactive Waste

Discharge of any wastewater containing any radioactive wastes or isotopes of such half-life or concentration as to exceed limits established by the local, state or federal regulations.

Oily Waste

Discharge of any petroleum oil, non-biodegradable cutting oil or products of mineral oil origin that will cause Interference or Pass Through the Liberty Utilities – ~~PVWREFGCWRF~~ or ~~SWREFEDOWRF~~.

Biomedical Waste

Any of the following categories of biomedical waste: human or animal anatomical waste, animal waste, untreated microbiological waste, waste sharps and untreated human or animal blood and body fluids.

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Miscellaneous Prohibited Wastes

Any of the following wastes:

- a. Seawater
- b. Polychlorinated biphenyl compounds (PCBs)
- c. chlorinated phenols
- d. pesticides
- e. tetrachloroethylene
- f. 4,4' - DDE
- g. 4,4' -DDT
- h. Aldrin
- i. BHC-Alpha
- j. BHC-Gamma (Lindane)
- k. Heptachlor
- l. Heptachlor Epoxide
- m. Per- and polyfluoroalkyl substances – known as PFAS

Pollutants which result in the presence of toxic gases, vapors, or fumes within the WRF/POTW in a quantity that may cause acute worker health and safety problems.

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3.2 RESTRICTED WASTE

Restricted waste means waste that may be permitted to be discharged to collection systems operated by Liberty Utilities but have specific criteria which must be met prior to that discharge.

These include:

Non-Residential Wastewater

Condensate, non-contact cooling water and industrial or commercial wastewater unless specifically authorized by the Liberty Utilities in the Pretreatment Program.

Food Waste

Any non-domestic waste from cooking and handling of food that, at the point of discharge into a sewer, contains particles larger than 0.5 centimeters in any dimension.

Trucked or Hauled Waste

Discharge of any trucked or hauled pollutants, unless the hauler has first obtained written approval from Liberty Utilities in accordance with the Pretreatment Program (Section 4).

Detergent Waste

Discharge of detergents, surface active agents, or other substances which might cause excessive foaming in the POTW/WRF.

Sludges & Residue

Sludges, screenings, and other residues from the pretreatment of industrial wastes or from the cleaning of interceptors or sewer collection systems.

Dyes and Coloring Material

Discharge of any substance with objectionable color not removed in the treatment process, such as, but not limited to, dye wastes and vegetable tanning solutions, where the dye is used by Liberty Utilities, or one or more of its agents, as a tracer. Discharge of portable toilet contents utilizing dyes is strictly prohibited.

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Petroleum Oil

Nonbiodegradable cutting oil, or products of mineral oil origin, in amounts that will cause Interference or Pass Through.

Other Pollutants

Other pollutants which result in the presence of toxic gases, vapors, or fumes within the POTW in a quantity that may cause acute worker health and safety problems.

3.3 STATE PRETREATMENT STANDARDS

IUs must comply with AAC R18-9-A905(A)(8) – Effluent guidelines and standards.

3.4 LOCAL LIMITS

- A. Liberty Utilities is authorized to establish Local Limits pursuant to 40 CFR 403.5(c). Any waste which, at the point of discharge into a sewer, contains any contaminant at a concentration in excess of the limits set out Title 18, Chapter 4 of the Arizona Administrative Code. or as more specifically defined in the tables below. All concentrations are expressed as total concentrations which includes all forms of contaminants, whether dissolved or undissolved. The concentration limits apply to both grab and composite samples. Contaminant definitions and methods of analysis are outlined in standard methods.
- B. The following pollutant limits are established to protect against Pass Through and Interference. No person shall discharge wastewater containing in excess of the following Daily Maximum Limits:

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CONVENTIONAL POLLUTANTS [mg/L]		
	Monthly Average	Daily Maximum
Biochemical Oxygen Demand (BOD)	350	525
Chemical Oxygen Demand (COD)	1000	1500
Ammonia	55	80
Total Nitrogen- as NO3	100	150
Oil and Grease ¹	64	96
Total Suspended Solids	350	525

ORGANIC CONTAMINANTS (Daily Maximum)	
Benzene	Reserved ¹
Ethyl Benzene	Reserved
Toluene	Reserved
Xylenes	Reserved
Chloroform	Reserved
Total Oil and Grease (hydrocarbons)	96
Perfluoroalkyl Substances (PFAS)	Reserved

¹ “Reserved” indicates that Liberty Utilities requires Industrial Users to conduct monthly monitoring and sampling for these organic contaminants; however, the Arizona Corporation Commission has not yet approved a Daily Maximum discharge limitation for these constituents. A Daily Maximum limit may be established in the future, subject to Commission review and approval.

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TRACE METALS	
PARAMETER	Daily Average Effluent Limitation (mg/L)
Antimony (Sb)	0.0048
Arsenic (As)	0.008
Beryllium (Be)	0.008
Cadmium (Cd)	0.012
Chloride (Cl)	Reserved
Chromium (Cr)	0.0238
Cobalt (Co)	Reserved
Copper (Cu)	Reserved
Cyanide (CN)	Reserved
Fluoride (F)	3.00
Iron (Fe)	Reserved
Lead (Pb)	0.13
Manganese (Mn)	Reserved
Mercury (Hg)	0.005
Molybdenum (Mo)	Reserved

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Moses Thompson, President

Liberty Utilities (~~LITCHFIELD PARK~~~~GOLD CANYON Water & Sewer~~~~Gold Canyon Sewer~~) Corp.

14920 W Camelback Rd

~~Litchfield Park~~Gold Canyon, AZ 85340

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Nitrate (NO3)	100

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Nickel (Ni)	0.242
Selenium (Se)	0.142
Silver (Ag)	Reserved
Sulfate (SO4)	Reserved
Sulfide (S)	N/A
Thallium (TI)	0.005
Zinc (Zn)	Reserved

The above limits apply at the point where the wastewater is discharged to the POTW/WRF. All concentrations for metallic substances are for total metal unless indicated otherwise. Liberty Utilities may impose mass limitations in addition to the concentration-based limitations above.

Liberty Utilities may accept certain pollutants which are compatible with the Liberty Utilities – ~~PVWRF~~~~GCWRF~~ or ~~SWRFE~~~~DOWRF~~ treatment processes; however, the IU shall pay a surcharge, established based on quantity, to cover the costs of such treatment. Any surcharge shall be at cost.

3.5 CORPORATION RIGHT OF REVISION

Liberty Utilities reserves the right to establish, by agreement or in individual wastewater discharge permits, more stringent Pretreatment Standards or Requirements on discharges to the POTW/WRF consistent with the purpose of this Tariff.

3.6 DILUTION

No IU shall ever increase the use of process water, or in any way attempt to dilute a discharge, as a partial or complete substitute for adequate treatment to achieve compliance with a discharge limitation unless expressly authorized by an applicable Pretreatment Standard or Requirement. Liberty Utilities may impose mass limitations on IU who are using dilution to meet applicable Pretreatment Standards or Requirements, or in other cases when the imposition of mass limitations is appropriate.

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SECTION 4 - PRETREATMENT PROGRAM

This Pretreatment Program shall apply to all Non-Residential Dischargers, IUs, or users subject to the National Categorical Pretreatment Standards discharging to the Liberty Utilities – ~~PVWRF~~~~GCWRF~~ and ~~SWRF~~~~EDOWRF~~.

4.1 ADMINISTRATION

Except as otherwise provided herein, Liberty Utilities shall administer, implement, and enforce the provisions of the Pretreatment Program. Liberty Utilities may delegate some or all these duties to duly authorized Liberty Utilities employees.

4.2 NATIONAL CATEGORICAL PRETREATMENT STANDARDS

IUs must comply with the categorical Pretreatment Standards found in 40 CFR Chapter I, Subchapter N, Parts 405-471.

- A. Where a categorical Pretreatment Standard is expressed only in terms of either the mass or the concentration of a pollutant in wastewater, Liberty Utilities may impose equivalent concentration or mass limits.
- B. When the limits in a categorical Pretreatment Standard are expressed only in terms of mass of pollutant per unit of production, the Liberty Utilities may convert the limits to equivalent limitations expressed either as mass of pollutant discharged per day or effluent concentration for purposes of calculating effluent limitations applicable to individual IUs.
- C. When wastewater subject to a categorical Pretreatment Standard is mixed with wastewater not regulated by the same Standard, Liberty Utilities shall impose an alternate limit in accordance with 40 CFR § 403.6(e).
- D. A user may obtain a net/gross adjustment to a categorical pretreatment standard in accordance with 40 CFR § 403.15.
- E. All users subject to a categorical pretreatment standard shall comply with all requirements of such standard and shall also comply with any limitations and prohibitions contained in this article. Where the same pollutant is limited by more than one pretreatment standard, the limitations which are more stringent shall prevail. Compliance with categorical pretreatment standards for existing sources shall be within the timeframe specified in the applicable categorical pretreatment standard. Compliance with categorical pretreatment standards for new sources shall be upon commencement of discharge.
- F. Liberty Utilities may establish more stringent pretreatment standards, or additional Liberty Utilities, site specific effluent limits, when, in its judgment, such limitations are necessary to implement the objectives of the Pretreatment Program.

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4.3 STATE PRETREATMENT STANDARDS

In addition to the requirements of this Pretreatment Program, IUs must comply with AAC R18-9-A906.

4.4 LOCAL REGULATORY LIMITS

- A. Liberty Utilities is authorized to establish Local Regulatory Limits pursuant to 40 CFR § 403.5(c).
- B. Section 3.4 Pretreatment Standards establishes the Local regulatory Limits.
- C. Liberty Utilities may develop BMPs for any significant industrial user or other user, as needed, to implement this Pretreatment Program.
- D. These COPs are Pretreatment Standards.

4.4.1 Right of Revision

Liberty Utilities reserves the right to establish, by tariff, and subsequently in individual wastewater discharge permits, more stringent Standards or Requirements on discharges to the POTW consistent with the purpose of this Pretreatment Program.

4.5 Waste Discharge Permits

A waste discharge permit, as set forth in Section 6, is required for industrial and non-domestic wastewater generators for the following conditions:

- A. Any discharge subject to National Categorical Pretreatment Standards.
- B. Any Significant Industrial discharge as defined by Liberty Utilities.
- C. Any discharger whose discharge would be in violation with Local Regulatory Limits detailed in the Pretreatment Standards.
- D. Any discharger required by the State Pretreatment Standards to obtain a permit.
- E. Any other discharger directed by Liberty Utilities to apply for a permit.
- F. Permit applications and fees, violations and enforcement, and specific penalties are subject to the terms of the approved Tariff.

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SECTION 5 - PRETREATMENT FACILITIES

IUs shall provide wastewater treatment as necessary to comply with this Pretreatment Program and shall achieve compliance with all categorical Pretreatment Standards, Local Limits, and the prohibitions set out in Section 3.0 of this Pretreatment Program within the time limitations specified by EPA, the State, or Liberty Utilities, whichever is more stringent. Any facilities necessary for compliance shall be provided, operated, and maintained at the IU's expense. Detailed plans describing such facilities and operating procedures shall be submitted to Liberty Utilities for review and shall be acceptable to Liberty Utilities before such facilities are constructed. The review of such plans and operating procedures shall in no way relieve the IU from the responsibility of modifying such facilities as necessary to produce a discharge acceptable to Liberty Utilities under the provisions of this Tariff. The IU shall be responsible for all costs incurred by Liberty Utilities in connection with reviewing the plans and operating procedures set forth in this Section and any specialty inspections that may be required at the sole discretion of Liberty Utilities.

5.1 ADDITIONAL PRETREATMENT MEASURES

- A. Whenever deemed necessary, Liberty Utilities may require IUs to restrict their discharge during peak flow periods, designate that certain wastewater be discharged only into specific sewers, relocate and/or consolidate points of discharge, separate sewage waste streams from industrial waste streams, and such other conditions as may be necessary to protect the POTW/WRF and determine the IU's compliance with the requirements of this Pretreatment Program.
- B. Liberty Utilities may require any person discharging into the POTW/WRF to install and maintain, on their property and at their expense, a suitable storage and flow control facility to ensure equalization of flow. An individual wastewater discharge permit may be issued solely for flow equalization.
- C. Grease, oil, and sand interceptors shall be provided when Liberty Utilities claims them necessary for the proper handling of wastewater containing excessive amounts of grease and oil, or sand; except that such interceptors shall not be required for residential users. All interception units shall be of a type and capacity approved by Liberty Utilities, shall be so located to be easily accessible for cleaning and inspection. Such interceptors shall be inspected, cleaned, and repaired by the IU at their expense.
- D. IUs with the potential to discharge flammable substances may be required to install and maintain an approved combustible gas detection meter.

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5.2 ACCIDENTAL DISCHARGE/SLUG DISCHARGE CONTROL PLANS

Liberty Utilities shall evaluate whether each SIU needs an accidental discharge/slug discharge control plan or other action to control Slug Discharges. Liberty Utilities may require any IU to develop, submit for approval, and implement such a plan or take such other action that may be necessary to control Slug Discharges. Alternatively, Liberty Utilities may develop such a plan for any IU. An accidental discharge/slug discharge control plan shall address, at a minimum, the following:

- A. Description of discharge practices, including non-routine batch discharges
- B. Description of stored chemicals
- C. Procedures for immediately notifying Liberty Utilities of any accidental or Slug Discharge, as required by Sections 7.7.6 of this Pretreatment Program
- D. Procedures to prevent adverse impact from any accidental or Slug Discharge. Such procedures include, but are not limited to, inspection and maintenance of storage areas, handling and transfer of materials, loading and unloading operations, control of plant site runoff, worker training, building of containment structures or equipment, measures for containing toxic organic pollutants, including solvents, and/or measures and equipment for emergency response.

5.3 HAULED WASTEWATER

- A. Septic tank waste may be introduced into the POTW/WRF only at locations designated by Liberty Utilities, and at such times as are established by Liberty Utilities. Such waste shall not violate Section 3.2 of this Pretreatment Program, or any other requirements established by Liberty Utilities. Liberty Utilities may require septic tank waste haulers to obtain individual wastewater discharge permits.
- B. Industrial Waste:
 - (1) Liberty Utilities will require haulers of industrial waste to obtain individual wastewater discharge permits.
 - (2) Liberty Utilities will require generators of hauled industrial waste to obtain individual wastewater discharge permits.
 - (3) Liberty Utilities also may prohibit the disposal of hauled industrial waste. The discharge of hauled industrial waste is subject to all other requirements of the Pretreatment Program.
 - (4) Industrial waste haulers may discharge loads only at locations designated by Liberty Utilities. No load may be discharged without prior consent of Liberty Utilities.

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- (5) Liberty Utilities may collect samples of each hauled load to ensure compliance with applicable Pretreatment Standards.
- (6) Liberty Utilities may require the industrial waste hauler to provide a waste analysis of any load prior to discharge.
- (7) Industrial waste haulers must provide a waste tracking form for every load. This form shall include, at a minimum, the name and address of the industrial waste hauler, permit number, truck identification, names and addresses of sources of waste, and volume and characteristics of waste. The form shall identify the type of industry, known or suspected waste constituents, and whether any wastes are RCRA hazardous wastes.

SECTION 6 - INDIVIDUAL WASTEWATER DISCHARGE PERMITS

6.1 WASTEWATER ANALYSIS

When requested by Liberty Utilities, an IU must submit information on the nature and characteristics of its wastewater within 30 days of the request. Liberty Utilities is authorized to prepare a form for this purpose and may periodically require IUs to update this information.

6.2 INDIVIDUAL WASTEWATER DISCHARGE PERMIT REQUIREMENT

- A. No SIU shall discharge wastewater into the POTW/WRF without first obtaining an individual wastewater discharge permit from Liberty Utilities, except that a SIU that has filed a timely application pursuant to Sections 6.3 of this Tariff may continue to discharge for the time period specified therein.
- B. Liberty Utilities may require other IUs to obtain individual wastewater discharge permits as necessary to carry out the purposes of this Tariff.
- C. Any violation of the terms and conditions of an individual wastewater discharge permit shall be deemed a violation of this Tariff and subjects the wastewater discharge permittee to the sanctions set out in the Pretreatment Program. Obtaining an individual wastewater discharge permit does not relieve a permittee of its obligation to comply with all Federal and State Pretreatment Standards or Requirements or with any other requirements of Federal, State, and local law.

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6.3 INDIVIDUAL WASTEWATER DISCHARGE PERMITTING: EXISTING CONNECTIONS

Any IU required to obtain an individual wastewater discharge permit who was discharging wastewater into the POTW/WRF prior to the effective date of this Pretreatment Program and who wishes to continue such discharges in the future, shall, within 90 days after said date, apply to Liberty Utilities for an individual wastewater discharge permit in accordance with Section 6.5 of this Pretreatment Program, and shall not cause or allow discharges to the POTW/WRF to continue after 30 days of the effective date of this Tariff except in accordance with an individual wastewater discharge permit issued by Liberty Utilities.

6.4 INDIVIDUAL WASTEWATER DISCHARGE PERMITTING: NEW CONNECTIONS

Any IU required to obtain an individual wastewater discharge permit who proposes to begin or recommence discharging into the POTW/WRF must obtain such permit prior to the beginning or recommencing of such discharge. An application for this individual wastewater discharge permit, in accordance with Section 6.5 of this Tariff, must be filed at least 90 days prior to the date upon which any discharge will begin or recommence.

6.5 INDIVIDUAL WASTEWATER DISCHARGE PERMIT APPLICATION CONTENTS

A. All IUs required to obtain an individual wastewater discharge permit must submit a permit application. Liberty Utilities may require IUs to submit all, or some of the following applicable information as part of a permit application:

(1) Identifying Information.

- (a) The name and address of the facility, including the name of the operator and owner.
- (b) Contact information, description of activities, facilities, and plant production processes on the premises.

(2) Environmental Permits. A list of any environmental control permits held by or for the facility. For permits that are required or currently pending, a description of the status of each permit.

(3) Description of Operations.

- (a) A brief description of the nature, average rate of production (including each product produced by type, amount, processes, and rate of production), and standard industrial classifications of the operation(s) carried out by such IU. This description should include a schematic process diagram, which indicates points of discharge to the POTW/WRF from the regulated processes.

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- (b) Types of waste generated, and a list of all raw materials and chemicals used, or stored at the facility, which are, or could accidentally or intentionally be, discharged to the POTW/WRF.
 - (c) Number and type of employees, hours of operation, and proposed or actual hours of operation.
 - (d) Type and number of raw materials processed (average and maximum per day).
 - (e) Site plans, floor plans, mechanical and plumbing plans, and details to show all sewers, floor drains, and appurtenances by size, location, and elevation, and all points of discharge.
- (4) Time and duration of discharges.
- (5) The location for monitoring all waste covered by the permit.
- (6) Flow Measurement. Information showing the measured average daily and maximum daily flow, in gallons per day, to the POTW/WRF from regulated process streams and other streams, as necessary, to allow use of the combined waste stream formula set out in 40 CFR 403.6(e).
- (7) Measurement of Pollutants.
- (a) The categorical Pretreatment Standards applicable to each regulated process and any new categorically regulated processes for Existing Sources.
 - (b) The results of sampling and analysis identifying the nature and concentration, and/or mass, where required by the Standard or by Liberty Utilities, of the regulated pollutants in the discharge from each regulated process.
 - (c) Instantaneous, Daily Maximum, and long-term average concentrations, or mass, where required, shall be reported.
 - (d) The sample shall be representative of daily operations and shall be analyzed in accordance with procedures set out in Sections 7.7.8, 7.7.10, 7.7.11, 8.1, and 9 of this Tariff. Where the Standard requires compliance with a BMP, COP, or pollution prevention alternative, the IU shall submit documentation as required by Liberty Utilities, or the applicable Standards to determine compliance with the Standard.
 - (e) Sampling must be performed in accordance with procedures set out in Sections 7.7.8, 7.7.10, 7.7.11, 8.1, and 9 of this Tariff of the Pretreatment Program.

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- (8) Any other information may be deemed necessary by Liberty Utilities to evaluate the permit application.
- (9) Incomplete, or inaccurate applications, will not be processed and will be returned to the IU for revision.

6.6 APPLICATION SIGNATORIES AND REPORTS

- A. All wastewater discharge permit applications, IU reports and certification statements must be signed by an Authorized Representative of the IU and contain the certification statement in Section 7.7.14.
- B. If the designation of an Authorized Representative is no longer accurate because a different individual or position has responsibility for the overall operation of the facility or overall responsibility for environmental matters for the company, a new written authorization satisfying the requirements of this Section must be submitted to Liberty Utilities prior to, or together with, any reports to be signed by an Authorized Representative.

6.7 INDIVIDUAL WASTEWATER DISCHARGE PERMIT DECISIONS

Liberty Utilities will evaluate the data furnished by the IU and may require additional information, if necessary. Within 30 days of receipt of a complete permit application, Liberty Utilities will determine whether to issue an individual wastewater discharge permit. Liberty Utilities may deny any application for an individual wastewater discharge permit.

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SECTION 7 - INDIVIDUAL WASTEWATER DISCHARGE PERMIT ISSUANCE

7.1 INDIVIDUAL WASTEWATER DISCHARGE PERMIT DURATION

An individual wastewater discharge permit shall be issued for a specified time period, not to exceed five (5) years from the effective date of the permit. An individual wastewater discharge permit may be issued for a period less than five (5) years, at the discretion of Liberty Utilities. Each individual wastewater discharge permit will indicate a specific date upon which it will expire.

7.2 INDIVIDUAL WASTEWATER DISCHARGE PERMIT CONTENTS

An individual wastewater discharge permit shall include such conditions as are deemed reasonably necessary by Liberty Utilities to prevent Pass Through, or Interference, protect the quality of the water body receiving the POTW/WRF effluent, protect worker health and safety, facilitate sludge management and disposal, and protect against damage to the POTW/WRF.

A. Individual wastewater discharge permits must contain:

- (1) A statement that indicates the wastewater discharge permit issuance date, expiration date and effective date.
- (2) A statement that the wastewater discharge permit is nontransferable.
- (3) Effluent limits, including Best Management Practices, based on applicable Pretreatment Standards.
- (4) Self-monitoring, sampling, reporting, notification, and record-keeping requirements. These requirements shall include an identification of pollutants (or best management practice) to be monitored, sampling location, sampling frequency, and sample type based on Federal, State, and local law.
- (5) A statement of applicable civil and criminal penalties for violation of the Pretreatment Standards and Requirements, and any applicable compliance schedule. Such a schedule may not extend the time for compliance beyond that required by applicable Federal, State, or local law.
- (6) Requirements to control Slug Discharge, if determined by Liberty Utilities to be necessary.

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B. Individual wastewater discharge permits may contain, but need not be limited to, the following conditions:

1. Limits on the average and/or maximum rate of discharge, time of discharge, and/or requirements for flow regulation and equalization.
2. Requirements for the installation of pretreatment technology, pollution control, or construction of appropriate containment devices, designed to reduce, eliminate, or prevent the introduction of pollutants into the treatment works.
3. Requirements for the development and implementation of spill control plans or other special conditions including management practices necessary to adequately prevent accidental, unanticipated, or non-routine discharges.
4. Development and implementation of waste minimization plans to reduce the amount of pollutants discharged to the POTW/WRF for the term of the individual wastewater discharge permit.
5. The unit charge or schedule of IU charges and fees for the management of the wastewater discharged to the POTW/WRF.
6. Requirements for installation and maintenance of inspection and sampling facilities and equipment, including flow measurement devices.
7. A statement that compliance with the individual wastewater discharge permit does not relieve the permittee of responsibility for compliance with all applicable Federal and State Pretreatment Standards, including those which become effective during the term of the individual wastewater discharge permit.
8. Other conditions as deemed appropriate by Liberty Utilities to ensure compliance with this Pretreatment Program, and State and Federal laws, rules, and regulations.

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7.3 PERMIT MODIFICATION

Liberty Utilities may modify an individual wastewater discharge permit for good cause, including, but not limited to, the following reasons:

- A. To incorporate any new or revised Federal, State, or local Pretreatment Standards or Requirements.
- B. To address significant alterations, or additions to the IU's operation, processes, or wastewater volume or character since the time of the individual wastewater discharge permit issuance
- C. A change in the POTW/WRF that requires either a temporary or permanent reduction or elimination of the authorized discharge.
- D. Information indicating that the permitted discharge poses a threat to a Liberty Utilities POTW/WRF, Liberty Utilities personnel, or the receiving waters.
- E. Violation of any terms or conditions of the individual wastewater discharge permit.
- F. Misrepresentations, or failure to fully disclose all relevant facts, in the wastewater discharge permit application or in any required reporting.
- G. Revision of, or a grant of variance, from categorical Pretreatment Standards pursuant to 40 CFR 403.13.
- H. To correct typographical, or other errors in the individual wastewater discharge permit.
- I. To reflect a transfer of the facility ownership or operation to a new owner or operator were requested in accordance with Section 6.7.

7.4 INDIVIDUAL WASTEWATER DISCHARGE PERMIT TRANSFER

Individual wastewater discharge permits may be not be transferred. New owner or operator shall apply for a new discharge permit 60 days prior to the date of facility transfer. Failure of new owner or operator to apply for a new discharge permit will render the existing individual wastewater permit void as of the date of facility transfer.

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7.5 INDIVIDUAL WASTEWATER DISCHARGE PERMIT REVOCATION

Liberty Utilities may revoke an individual wastewater discharge permit for good cause, including, but not limited to, the following reasons:

- A. Failure to notify Liberty Utilities of significant changes to the wastewater prior to the changed discharge.
- B. Failure to provide prior notification to Liberty Utilities of changed conditions pursuant to Section 6.3 of this Document.
- C.
- D. Misrepresentation or failure to fully disclose all relevant facts in the wastewater discharge permit application.
- E.
- F. Falsifying self-monitoring reports and certification statements.
- G.
- H. Tampering with monitoring equipment.
- I.
- J. Refusing to allow Liberty Utilities timely access to the facility premises and records.
- K.
- L. Failure to meet effluent limitations.
- M.
- N. Failure to pay fines.
- O.
- P. Failure to pay sewer charges.
- Q.
- R. Failure to meet compliance schedules.
- S.
- T. Failure to complete a wastewater survey or the wastewater discharge permit application.
- U.
- V. Failure to provide advance notice of the transfer of business ownership of a permitted facility.
- W.
- X. Violation of any Pretreatment Standard or Requirement, or any terms of the wastewater discharge permit or this Pretreatment Program.

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Individual wastewater discharge permits will be voidable upon cessation of operations or transfer of business ownership. All individual wastewater discharge permits issued to an IU are void upon the issuance of a new individual wastewater discharge permit to that IU.

7.6 INDIVIDUAL WASTEWATER DISCHARGE PERMIT REISSUANCE

An IU with an expiring individual wastewater discharge permit shall apply for individual wastewater discharge permit reissuance by submitting a complete permit application, in accordance with Section 6.5 of this Pretreatment Program, a minimum of 90 days prior to the expiration of the IU's existing individual wastewater discharge permit.

7.7 REPORTING REQUIREMENTS

7.7.1 METERING

If required by the individual wastewater permit approved by Liberty Utilities, the IU shall install a metering device of a form and at a location acceptable to Liberty Utilities.

Unless designated to the IU in the individual wastewater permit, Liberty Utilities will be responsible for the reading of water and/or wastewater meters when installed in discharger's establishment.

Meters will always be accessible to Liberty Utilities and/or the applicable Liberty Utilities' representatives.

7.7.2 BASELINE MONITORING REPORTS

Within either one hundred eighty (180) days after the effective date of a categorical Pretreatment Standard, or the final administrative decision on a category determination under 40 CFR 403.6(a)(4), whichever is later, existing Categorical IUs currently discharging to or scheduled to discharge to the POTW/WRF shall submit to Liberty Utilities a report which contains the information listed in paragraph B, below. At least ninety (90) days prior to commencement of their discharge, New Sources, and sources that become Categorical IUs subsequent to the promulgation of an applicable categorical Standard, shall submit to Liberty Utilities a report which contains the information listed in paragraph B, below. A New Source shall report on the method of pretreatment it intends to use to meet applicable categorical Standards. A New Source also shall give estimates of its anticipated flow and quantity of pollutants to be discharged.

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IUs described above shall submit the information set forth below:

- A. All information required in Section 6.5A (1) (a), Section 6.5 A (2), Section 6.5A (3), and Section 6.5A (6).
- B. Measurement of pollutants.
 - (1) The IU shall provide the information required in Section 6.5.
 - (2) The IU shall take a minimum of one representative sample to compile that data necessary to comply with the requirements of this paragraph.
 - (3) Samples should be taken immediately downstream from pretreatment facilities (POTW/WRF) if such exist or immediately downstream from the regulated process if no pretreatment exists. If other wastewaters are mixed with the regulated wastewater prior to pretreatment the IU should measure the flows and concentrations necessary to allow use of the combined waste stream formula in 40 CFR 403.6(e) to evaluate compliance with the Pretreatment Standards.
 - (4) Where an alternate concentration or mass limit has been calculated in accordance with 40 CFR 403.6(e) this adjusted limit along with supporting data shall be submitted to Liberty Utilities.
 - (5) Sampling and analysis shall be performed in accordance with Sections 7.7.8, 7.7.10, 7.7.11, 8.1, and 9.
 - (6) Liberty Utilities may allow the submission of a baseline report which utilizes only historical data so long as the data provides information sufficient to determine the need for industrial pretreatment measures.
 - (7) The baseline report shall indicate the time, date and place of sampling and methods of analysis, and shall certify that such sampling and analysis is representative of normal work cycles and expected pollutant Discharges to the POTW/WRF.

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- C. Compliance Certification: A statement, reviewed by the IU's Authorized Representative as defined in Section 1.4 (C) and certified by a qualified professional, indicating whether Pretreatment Standards are being met on a consistent basis, and, if not, whether additional operation and maintenance (O&M) and/or additional pretreatment is required to meet the Pretreatment Standards and Requirements.
- D. Compliance Schedule: If additional pretreatment and/or O&M will be required to meet the Pretreatment Standards, the shortest schedule by which the IU will provide such additional pretreatment and/or O&M must be provided. The completion date in this schedule shall not be later than the compliance date established for the applicable Pretreatment Standard. A compliance schedule pursuant to this Section must meet the requirements set out in Section 7.7.3 of this Pretreatment Program.
- E. Signature and Report Certification: All baseline monitoring reports must be certified in accordance with Section 7.7.14 of this Document and signed by an Authorized Representative as defined in Section 1.4 (C).

7.7.3 COMPLIANCE SCHEDULE PROGRESS REPORTS

The following conditions shall apply to the compliance schedule required this Pretreatment Program:

- A. The schedule shall contain progress increments in the form of dates for the commencement and completion of major events leading to the construction and operation of additional pretreatment required for the IU to meet the applicable Pretreatment Standards (such events include, but are not limited to, hiring an engineer, completing preliminary and final plans, executing contracts for major components, commencing and completing construction, and beginning and conducting routine operation).
- B. No increment referred to above shall exceed nine (9) months.
- C. The IU shall submit a progress report to Liberty Utilities no later than fourteen (14) days following each date in the schedule and the final date of compliance including, as a minimum, whether it complied with the increment of progress, the reason for any delay, and, if appropriate, the steps being taken by the IU to return to the established schedule.

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- D. In no event shall more than nine (9) months elapse between such progress reports to Liberty Utilities and Categorical Pretreatment Standard Deadlines. Within ninety (90) days following the date for final compliance with applicable categorical Pretreatment Standards, or in the case of a New Source following commencement of the introduction of wastewater into the POT/WRF, any IU subject to such Pretreatment Standards and Requirements shall submit to Liberty Utilities a report containing the information described in Section 6.5A of this Pretreatment Program. For IUs subject to equivalent mass or concentration limits established in accordance with the procedures in Section 3, this report shall contain a reasonable measure of the IU's long term production rate. For all other IUs subject to categorical Pretreatment Standards expressed in terms of allowable pollutant discharge per unit of production (or other measure of operation), this report shall include the IU's actual production during the appropriate sampling period. All compliance reports must be signed and certified in accordance with Section 7.7.14 of this Pretreatment Program. All sampling will be done in conformance with 7.7.8, 7.7.10, 7.7.11, 7.7.14, 8.1, and 9.

7.7.4 PERIODIC COMPLIANCE REPORTS

- A. Except as specified in Section 7.7.4 (C), all IUs must, at a frequency determined by Liberty Utilities, submit no less than once per year (January 31) a report indicating the nature and concentration of pollutants in the discharge which are limited by Pretreatment Standards and the measured or estimated average and maximum daily flows for the reporting period. In cases where the Pretreatment Standard requires compliance with a BMP, or pollution prevention alternative, the IU must submit documentation required by Liberty Utilities or the Pretreatment Standard necessary to determine the compliance status of the IU.
- B. Pursuant to 40 CFR 403.12(e)(2), Liberty Utilities may authorize an IU subject to a categorical Pretreatment Standard to forego sampling of a pollutant regulated by a categorical Pretreatment Standard if the IU has demonstrated through sampling and other technical factors that the pollutant is neither present nor expected to be present in the Discharge or is present only at background levels from intake water and without any increase in the pollutant due to activities of the IU. This authorization is subject to the following conditions:

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- (1) The waiver may be authorized where a pollutant is determined to be present solely due to sanitary wastewater discharged from the facility provided that the sanitary wastewater is not regulated by an applicable categorical Standard and otherwise includes no process wastewater.
- (2) The monitoring waiver is valid only for the duration of the effective period of the individual wastewater discharge permit, but in no case longer than five (5) years. The IU must submit a new request for the waiver before the waiver can be granted for each subsequent individual wastewater discharge permit.
- (3) In making a demonstration that a pollutant is not present, the IU must provide data from at least one sampling of the facility's process wastewater prior to any treatment present at the facility that is representative of all wastewaters from all processes.
- (4) The request for a monitoring waiver must be signed in accordance with Section 1.4(C) and include the certification statement in 7.7.14 (40 CFR 403.6(a)(2)(ii)).
- (5) Non-detectable sample results may be used only as a demonstration that a pollutant is not present if the EPA approved method from 40 CFR Part 136 with the lowest minimum detection level for that pollutant was used in the analysis.
- (6) Any grant of the monitoring waiver by Liberty Utilities must be included as a condition in the IU's permit. The reasons supporting the waiver and any information submitted by the IU in its request for the waiver must be maintained by Liberty Utilities for 3 years after expiration of the waiver.
- (7) Upon approval of the monitoring waiver and revision of the IU's permit by Liberty Utilities, the IU must certify on each report with the statement in Section 8.0 below, that there has been no increase in the pollutant in its waste stream due to activities of the IU.
- (8) In the event that a waived pollutant is found to be present or is expected to be present because of changes that occur in the IU's operations, the IU must immediately comply with the monitoring requirements of Section 7.7.14, or other more frequent monitoring requirements imposed by Liberty Utilities, and notify Liberty Utilities.
- (9) This provision does not supersede certification processes and requirements established in categorical Pretreatment Standards, except as otherwise specified in the categorical Pretreatment Standard.

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- C. Reduced reporting is not available to IUs that have in the last two (2) years been in Significant Noncompliance, as defined in Section 10 of this Pretreatment Program. In addition, reduced reporting is not available to an IU with daily flow rates, production levels, or pollutant levels that vary so significantly that, in the opinion of Liberty Utilities, decreasing the reporting requirement for this IU would result in data that are not representative of conditions occurring during the reporting period.
- D. All periodic compliance reports must be signed and certified in accordance with Section 7.7.14 of this Pretreatment Program.
- E. All wastewater samples must be representative of the IU's discharge. Wastewater monitoring and flow measurement facilities shall be properly operated, kept clean, and always maintained in good working order. The failure of an IU to keep its monitoring facility in good working order shall not be grounds for the IU to claim that sample results are unrepresentative of its discharge.
- F. Pursuant to 40 CFR 403.12(g)(6), if an IU subject to the reporting requirement in this Section 7 monitors any regulated pollutant at the appropriate sampling location more frequently than required by Liberty Utilities, using the procedures prescribed in 7.7.8, 7.7.10, 7.7.11, 7.7.14, 8.1, and 9 of this Pretreatment Program, the results of this monitoring shall be included in the report.

7.7.5 REPORTS OF CHANGED CONDITIONS

Each IU must notify Liberty Utilities of any significant changes to the IU's operations or system which might alter the nature, quality, or volume of its wastewater at least ninety (90) days before the change.

- A. Liberty Utilities may require the IU to submit such information as may be deemed necessary to evaluate the changed condition, including the submission of a wastewater discharge permit application under Section 6.5 of this Pretreatment Program.
- B. Liberty Utilities may issue an individual wastewater discharge permit under Section 6 of this Pretreatment Program or modify an existing wastewater discharge permit under Section 6 of this Pretreatment Program in response to changed conditions or anticipated changed conditions.

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7.7.6 REPORTS OF POTENTIAL PROBLEMS

- A. In the case of any Discharge, including, but not limited to, accidental discharges, discharges of a non-routine, episodic nature, a non-customary batch discharge, a Slug Discharge, or Slug Load, that might cause potential problems for the POTW/WRF, the IU shall telephone and notify Liberty Utilities within two hours of the incident. This notification shall include the location of the discharge, type of waste, concentration and volume, if known, and corrective actions taken by the IU.

Within five (5) days following such Discharge, the IU shall, unless waived by Liberty Utilities, submit a detailed written report describing the cause(s) of the discharge and the measures to be taken by the IU to prevent similar future occurrences. Such notification shall not relieve the IU of any expense, loss, damage, or other liability which might be incurred as a result of damage to the POTW/WRF, natural resources, or any other damage to person or property; nor shall such notification relieve the IU of any fines, penalties, or other liability which may be imposed pursuant to this Pretreatment Program.

- B. A notice shall be permanently posted on the IU's bulletin board or other prominent place advising employees who to call in the event of a discharge described in paragraph A, above. Employers shall ensure that all employees who could cause such a discharge to occur, are advised of the emergency notification procedure.
- C. SIUs are required to notify Liberty Utilities immediately of any changes at its facility affecting the potential for a Slug Discharge.

7.7.7 REPORTS FROM UNPERMITTED IUS

All IUs not required to obtain an individual wastewater discharge permit shall provide reports required under this Tariff at Liberty Utilities' request.

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7.7.8 NOTICE OF VIOLATION/REPEAT SAMPLING AND REPORTING

If sampling performed by an IU indicates a violation, the IU must notify Liberty Utilities within twenty-four (24) hours of becoming aware of the violation. The IU shall also repeat the sampling and analysis and submit the results of the repeat analysis to Liberty Utilities within thirty (30) days after becoming aware of the violation. Resampling by the IU is not required if Liberty Utilities performs sampling at the IU's facility at least once a month, or if Liberty Utilities performs sampling at the IU between the time when the initial sampling was conducted and the time when the IU or Liberty Utilities receives the results of this sampling, or if Liberty Utilities has performed the sampling and analysis in lieu of the IU.

7.7.9 NOTIFICATION OF THE DISCHARGE OF HAZARDOUS WASTE

- A. Any IU who commences the discharge of hazardous waste shall notify Liberty Utilities, the EPA Regional Waste Management Division Director, and State hazardous waste authorities, in writing, of any discharge into the POTW/WRF of a substance which, if otherwise disposed of, would be a hazardous waste under 40 CFR Part 261. Such notification must include the name of the hazardous waste as set forth in 40 CFR Part 261, the EPA hazardous waste number, and the type of discharge (continuous, batch, or other). If the IU discharges more than one hundred (100) kilograms of such waste per calendar month to the POTW/WRF, the notification also shall contain the following information to the extent such information is known and readily available to the IU: an identification of the hazardous constituents contained in the wastes, an estimation of the mass and concentration of such constituents in the waste stream discharged during that calendar month, and an estimation of the mass of constituents in the waste stream expected to be discharged during the following twelve (12) months. All notifications must take place no later than one hundred and eighty (180) days after the discharge commences. Any notification under this paragraph needs to be submitted only once for each hazardous waste discharged. However, notifications of changed conditions must be submitted under Section 7.7.5 of this Pretreatment Program. The notification requirement in this Section does not apply to pollutants already reported by IUs subject to categorical Pretreatment Standards under the self-monitoring requirements of Section 7.7.13 of this Pretreatment Program.
- B. Dischargers are exempt from the requirements of paragraph A, above, during a calendar month in which they discharge no more than fifteen (15) kilograms of hazardous wastes, unless the wastes are acute hazardous wastes as specified in 40 CFR 261.30(d) and 261.33(e). Discharge of more than fifteen (15) kilograms of non-acute hazardous wastes in a calendar month, or of any quantity of acute hazardous wastes as specified in 40 CFR 261.30(d) and 261.33(e), requires a onetime notification. Subsequent months during which the IU discharges more than such quantities of any hazardous waste do not require

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LIBERTY UTILITIES (~~LITCHFIELD PARK~~GOLD CANYON~~WATER & SEWER~~GOLD CANYON
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- C. In the case of any new regulations under section 3001 of RCRA identifying additional characteristics of hazardous waste or listing any additional substance as a hazardous waste, the IU must notify Liberty Utilities, the EPA Regional Waste Management Waste Division Director, and State hazardous waste authorities of the discharge of such substance within ninety (90) days of the effective date of such regulations.
- D. In the case of any notification made under this Section, the IU shall certify that it has a program in place to reduce the volume and toxicity of hazardous wastes generated to the degree it has determined to be economically practical.
- E. This provision does not create a right to discharge any substance not otherwise permitted to be discharged by this Pretreatment Program, a permit issued thereunder, or any applicable Federal or State law.

7.7.10 ANALYTICAL REQUIREMENTS

All pollutant analyses, including sampling techniques, to be submitted as part of a wastewater discharge permit application or report shall be performed in accordance with the techniques prescribed in 40 CFR Part 136 and amendments thereto, unless otherwise specified in an applicable categorical Pretreatment Standard. If 40 CFR Part 136 does not contain sampling or analytical techniques for the pollutant in question, or where the EPA determines that the Part 136 sampling and analytical techniques are inappropriate for the pollutant in question, sampling and analyses shall be performed by using validated analytical methods at a State of Arizona certified lab or any other applicable sampling and analytical procedures, including procedures suggested by Liberty Utilities, or other parties approved by EPA.

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7.7.11 SAMPLE COLLECTION

Samples collected to satisfy reporting requirements must be based on data obtained through appropriate sampling and analysis performed during the period covered by the report, based on data that is representative of conditions occurring during the reporting period.

- A. Except as indicated in Section B and C below, the IU must collect wastewater samples using 24-hour flow proportional composite sampling techniques, unless time proportional composite sampling or grab sampling is authorized by Liberty Utilities. Where time proportional composite sampling or grab sampling is authorized by Liberty Utilities, the samples must be representative of the discharge. Using protocols (including appropriate preservation) specified in 40 CFR Part 136 and appropriate EPA guidance, multiple grab samples collected during a 24-hour period may be composited prior to the analysis as follows: for cyanide, total phenols, and sulfides the samples may be composited in the laboratory or in the field; for volatile organics and oil and grease, the samples may be composited in the laboratory. Composite samples for other parameters unaffected by the compositing procedures as documented in approved EPA methodologies may be authorized by Liberty Utilities, as appropriate. In addition, grab samples may be required to show compliance with Local Limits.
- B. Samples for oil and grease, temperature, pH, cyanide, total phenols, sulfides, and volatile organic compounds must be obtained using grab collection techniques.
- C. For sampling required in support of baseline monitoring and 90 day compliance reports required in Sections 7.7.2 and 7.7.3 of the Pretreatment Program (40 CFR 403.12(b) and (d)), a minimum of four (4) grab samples must be used for pH, cyanide, total phenols, oil and grease, sulfide and volatile organic compounds for facilities for which historical sampling data do not exist; for facilities for which historical sampling data are available, Liberty Utilities may authorize a lower minimum. For the response required by paragraphs Section 7.7.4 (40 CFR 403.12(e) and 403.12(h)), the IU is required to collect the number of grab samples necessary to assess and assure compliance with applicable Pretreatment Standards and Requirements.

7.7.12 DATE OF RECEIPT OF REPORTS

Written reports will be deemed to have been submitted on the date postmarked or if hand delivered, date received by Liberty Utilities.

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7.7.13 RECORDKEEPING

IUs subject to the reporting requirements of this Pretreatment Program shall retain, and make available for inspection and copying, all records of information obtained pursuant to any monitoring activities required by this Pretreatment Program, any additional records of information obtained pursuant to monitoring activities undertaken by the IU independent of such requirements, and documentation associated with Best Management Practices established under Sections 1.4 (E) and 7.7.2. Records shall include the date, exact place, method, and time of sampling, and the name(s) of the person(s) taking the samples; the dates analyses were performed; who performed the analyses; the analytical techniques or methods used; and the results of such analyses. These records shall remain available for a period of at least three (3) years. This period shall be automatically extended for the duration of any litigation concerning the IU or Liberty Utilities, or where the IU has been specifically notified of a longer retention period by Liberty Utilities.

7.7.14 CERTIFICATION STATEMENTS

- A. Certification of Permit Applications, IU Reports and Initial Monitoring Waiver. The following certification statement is required to be signed and submitted by: (i) IUs submitting permit applications in accordance with Section 6.5; (ii) IUs submitting baseline monitoring reports under Section 7.7; (iii) IUs submitting reports on compliance with the categorical Pretreatment Standard deadlines under Section 7.7.3; (iv) IUs submitting periodic compliance reports required by Section 7.7.4; and (v) IUs submitting an initial request to forego sampling of a pollutant on the basis of Section 7.7.4 (B). The following certification statement must be signed by an Authorized Representative as defined in Section 1.4(C):

(1) I certify under penalty of law that this document and all attachments were prepared under my direction, or supervision, in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons, who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

- B. Annual Certification for Non-Significant Categorical IUs. A facility determined to be a Non-Significant Categorical IU by Liberty Utilities pursuant to Section 1.4.NA.3 [Note: See 40 CFR 403.3(v)(2)] must annually submit the following certification statement signed in accordance with the signatory requirements in Section 1.4.C and 40 CFR 403.12. The following certification must accompany an alternative report required by Liberty Utilities:

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Based on my inquiry of the person or persons directly responsible for managing compliance with the categorical Pretreatment Standards under 40 CFR _____, I certify that, to the best of my knowledge and belief that during the period from _____, _____ to _____, _____ [months, days, year]:

- a) The facility described as _____ [facility name] met the definition of a Non-Significant Categorical IU a as described in Section 1.4.NA.3 of Liberty Utilities' Pretreatment Program and Tariff and 40 CFR 403.3(v)(2); and
- b) The facility complied with all applicable Pretreatment Standards and requirements during this reporting period; and the facility never discharged more than 100 gallons of total categorical wastewater on any given day during this reporting period.

This compliance certification is based on the following information.

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SECTION 8 - COMPLIANCE MONITORING

8.1 RIGHT OF ENTRY: INSPECTION AND SAMPLING

Liberty Utilities shall have the right to enter the premises of any IU to determine whether the IU is complying with all requirements of this Pretreatment Program and any individual wastewater discharge permit or order issued hereunder. IUs shall allow Liberty Utilities ready access to all parts of the premises for the purposes of inspection, sampling, records examination and copying, and the performance of any additional duties.

- A. Where an IU has security measures in force which require proper identification and clearance before entry into its premises, the IU shall make necessary arrangements with its security guards so that, upon presentation of suitable identification, Liberty Utilities shall be permitted to enter without delay for the purposes of performing specific responsibilities.
- B. Liberty Utilities shall have the right to set up on the IU's property or require installation of such devices as are necessary to conduct sampling and/or metering of the IU's operations.

Liberty Utilities may require the IU to install monitoring equipment as necessary. The facility's sampling and monitoring equipment shall be maintained at all times in a safe and proper operating condition by the IU at its own expense. All devices used to measure wastewater flow and quality shall be calibrated no less than annually to ensure their accuracy.

- C. Any temporary or permanent obstruction to safe and easy access to the facility to be inspected and/or sampled shall be promptly removed by the IU at the written or verbal request of Liberty Utilities and shall not be replaced. The costs of clearing such access shall be borne by the IU.
- D. Unreasonable delays in allowing Liberty Utilities access to the IU's premises shall be a violation of this Pretreatment Program.

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8.2 COMPLIANCE WITH PRETREATMENT PROGRAM AS A TERM OF SERVICE

The Pretreatment Program is an approved Tariff under the ACC rules and regulations and is included as part of the Terms of Service for customers. Under AAC R14-2-609 and this Tariff, Liberty Utilities may terminate service for failure of the customer to provide the utility reasonable access to its equipment and property; a breach of a written contract for service, if there is the existence of an obvious hazard to the safety or health of the consumer or the general population, or for noncompliance with this tariff.

If Liberty Utilities has been refused access to a building, structure, or property, or any part thereof, and is able to demonstrate probable cause to believe that there may be a violation of the Pretreatment Program, or that there is a need to inspect and/or sample as part of a routine inspection and sampling program designed to verify compliance with the Pretreatment Program or any permit issued hereunder, or to protect the overall public health, safety and welfare of the community. These remedies are cumulative, and Liberty Utilities may elect to terminate service without recourse to the courts.

SECTION 9 - CONFIDENTIAL INFORMATION

Information and data on an IU obtained from reports, surveys, wastewater discharge permit applications, individual wastewater discharge permits, monitoring programs, and Liberty Utilities inspection and sampling activities, shall be available to the public without restriction, unless the IU specifically requests, and is able to demonstrate to the satisfaction of Liberty Utilities, that the release of such information would divulge information, processes, or methods of production entitled to protection as trade secrets under applicable State law. Any such request must be asserted at the time of submission of the information or data. When requested and demonstrated by the IU furnishing a report that such information should be held confidential, the portions of a report which might disclose trade secrets or secret processes shall not be made available for inspection by the public but shall be made available immediately upon request to governmental agencies for uses related to the NPDES program or pretreatment program, and in enforcement proceedings involving the person furnishing the report. Wastewater constituents and characteristics and other effluent data, as defined at 40 CFR 2.302 shall not be recognized as confidential information and shall be available to the public without restriction.

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SECTION 10 - PUBLICATION OF IUS IN SIGNIFICANT NONCOMPLIANCE

Liberty Utilities shall publish annually, in a newspaper of general circulation that provides meaningful public notice within the jurisdictions served by Liberty Utilities, a list of the IUs which, at any time during the previous twelve (12) months, were in Significant Noncompliance with applicable Pretreatment Standards and Requirements. The term Significant Noncompliance shall be applicable to all Significant IUs (or any other IU that violates paragraphs (C), (D) or (H) of this Section) and shall mean:

- A. Chronic violations of wastewater discharge limits, defined here as those in which sixty six percent (66%) or more of all the measurements taken for the same pollutant parameter taken during a six (6) month period exceed (by any magnitude) a numeric Pretreatment Standard or Requirement, including Instantaneous Limits as defined in Sections 1.4.(S).
- B. Technical Review Criteria (TRC) violations, defined in 40 CFR § 403.8(f)(vii)(B) as those in which thirty three percent (33%) or more of wastewater measurements taken for each pollutant parameter during a six (6) month period equals or exceeds the product of the numeric Pretreatment Standard or Requirement including Instantaneous Limits, as defined by Sections 1.4(S). multiplied by the applicable criteria (1.4 for BOD, TSS, fats, oils and grease, and 1.2 for all other pollutants except pH).
- C. Any other violation of a Pretreatment Standard or Requirement as defined by Sections 3 and (Daily Maximum, long term average, Instantaneous Limit, or narrative standard) that Liberty Utilities determines has caused, alone or in combination with other discharges, Interference or Pass Through, including endangering the health of POTW/WRF personnel or the general public.
- D. Any discharge of a pollutant that has caused imminent endangerment to the public or to the environment or has resulted in Liberty Utilities exercise of its emergency authority to halt or prevent such a discharge.
- E. Failure to meet, within ninety (90) days of the scheduled date, a compliance schedule milestone contained in an individual wastewater discharge permit or enforcement order for starting construction, completing construction, or attaining final compliance.
- F. Failure to provide within forty-five (45) days after the due date, any required reports, including baseline monitoring reports, reports on compliance with categorical Pretreatment Standard deadlines, periodic self-monitoring reports, and reports on compliance with compliance schedules.
- G. Failure to accurately report noncompliance.
- H. Any other violation(s), which may include a violation of BMP or COP, which Liberty Utilities determines will adversely affect the operation or implementation of the local pretreatment

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LIBERTY UTILITIES (~~LITCHFIELD PARK~~GOLD CANYON WATER & SEWER~~GOLD CANYON~~
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SECTION 11- ENFORCEMENT REMEDIES AND GUIDELINES

11.1 UTILITY RIGHT TO SHUT OFF AND TERMINATE SERVICE.

The purpose of this Tariff is to prevent the introduction of pollutants into Liberty Utilities' WRF or a POTW that will interfere with its operation, including interference with its use or disposal of sludge, prevent the introduction of pollutants into a WRF/POTW that could adversely impact the treatment works or otherwise be incompatible with it, and to obtain compliance with all applicable laws and regulations by those regulated dischargers into the WRF/POTW.

11.2 UTILITY DISCRETION TO TERMINATE SERVICE

Liberty Utilities will have sole and complete discretion to shut off wastewater services to any IU for any violation of any provision in this Tariff, or for any violation of any provision in the waste discharge permit in accordance with the terms and conditions of the waste discharge permit between an IU and Liberty Utilities.

11.3 NOTIFICATION REQUIREMENTS

Violation of this Tariff or of any provision of a waste discharge permit is cause for shutting off of or termination of service at Liberty Utilities' discretion. Liberty Utilities will notify the Arizona Corporation Commission at least two business days before it terminates service to any IU.

11.4 PROCESS FOR SUSPENSION OF SERVICE

Shutting off of services for any violation of this Tariff or a wastewater discharge permit between an IU and Liberty Utilities will be in accordance with the terms of the wastewater discharge permit between an IU and Liberty Utilities. The wastewater discharge permit will provide for the suspension of wastewater flows from any IU for a violation of this Tariff or the applicable wastewater discharge permit. This is to ensure the integrity of Liberty Utilities' wastewater operations and avoid adverse impacts to the provision of safe and reliable service to other customers.

- A. IU will provide contact information (including name, service address, contact address (if different), telephone number and email address as part of IU's request for service);
- B. Liberty Utilities will contact IU with a written notification of non-compliance, whereby IU has five (5) calendar days to respond with a written plan for satisfactory correction and prevention of future violations;
- C. Upon providing response, IU will then have 72 hours to implement plan and come into compliance, provided the plan is to Liberty Utilities' satisfaction;

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- D. Failure to come into compliance could then result in Liberty Utilities shutting off service to IU at Liberty Utilities' sole and complete discretion;
- E. Under no circumstances can IU dispute the Liberty Utilities notification until after response and implementation of plan occurs and compliance is achieved.
- F. Service will not be restored to IU until IU has resolved all outstanding violations and penalties to Liberty Utilities' satisfaction

11.5 FLOW INFORMATION

IU must provide information to Liberty Utilities describing maximum average and peak wastewater flows discharged from IU's facility that IU is requesting Liberty Utilities collect and treat during a 24-hour period. Any exceedance of such wastewater flows may be considered a Slug Discharge/Load and a violation of this Tariff for purposes of enforcement and shutting off of services in Liberty Utilities' sole discretion.

11.6 SHUTOFF MECHANISMS

Liberty Utilities will install metering and vault, and other equipment as necessary, so that it has the ability to shut off Indirect Discharge into it's the WRF/POTW when a violation by an IU has occurred in Liberty Utilities sole discretion. Design standards for the discharge point for IU facilities must include plans for the discharge of Indirect Discharge.

11.7 LIABILITY FOR DAMAGES AND INDEMNIFICATION

IU is liable to the extent any violation results in any damage to Liberty Utilities WRF or any facilities used in the provision of wastewater service to any Liberty Utilities customers, as well as to the extent such violation causes any harm to any persons, and the waste discharge permit will include a provision that IU will indemnify Liberty Utilities in accordance with this provision.

11.8 VAULT AND HAUL SERVICES

Should vault and haul services be necessary due to the violation by IU, then IU will be fully and solely responsible for the costs against any IU, to the extent the vault and haul services are due to the violation by the IU.

11.9 REGULATORY ENFORCEMENT AND PENALTIES

Violation of this rule could result in enforcement or other legal action against the IU by interconnected municipalities, the Arizona Department of Environmental Quality and/or the U.S. Environmental Protection

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Agency. These entities are authorized by law to impose monetary penalties of up to \$37,500 per day per violation.

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11.10 EFFLUENT PARAMETER EXCEEDENCE CHARGES

An effluent parameter exceedance charge may be assessed for any exceedance of the waste discharge permit requirements, when deemed necessary by Liberty Utilities.

11.11 PENALTY SCHEDULE FOR VIOLATIONS

In addition to or instead of any other remedies currently set forth, Liberty Utilities may, in its full discretion, impose the following penalties for the listed violations as set forth in the following table:

Violations	Nature of Violations	Fine/Action	Notifications (Timeframe to Address)
Exceedance of Local Limit, Permit Limit or Federal Standard	A pattern of exceedances will constitute one violation. For purposes of this violation, a pattern will mean exceedances that (1) occur once per day (i.e., a 24-hour period) over three consecutive days or (2) occur more than twice in any specific day.	\$25,000 per each violation.	Discharger will have up to five (5) days from receipt of notification to address before commencement of fines.
Failure to Report	Failure to provide correct information, or provision of missing or incomplete information after notification by Liberty Utilities that information is incorrect, missing or incomplete.	Up to \$5,000 per day per violation (i.e. each piece of incorrect, missing or incomplete information).	Three days from the time of notification of incomplete or missing information to address before commencement of fines.
Failure to Monitor Correctly	Failure to Monitor All Pollutants as set forth in this Tariff or a waste discharge permit (if applicable).	Up to \$5,000 per day per violation	Three days from the time of notification that discharger is failing to monitor as required.
Failure to install monitoring equipment.	Delay of 30 days or more after notification by Liberty Utilities.	Up to \$5,000 per day per violation	Three days after expiration of the 30day period and notification by Liberty Utilities.

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Denial of Entry onto Dischargers property for verification of compliance with this Tariff and a waste discharge permit.	Entry Denied or Consent Withdrawn, Liberty Utilities request for copies of records pertinent this Tariff or a waste discharge permit is denied	Up to \$1,000 per day per violation	Commencement of fines can begin 24 hours after denial of entry.

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11.12 USE OF FINE PROCEEDS

The proceeds of any fine(s) will be used towards making additional investments as needed in the Liberty Utilities wastewater infrastructure.

11.13 COST RECOVERY FOR DAMAGES

Liberty Utilities may recover the cost of damages caused by any violation of this Tariff or the waste discharge permit by an IU.

11.14 NON-EXCLUSIVITY OF REMEDIES

The remedies provided for in this Pretreatment Program are not exclusive. Liberty Utilities may take any, all, or any combination of these actions against a noncompliant IU when the circumstances warrant. Enforcement of pretreatment violations will generally be in accordance with Liberty Utilities' enforcement response plan. Further, Liberty Utilities is empowered to take more than one enforcement action against any noncompliant IU.

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ISSUED BY:

Moses Thompson, President

Liberty Utilities (~~LITCHFIELD PARK~~~~GOLD CANYON WATER & SEWER~~~~GOLD CANYON SEWER~~) Corp.

14920 W Camelback Rd

~~Litchfield Park~~Gold Canyon, AZ 85340

Decision No. XXXX

Applies to all WASTEWATER service areas

PART EIGHT

INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

SECTION 12-SUPPLEMENTAL ENFORCEMENT ACTION

12.1 PENALTIES FOR LATE REPORTS

A penalty of \$250 shall be assessed to any IU for each day that a report required by this Pretreatment Program, a permit or order issued hereunder is late, beginning five days after the date the report is due. Increased penalties may also be assessed where reports are more than 30-45 days late. Actions taken by Liberty Utilities to collect late reporting penalties shall not limit Liberty Utilities' authority to initiate other enforcement actions that may include penalties for late reporting violations.

12.2 PERFORMANCE BONDS OR LETTER OF CREDIT

Liberty Utilities may decline to issue or reissue an individual wastewater discharge permit to any IU who has failed to comply with any provision of this Pretreatment Program, a previous individual wastewater discharge permit, or any other Pretreatment Standard or Requirement, unless such IU first files a satisfactory bond or letter of credit, payable to Corporation, in a sum not to exceed a value determined by Liberty Utilities to be necessary to achieve consistent compliance.

12.3 LIABILITY INSURANCE

Liberty Utilities may decline to issue or reissue an individual wastewater discharge to any IU who has failed to comply with any provision of this Pretreatment Program, a previous individual wastewater discharge permit, or order issued hereunder, or any other Pretreatment Standard or Requirement, unless the IU first submits proof that it has obtained financial assurances sufficient to restore or repair damage to the POTW/WRF caused by its discharge.

12.4 PAYMENT OF OUTSTANDING FEES AND PENALTIES

Liberty Utilities may decline to issue or reissue an individual wastewater discharge permit to any IU who has failed to pay any outstanding fees, fines or penalties incurred as a result of any provision of this Pretreatment Program, a previous individual wastewater discharge permit, or order issued hereunder.

12.5 WATER AND WASTEWATER SUPPLY SEVERANCE

Whenever an IU has violated or continues to violate any provision of this Pretreatment Program, an individual wastewater discharge permit, or order issued hereunder, or any other Pretreatment Standard or Requirement, wastewater and/or water service to the IU may be severed. Service will recommence, at the IU's expense, only after the IU has satisfactorily demonstrated its ability to comply.

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Liberty Utilities (~~LITCHFIELD PARK~~~~GOLD CANYON Water & Sewer~~~~Gold Canyon Sewer~~) Corp.

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PART EIGHT

INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

SECTION 13-PROHIBITED BYPASS

13.1 BYPASS

A. For the purposes of this Section,

- (1) Bypass means the intentional diversion of waste streams from any portion of an IU's treatment facility.
- (2) Severe property damage means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.

B. An IU may allow any bypass to occur which does not cause Pretreatment Standards or Requirements to be violated, but only if it also is for essential maintenance to assure efficient operation. These bypasses are not subject to the provision of paragraphs (C) and (D) of this Section.

C. Bypass Notifications

- (1) If an IU knows in advance of the need for a bypass, it shall submit prior notice to Liberty Utilities, at least ten (10) days before the date of the bypass.
- (2) An IU shall submit oral notice to Liberty Utilities of an unanticipated bypass that exceeds applicable Pretreatment Standards within twenty-four (24) hours from the time it becomes aware of the bypass. A written submission shall also be provided within five (5) days of the time the IU becomes aware of the bypass. The written submission shall contain a description of the bypass and its cause; the duration of the bypass, including exact dates and times, and, if the bypass has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent reoccurrence of the bypass. Liberty Utilities may waive the written report on a case-by-case basis if the oral report has been received within twenty-four (24) hours.

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14920 W Camelback Rd

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INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

D. Bypass

- (1) Bypass is prohibited, and Liberty Utilities may take an enforcement action against an IU for a bypass, unless:
 - (a) Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage.
 - (b) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate back up equipment should have been installed in the exercise of reasonable engineering judgment to prevent a bypass which occurred during normal periods of equipment downtime or preventive maintenance.
 - (c) The IU submitted notices as required under paragraph C of this section. Liberty Utilities may approve an anticipated bypass, after considering its adverse effects, if Liberty Utilities determines compliance with Section 14.

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INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

SECTION 14 – COMPLIANCE AND ENFORCEMENT STANDARDS

14.1 DECLINING TO ISSUE INDIVIDUAL WASTEWATER DISCHARGE PERMIT

Liberty Utilities may decline to issue or reissue an individual wastewater discharge permit to any IU who has failed to comply with any provision of the Pretreatment Program, a previous individual wastewater discharge permit, or any other Pretreatment Standard or requirement, unless such IU first files a satisfactory bond, payable to Liberty Utilities, in a sum not to exceed a value determined by Liberty Utilities to be necessary to achieve consistent compliance.

14.2 EMERGENCY SHUTDOWN

A. For the purposes of this Section,

- (1) Emergency shut down means the intentional diversion of waste streams from any portion of an IU's treatment facility. Severe property damage means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of an emergency shut down. Severe property damage does not mean economic loss caused by delays in production.

B. An IU may allow any bypass to occur which does not cause Pretreatment Standards or Requirements to be violated, but only if it also is for essential maintenance to assure efficient operation. These emergency shutdowns are not subject to the provision of paragraphs (C) and (D) of this Section.

C. Shut Down Notifications

- (1) If an IU knows in advance of the need for a bypass, it shall submit prior notice to Liberty Utilities at least ten (10) days before the date of the emergency shut down, if possible.
- (2) An IU shall submit oral notice to Liberty Utilities of an unanticipated emergency shutdown that exceeds applicable Pretreatment Standards within twenty-four (24) hours from the time it becomes aware of the emergency shut down. A written submission shall also be provided within five (5) days of the time the IU becomes aware of the emergency shut down. The written submission shall contain a description of the emergency shut down; its cause; the duration of the bypass, including exact dates and times, and, if the emergency shut down has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent reoccurrence of the emergency shut down. Liberty Utilities may waive the written report on a case-by-case basis if the oral report has been received within twenty-four (24) hours.

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Liberty Utilities (~~LITCHFIELD PARK~~~~GOLD CANYON Water & Sewer~~~~Gold Canyon Sewer~~) Corp.

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Decision No. XXXX

Applies to all **WASTEWATER** service areas

PART EIGHT

INDUSTRIAL PRETREATMENT PROGRAM AND TARIFF

D. Emergency Shutdown

- (1) Emergency shut down is prohibited, and Liberty Utilities may take an enforcement action against an IU for a bypass, unless:
 - (a) Emergency shut down was unavoidable to prevent loss of life, personal injury, or severe property damage.
 - (b) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate back up equipment should have been installed in the exercise of reasonable engineering judgment to prevent a bypass which occurred during normal periods of equipment downtime or preventive maintenance.
 - (c) The IU submitted notice as required under paragraph C of this Section.

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Moses Thompson, President

Liberty Utilities (~~LITCHFIELD PARK~~~~GOLD CANYON Water & Sewer~~~~Gold Canyon Sewer~~) Corp.

14920 W Camelback Rd

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Applies to all **WASTEWATER** service areas

PART EIGHT
CODE OF PRACTICE

EXECUTIVE SUMMARY

Liberty Utilities (~~Litchfield Park~~~~Gold Canyon Water & Sewer~~~~Gold Canyon Sewer~~) Corp. ("Corporation") hereby declares that the following Code of Practice has been prepared and adopted to provide for pretreatment standards in the maintenance and operation of wastewater treatment at the ~~Palm Valley Water Reclamation Facility~~~~Gold Canyon Water Reclamation Facility~~ ("~~PVWRF~~~~GCWRF~~") and the ~~Sariva~~~~Entrada Del Oro~~ Water Reclamation Facility ("~~SWRF~~~~EDOWRF~~"). This Code of Practice shall be filed with the Arizona Corporation Commission and made part of Corporation's Wastewater Service Tariff, Part Four, Section LB [Waste Limitations].

Corporation hereby expressly reserves the right to make any lawful addition and/or revisions in this Code of Practice when and as they may become advisable to properly manage the WRF and to promote the peace, health, safety and welfare of the customers that will be served. This Code of Practice is supplementary to, and are not to be construed as, any abridgement of any lawful rights of the Company as outlined in the Arizona Revised Statutes governing Public Utilities (Title 40) and the Arizona Administrative Corporation Commission Rules on Sewer (Title 14, Article 6), including the right to disconnect or to refuse permission to connect a customer to the Company's wastewater system for violation of this Code of Practice or any other applicable law of the State of Arizona.

This Code of Practice incorporates pretreatment standards per 40 CFR 403, A.A.C. Title 12, Article 4, and A.A.C. Title 18, Chapter 9, Article 3. This Code of Practice is enforceable per the authority granted to wastewater utilities established under A.A.C. Title 14, Chapter 2, Article 6 of the Arizona Administrative Code.

Issued: [DATE]

Effective: [DATE]

ISSUED BY:

Moses Thompson, President

Liberty Utilities (~~LITCHFIELD PARK~~~~GOLD CANYON Water & Sewer~~~~Gold Canyon Sewer~~) Corp.

14920 W Camelback Rd

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Decision No. XXXX

Applies to all **WASTEWATER** service areas

PART EIGHT

CODE OF PRACTICE (GCGC-CP-01-001)

SECTION 1 – DEFINITIONS

I. PROHIBITED WASTE

Prohibited waste means:

(1) Air Contaminant Waste

Any waste other than sanitary waste which, by itself or in combination with another substance, is capable of creating, causing or introducing an air contaminant outside any sewer or sewage facility or is capable of creating, causing or introducing an air contaminant within any sewer or sewage facility which would prevent safe entry by authorized personnel.

(2) Flammable or Explosive Waste

any pollutants which create a fire or explosion hazard to the sewer or any waste other than sanitary waste which, which by itself or in combination with another substance, is capable of causing or contributing to an explosion or supporting combustion in any sewer or sewage facility including, but not limited to gasoline, naphtha, propane, diesel, fuel oil, kerosene or alcohol.

(3) Obstructive Waste

Any waste other than sanitary waste which, by itself or in combination with another substance, is capable of obstructing the flow of, or interfering with, the operation or performance of any sewer or sewage facility including, but not limited to: earth, sand, sweepings, gardening or agricultural waste, ash, chemicals, paint, metal, glass, sharps, rags, cloth, tar, asphalt, cement-based products, plastic, wood, waste portions of animals, fish or fowl and solidified fat.

(4) Corrosive Waste

Any waste other than sanitary waste which, with corrosive properties which, by itself or in combination with any other substance, may cause damage to any sewer or sewage facility or which may prevent safe entry by authorized personnel.

(5) High Temperature Waste

Any waste other than sanitary waste which, by itself or in combination with another substance, will create heat in amounts which will **interfere** with the operation and maintenance of a sewer or sewage facility or with the treatment of waste in a sewage facility;

Any waste other than sanitary waste which, will raise the temperature of waste entering any sewage facility to 38 degrees Celsius (100 degrees Fahrenheit) or more; or any non-domestic waste entering any sewage facility with a temperature of 65 degrees Celsius (150 degrees Fahrenheit) or more.

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PART EIGHT

CODE OF PRACTICE (GC~~GC~~-CP-01-001)

SECTION 1 - DEFINITIONS

(6) Biomedical Waste

Any of the following categories of biomedical waste: human anatomical waste, animal waste, untreated microbiological waste, waste sharps, medical products, and untreated human blood and body fluids known to contain viruses and agents.

(7) Miscellaneous Wastes

Any storm water, surface water, groundwater, roof runoff, or surface drainage is prohibited.

(8) Dilution Wastes

Any discharge that has been in any way, been diluted as a substitute for pretreatment, for the purposes of obtaining compliance with any categorical standard or pretreatment requirement or any other requirement imposed by this article except where dilution is expressly authorized by a categorical standard.

(9) Other Discharge Limitations.

Any discharge that is transported from the point of generation to the sewer by any hauler, unless the hauler has first:

- (a) Obtained authorization to discharge from the Company.
- (b) Disclosed the nature, origin, and volume of the discharge.

Any waste, other than sanitary waste, which by itself or in combination with another substance:

- (a) constitutes or may constitute a significant health or safety hazard to any person;
- (b) Any waste other than sanitary waste which may interfere with any sewer or sewage treatment process;
- (c) may cause a discharge from a sewage facility to contravene any requirements by or under any ADEQ or AZPDES discharge permit or any other act, approved Waste Minimization Plan (WMP), or any other law or regulation governing the quality of the discharge, or may cause the discharge to result in a hazard to people, animals, property or vegetation;
- (d) may cause bio-solid to fail criteria for beneficial land application.

Applies to all **WASTEWATER** service areas

PART EIGHT

CODE OF PRACTICE (GC~~GC~~-CP-01-001)

SECTION 1 - DEFINITIONS

II. RESTRICTED WASTE (GC~~GC~~-CP-01-001)

Restricted waste means:

(10) **Specified Waste**

Any waste other than sanitary waste which, at the point of discharge into a sewer, contains any contaminant at a concentration in excess of the Limits set out below. All concentrations are expressed as total concentrations which includes all forms of the contaminant, whether dissolved or undissolved. The concentration limits apply to both grab and composite samples. Contaminant definitions and methods of analysis are outlined in standard methods.

CONVENTIONAL CONTAMINANTS (mg/L)	
Biochemical Oxygen Demand (BOD)	350
Chemical Oxygen Demand (COD)	1000
Ammonia	55
Total Nitrogen- as NO3	100
Oil and Grease	64
Total Suspended Solids	350

ORGANIC CONTAMINANTS (mg / L)	
Benzene	Reserved ²
Ethyl Benzene	Reserved
Toluene	Reserved
Xylenes	Reserved
Chloroform	Reserved
Total Oil and Grease (hydrocarbons)	96
Perfluoroalkyl Substances (PFAS)	Reserved

² “Reserved” indicates that Liberty Utilities requires Industrial Users to conduct monthly monitoring and sampling for these organic contaminants; however, the Arizona Corporation Commission has not yet approved a Daily Maximum discharge limitation for these constituents. A Daily Maximum limit may be established in the future, subject to Commission review and approval.

Applies to all WASTEWATER service areas

PART EIGHT

CODE OF PRACTICE (GCGC-CP-01-001)

SECTION 1 - DEFINITIONS

TRACE METALS	
PARAMETER	DAILY AVERAGE (mg/L)
Antimony (Sb)	0.0048
Arsenic	0.008
Beryllium	0.008
Cadmium (Cd)	0.012
Chloride (Cl)	Reserved
Chromium (Cr)	0.238
Cobalt (Co)	Reserved
Copper (Cu)	Reserved
Cyanide (CN)	Reserved
Fluoride	3.00
Iron (Fe)	Reserved
Lead (Pb)	0.13
Manganese (Mn)	Reserved
Mercury (Hg)	0.0050
Nitrate	100
Molybdenum (Mo)	Reserved
Nickel (Ni)	0.242
Selenium (Se)	0.142
Silver (Ag)	Reserved
Sulfate (SQ4)	Reserved
Sulfide (S)	N/A
Thallium	0.005
Zinc (Zn)	Reserved

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CODE OF PRACTICE (GCGC-CP-01-001)

SECTION 1 - DEFINITIONS

(11) Food Waste

Any solid or viscous pollutants, animal fats, oil, and grease (FOG) in amounts that may cause obstruction to the flow in sewers or pass through or other interference or damage to the sewer collection system. Any pollutant, including oxygen demanding pollutants (BOD, COD, TOC, etc.) released in a discharge flow at a rate and/or pollutant concentration which may cause interference with the sewer collection system or wastewater treatment process. This also includes petroleum oil, non-biodegradable cutting oil, or other products of mineral oil origin in amounts that may cause interference or pass through at the wastewater treatment facility.

(12) Radioactive Waste

Any discharge containing a toxic, radioactive, poisonous or other substances in which sufficient quantity to cause or have the potential to cause injury or damage to a person or property or interference with any sewage treatment process, cause corrosive structural damage, constitute a hazard to humans or create any hazard to the sewer system or the effluent of the sewer system. All such wastes shall be subject to compliance with Nuclear Regulatory Commission standards for sewer disposal including the Unity Equation. Radioactive waste industrial users shall be treated in accordance with applicable federal and state regulations and guidelines, including section 40 of the Code of Federal Regulations.

(13) pH Waste

Any discharge with a pH less than 5.5 standard units (SU) or greater than 9.5 SU as determined by either a grab or a composite sample.

(14) Dyes and Coloring Material

Dyes or coloring materials which may pass through a sewage facility and discolor the effluent from a sewage facility except where the dye is used by the Sewer Company, or one or more of its agents, as a tracer.

(15) Miscellaneous Restricted Wastes

Any of the following wastes:

- (a) 4,4' - DDE
- (b) 4,4' - DDT
- (c) Aldrin
- (d) BHC-Alpha
- (e) BHC-Beta
- (f) BHC- Gamma(Lindane)
- (g) Heptachlo

Applies to all WASTEWATER service areas

PART EIGHT

CODE OF PRACTICE (GCGC-CP-01-001)

SECTION 1 - DEFINITIONS

- (h) Heptachlor epoxide.
 - (i) Polychlorinated biphenyl compounds (PCB's)
 - (j) chlorinated phenols³
 - (k) pesticides
 - (l) herbicides
 - (m) tetrachloroethylene
 - (n) polynuclear aromatic hydrocarbons (PAH' s)⁴
- (16) Temperature
- Any waste other than sanitary waste which, will raise the temperature of waste entering any sewage facility to 38 degrees Celsius (100 degrees Fahrenheit) or more; or any non-domestic waste entering any sewage facility with a temperature of 65 degrees Celsius (150 degrees Fahrenheit) or more.

³ include: chlorophenol 1 (ortho, meta, para); dichlorophenol (2,3, 2,4-, 2,5-, 2,6-, 3,4-, 3,5-); trichlorophenol (2,3,4-, 2,3,5-, 2,3,6-, 2,4,5-, 2,4,6-, 3,4,5-); tetrachlorophenol (2,3,4,5-, 2,3,4,6-, 2,3,5,6-); pentachloro phenol

⁴ includes: naphthalene benzo(a) anthracene; acenaphthylene chrysene; acenaphthene benzo(k)fluoranthene; fluorene benzo(k)fluoranthene; phenanthrene benzo(a)pyrene; anthracene dibenzo(a,h)anthracene fluoranthene indeno(1,2,3-cd)pyrene; pyrene benzo(g,h,i)perylene

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Liberty Utilities (~~LITCHFIELD PARK GOLD CANYON Water & Sewer~~ Gold Canyon Sewer) Corp.

14920 W Camelback Rd

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Decision No. XXXX

Applies to all **WASTEWATER** service areas

PART EIGHT

CODE OF PRACTICE (GCGC-CP-01-002)

SECTION 2 - DENTAL OPERATIONS

I. APPLICATION

This code of practice for dental operations defines mandatory requirements for managing non-domestic waste discharged directly or indirectly into a sewer connected to a sewage facility.

This code of practice applies to dental operations.

II. DISCHARGE REGULATIONS

An operator of a dental operation must not discharge waste which, at the point of discharge into a sewer, contains;

- (1) prohibited waste, special waste, or storm water; or
- (2) restricted waste with the exception of mercury measured at the point of discharge from a certified amalgam separator.

An operator of a dental operation that produces liquid waste from photographic imaging containing silver shall comply with the requirements of GCGC-CP-01-001.

An operator of a dental operation that produces wastewater containing dental amalgam must either:

- (1) collect and transport the wastewater from the dental operation for off-site waste management; or
- (2) treat the wastewater at the dental operation site prior to discharge to the sewer using a certified amalgam separator.

An operator of a dental operation must install and maintain the amalgam separator according to the manufacturer's or supplier's recommendations in order that the amalgam separator functions correctly. Such separator must be certified for use by the manufacturer.

An operator of a dental operation who installs an amalgam separator must ensure that:

- (1) all dental operation wastewater that contains dental amalgam is treated using the amalgam separator;
- (2) a monitoring point is installed at the outlet of the amalgam separator or downstream of the amalgam separator at a location upstream of any discharge of other waste;
- (3) the monitoring point must be installed in such a manner that the total flow from the amalgam separator may be intercepted and sampled; and
- (4) the monitoring point shall be readily and easily accessible at all times for inspection.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-002)
SECTION 2 - DENTAL OPERATIONS

If the amalgam separator is located downstream of a wet vacuum system, an operator of a dental operation must ensure that:

- (1) the wet vacuum system is fitted with an internal flow control fitting; or
- (2) a flow control fitting is installed on the water supply line to the wet vacuum system.

The flow control fitting must be sized to limit the flow to a rate that is no more than the maximum inlet flow rate of the amalgam separator as stated by the manufacturer of the amalgam separator.

An operator of a dental operation must locate an amalgam separator in such a manner that an accidental spill, leak or collecting container failure will not result in waste containing amalgam entering any sewer. If a location is not available, an operator of a dental operation must do one of the following:

- (1) install spill containment to contain spills or leaks from the amalgam separator; or
- (2) cap all floor drains into which liquid spilled from the amalgam separator would normally flow.

An operator of a dental operation must replace the amalgam separator's collecting container when any one of the following occurs:

- (1) the manufacturer's or supplier's recommended expiry date, as shown on the amalgam separator, has been reached; or
- (2) the warning level specified by the manufacturer has been reached; or
- (3) analytical data obtained using a method of analysis outlined in standard methods, or an alternative method of analysis approved by the manager, having a method detection limit of 0.0000005 mg/L or lower, indicates that the total concentration of mercury in the discharge from the amalgam separator is greater than, or equal to 0.005 mg/L.

An operator of a dental operation shall not dispose of dental amalgam collected in an amalgam separator, a collecting container, or any other device, to a sewer.

III. RECORD KEEPING AND RETENTION

An operator of a dental operation that uses an amalgam separator must keep at the site of installation of the amalgam separator, an operation and maintenance manual containing instructions for installation, use, maintenance and service of the amalgam separator installed.

LIBERTY UTILITIES (~~LITCHFIELD PARK GOLD CANYON WATER & SEWER~~GOLD CANYON SEWER) CORP.

Sheet No. 73

DOCKET NO. ~~SW-01428A-25-0127~~SW-02519A-26-0223

Cancelling Sheet No. ____

An operator of a dental operation that uses an amalgam separator must post, at the site of installation of the amalgam separator, a copy of the manufacture's standard test report pertaining to the amalgam separator installed.

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Applies to all **WASTEWATER** service areas

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CODE OF PRACTICE (GC~~GC~~-CP-01-002)

SECTION 2 - DENTAL OPERATIONS

- (4) date of installation of the amalgam separator and name of the installation service provider;
- (5) serial number and expiry date of the amalgam separator and/or its components;
- (6) maximum recommended flow rate through the amalgam separator, where applicable;
- (7) dates of inspection, maintenance, cleaning and replacement of any amalgam separation equipment or components;
- (8) dates and descriptions of all operational problems, spills, leaks or collecting container failures associated with the amalgam separator and remedial actions taken;
- (9) name, address and telephone number of any person or company who performs any maintenance or disposal services related to the operation of the amalgam separator; and
- (10) dates of pick-up of the collecting container for off-site disposal, volume of waste disposed and the location of disposal.

The records must be retained for a period of two years and must be available on request by a company representative.

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14920 W Camelback Rd

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Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-003)
SECTION 3 – DRY-CLEANING OPERATIONS

I. APPLICATION

This code of practice for Dry Cleaning operations defines the requirements for managing waste discharged directly or indirectly into a sewer connected to a sewage facility from dry cleaning businesses, or other facilities employing solvent or chemical cleaning routines.

Definitions are included in GCGC-CP-01-DEF.

II. DISCHARGE REGULATIONS

An operator of a dry-cleaning operation must not discharge waste, which at the point of discharge into a sewer contains:

- (1) Tetrachloroethylene and Perchloroethylene are prohibited;
- (2) Petroleum solvent in a concentration that is in excess of 15 milligrams per liter as analyzed in a grab sample; and
- (3) Prohibited waste, restricted waste, special waste, storm water, or contaminated water.

An operator of a dry-cleaning operation that generates wastewater containing petroleum solvent shall either:

- (1) Collect and transport the wastewater from the dry-cleaning operation for off-site waste management; or
- (2) Install and maintain a solvent/water separator and holding tank in accordance with this code of practice.

Solvent Water Separators and Holding Tanks

Solvent/water separator and holding tank installations must conform to the requirements of this code of practice.

An operator of a dry-cleaning operation shall not directly discharge wastewater from the solvent/water separator to a sewage facility

- (1) An operator of a dry-cleaning operation must:
- (2) Collect the wastewater discharged from a solvent/water separator into a transparent, solvent-compatible, holding tank with a containment capacity 25% larger than the total volume of the solvent/water separator; and
- (3) Allow the wastewater to stand undisturbed for a period of not less than 12 hours following each operating date.

An operator of a dry-cleaning operation must check the contents of the holding tank after the specified period of time has elapsed to determine whether the wastewater contains any visible residual solvent.

LIBERTY UTILITIES (~~LITCHFIELD PARK~~GOLD CANYON WATER & SEWERGOLD CANYON
SEWER) CORP.

Sheet No. 76

DOCKET NO. ~~SW-01428A-25-0127~~SW-02519A-26-0223

Cancelling Sheet No. ____

If there is no visible residual solvent in the holding tank, the contents may be discharged to the sewer.

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Litchfield ParkGold Canyon, AZ 85340

Decision No. XXXX

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-003)
SECTION 3 – DRY-CLEANING OPERATIONS

If the holding tank contains any visible tetrachloroethylene or petroleum solvent after the specified period of time, then the tetrachloroethylene or petroleum solvent must be separated and returned to the solvent recovery system. After the removal of all visible solvent, the wastewater may be discharged to the sanitary sewer.

Visual Inspections

An operator of a dry-cleaning operation must:

- (1) Visually inspect the solvent/water separator on a daily basis and
- (2) Clean the solvent/water separator at least once every seven (7) days to manufacturer's standards.

Spills and Leaks

An operator of a dry-cleaning operation must install spill containment facilities in all chemical storage areas and around all dry-cleaning machines.

An operator of a dry-cleaning operation must block off all sewer drains within the containment area for chemical storage and dry-cleaning equipment to prevent any accidental discharge of solvent to a sewer.

An operator of a dry-cleaning operation must inspect all dry-cleaning equipment for liquid leaks at least once per day.

An operator of a dry-cleaning operation must keep all equipment clean to ensure that leaks are visible. The following areas and items are to be checked for leaks:

- (1) hose connections, unions, couplings and valves
- (2) machine door gasket and seating
- (3) filter head gasket and seating
- (4) pumps
- (5) base tanks and storage
- (6) solvent/water separators
- (7) filter sludge recovery
- (8) distillation unit
- (9) diverter valves
- (10) saturated lint in lint baskets
- (11) holding tanks
- (12) cartridge filters

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ISSUED BY:

Moses Thompson, President

Liberty Utilities (~~LITCHFIELD PARK GOLD CANYON Water & Sewer~~Gold Canyon Sewer) Corp.

14920 W Camelback Rd

~~Litchfield Park~~Gold Canyon, AZ 85340

Decision No. XXXX

Applies to all **WASTEWATER** service areas

PART EIGHT

CODE OF PRACTICE (GCGC-CP-01-003)

SECTION 3 – DRY-CLEANING OPERATIONS

An operator of a dry-cleaning operation who detects any liquid leak from dry cleaning equipment or chemical storage must repair the leak within 72 hours and must immediately prevent any discharge of contaminants to a sewer.

III. RECORD KEEPING AND RETENTION

Every dry-cleaning operation must keep a record book on site for inspection with records from the previous two years.

The following information shall be recorded in the record book:

- (1) record of all inspections done by the operator, employees or other hired personnel;
- (2) record of any liquid leaks detected and remedial action taken;
- (3) record of solvent/water separator cleaning;
- (4) record of holding tank cleaning and solvent transfer; and
- (5) record of all other equipment maintenance and repair.

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14920 W Camelback Rd

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Decision No. XXXX

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-004)
SECTION 4 – FOOD SERVICE OPERATIONS

I. APPLICATION

This code of practice for Food Service operations defines the requirements for managing waste discharged directly or indirectly into a sewer connected to a sewage facility from restaurants, or other facilities employing food service (such as food preparation services) as a primary or secondary business operation. Traps, interceptors and separators shall be provided to prevent the discharge of oil, grease, sand and other substances harmful or hazardous to the building drainage system, the collection system the private sewage disposal system or the sewage treatment plant or processes.

Traps, interceptors and separators shall be installed:

- (1) operators of a food services operation that adds kitchen equipment that discharges oil and grease;
- (2) operators of a food services operation that discharges non-domestic waste to sewer that exceeds any of the restricted waste criteria specified in GCGC-CP-01-DEF; or
- (3) any food service operation, as determined by Corporation's wastewater operations group.
- (4) at new facilities
- (5) at existing food service facilities, not equipped with a trap, interceptor or separator, when additions, alterations or remodel are done which increase servicing volume, seating capacity, etc.
- (6) at existing food service facilities, equipped with a trap, interceptor or separator, when additions, alterations or remodel are done which increase servicing volume, seating capacity, changes to the menu, etc.
- (7) at any non-food facilities when additions, alterations, or remodeling is proposed for the purpose of food preparation and service.
- (8) at existing facilities not equipped with a trap, interceptor or separator, which is proposed for the purpose of food preparation and service.

Definitions are included in GCGC-CP-01-DEF.

II. DISCHARGE REGULATIONS

An operator of a Food Service Operation must not discharge waste, which at the point of discharge into a sewer, contains:

- (1) oil and grease in a concentration that is in excess of 100 milligrams per liter as analyzed in a grab sample;
- (2) suspended solids in a concentration that is in excess of 350 milligrams per liter as analyzed in a grab sample;

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-004)
SECTION 4 – FOOD SERVICE OPERATIONS

- (3) 5-day biochemical oxygen demand (BOD 5) in a concentration that is in excess of 350 milligrams per liter in a grab sample;
- (4) prohibited waste, restricted waste, special waste, storm water, or contaminated water.

III. GREASE INTERCEPTORS

Grease interceptors are required to be installed and maintained by the Owner of food service operations within the collection system of Corporation facilities. Grease interceptor installations shall conform to the requirements of this code of practice.

Interceptors, such as grease, oil, or sand shall be provided by laundries, restaurants, service stations, auto repair shops, carwashes and other industrial users when, in the opinion of Corporation, interceptors are necessary for the proper handling of wastewater containing oil and grease or sand or any flammable wastes. Such interceptors shall not be required for domestic users.

Construction:

All traps, interceptors and separators shall be constructed of impervious materials capable of withstanding abrupt and extreme changes in temperature. New or upgraded grease devices shall have a three-lid manhole, properly sized per Table 1. Traps, interceptors and separators shall be watertight and equipped with easily removable covers. Covers shall be gastight and watertight.

Cleaning and Maintenance:

Cleaning and maintenance must be performed when total volume of captured oil, grease and solids material displaces more than twenty-five (25) percent of the total volume of the trap, interceptor or separator or when the pH of a sample taken from the effluent side of the interceptor drops below 5.0 or when odor generation becomes a health issue or when the Company inspection determines a cleaning is necessary.

Maintenance Records:

All traps, interceptors and separators shall be maintained by the user in efficient operating condition at all times. Written records and documentation of all cleaning, repair, calibration, and maintenance shall be maintained at the facility for a minimum of three (3) years and be made available upon request.

Maintenance Inspection:

All traps, interceptors and separators shall be inspected by Corporation representative during normal working hours. Inspection results shall be made available to person, firm or corporation in reasonable charge of the traps, interceptors and separators. Corporation representative shall require correction in order to enforce Corporation pretreatment code of practices.

Applies to all WASTEWATER service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-004)
SECTION 4 – FOOD SERVICE OPERATIONS

Skimming:

Skimming, decanting or discharging of removed waste or wastewater back into any traps, interceptors and separators or any appurtenance of the wastewater collection system is strictly prohibited.

Pumping:

All oil, sand and grease interceptors shall be pumped out or cleaned out completely not less than once every ninety (90) calendar days. Grease traps must be cleaned out completely not less than once every thirty (30) calendar days. Traps and interceptors shall be cleaned more frequently when necessary or required.

Bacteria as a Substitute:

The use of bacteria additives as a supplement to maintenance may be authorized by Corporation when a written request is made to the Corporation which includes material safety data sheets. The addition of emulsifiers, de-emulsifiers, surface active agents, enzymes, or degreasers directly or into any drain leading to any grease removal device is strictly prohibited unless approved by the Corporation.

Use:

Traps, interceptors and separators shall be single user only. When an interceptor can be safely used by multiple users (e.g., food courts), multiple users may be allowed when approved by Corporation. Multiple facilities operated by the same person, firm or corporation may be allowed to connect to a single interceptor with approval from Corporation. The person, firm or corporation in reasonable charge of the trap, interceptor or separator shall take any and all steps necessary to assure adequacy which includes repair, modification or replacement.

Alternate Devices and Technology:

Alternative devices and technologies shall be submitted to Corporation for approval before any such device is installed. The service facility will be required to furnish analytical data demonstrating the effluent discharge concentration to Corporation wastewater collection system will not exceed those listed in GCGC-CP-01-001.

Sizing:

All traps, interceptors and separators shall be properly sized per Table 1. When an interceptor is sized less than five hundred (500) gallons or more than two thousand five hundred (2,500) gallons, the person, firm or corporation making the permit application shall first meet with the Corporation to verify the reduced or increased size has been correctly calculated and that no other options are available.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GC~~GC~~-CP-01-004)
SECTION 4 – FOOD SERVICE OPERATIONS

Size Modification:

Modifying the size of any trap or interceptor shall only be done when sizing per Table 1 allows the modification. Modifying the size of any trap or interceptor shall not be done without the approval of Corporation.

Domestic Wastewater:

Domestic wastewater shall not be discharged to the interceptor.

Minimization Plan:

All facilities required to install and operate a trap, interceptor or separator shall develop and implement a Waste Minimization Plan pertaining to the disposal of grease, oils, and food bearing wastes.

Best Management:

All establishments requiring a trap, interceptor or separator shall adopt BMP's (Best Management Practices) for handling sources of floatable oils, fat or grease originating within their facility. Proof of employee training in BMP's shall be shown to Corporation upon request.

Other Fixtures:

Toilets, urinals, and other similar fixtures shall not discharge through a grease interceptor.

Minimization Program:

The applicant shall establish and submit a written waste minimization plan (maintenance program) outlining specific methods (Best Management Practices) that the facility will use on a daily basis to reduce the discharge of oil and grease as well as solids from entering the interception device and ultimately, the Corporation sewer system. This plan shall be acceptable to and approved by the Corporation. The approved document shall accompany the permit application.

Discharge Permit:

This document will be used in lieu of a discharge permit to assist with enforcing all Corporation codes of practices.

Applies to all WASTEWATER service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-004)
SECTION 4 – FOOD SERVICE OPERATIONS

Grease interceptors automatic grease removal required:

A grease interceptor or automatic grease removal device shall be required to receive the drainage from fixtures and equipment with grease-laden waste located in food preparation areas, such as in restaurants, hotel kitchens, hospitals, school kitchens, bars, factory cafeterias, caterers, nursing homes, day care centers, churches and clubs. Fixtures and equipment shall include pot sinks, pre-rinse sinks; soup kettles or similar devices; workstations; floor drains or sinks into which kettles are drained; automatic hood wash units and dishwashers without pre-rinse sinks. Grease interceptors and automatic grease removal devices shall receive waste only from fixtures and equipment that allow fats, oils or grease to be discharged. Interceptors, such as grease, oil or sand shall be provided at laundries, restaurants, service stations, auto repair shops, carwashes and other industrial users when the proper handling of wastewater containing oil and grease or sand or any flammable wastes is necessary.

Location:

All Interceptors shall be approved and shall be located to be readily and easily accessible for cleaning and inspection.

Food waste grinder:

Where food waste grinders connect to grease interceptors, a solids interceptor shall separate the discharge before connecting to the grease interceptor. Solids interceptors and grease interceptors shall be sized and rated for the discharge of the food waste grinder. Emulsifiers, chemicals, enzymes and bacteria shall not discharge into the food waste grinder. Corporation shall require any user to cease operation of a garbage grinder and permanently remove such equipment when it is determined that the grinder is imposing any adverse effect on interceptor function.

Grease interceptor capacity:

Grease interceptors shall have the grease retention capacity indicated in Table 1 for the flow-through rates indicated. Corporation shall make determinations of interceptor adequacy and need, based on review of all relevant information regarding interceptor performance, facility site and building plan review and to require repairs to, modifications, or replacement of such traps.

Applies to all **WASTEWATER** service areas
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TABLE 1 - CAPACITY OF GREASE INTERCEPTORS - E PA-2 Model

A Determine maximum drainage flow from fixtures:					
Type of Fixture	Total Fixtures		Flow Rate		Amount
Restaurant kitchen sink		X	15 ~~gpm~~	=	
Single compartment sink		X	20gpm	=	
Double compartment sink		X	25gpm	=	
2, single compartment sinks		X	25 ~~gpm~~	=	
2, double compartment sinks		X	35gpm	=	
Triple sink <u>1.5 inch</u> drain		X	35 ~~gpm~~	=	
Triple sink <u>2 inch</u> drain		X	50gpm	=	
30gallon dishwasher		X	15gpm	=	
50gallon dishwasher		X	25gpm	=	
50--100gallon dishwasher		X	40gpm	=	
B. Total	Number of fixtures			=	~~gpm~~
C. Loading Factors					
Restaurant type	Fast food-paper delivery			=	.50
	Low volume			=	.50
	Medium volume			=	.75
	High Volume			=	1.0
D. Bx C = D, subtotal					
E. D x 60 = Subtotal x 60 minutes = E, maximum flow for one (1) hour, in gallons					
F. Ex 2 = maximum flow for <u>one hour</u> times two (2) hours retention time (based on restaurant volume) = F, volume of trap in gallons =					

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Moses Thompson, President

Liberty Utilities (~~LITCHFIELD PARK~~~~GOLD CANYON WATER & SEWER~~~~Gold Canyon Sewer~~) Corp.

14920 W Camelback Rd

~~Litchfield Park~~Gold Canyon, AZ 85340

Decision No. XXXX

Applies to all **WASTEWATER** service areas
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SECTION 4 – FOOD SERVICE OPERATIONS

Access and maintenance of traps, interceptors, and separators:

Complete access shall be provided to each interceptor and separator for service, maintenance and inspection of the inner chamber(s) and viewing and sampling of effluent wastewater discharged to the sewer. Interceptors and separators shall be maintained by periodic removal of accumulated grease, scum, oil, or other floating substances and solids deposited in the interceptor or separator.

Periodic Inspection:

All traps, inceptors and separators shall be subject to periodic inspections by Corporation during normal operating hours. These inspections can be based on an annual inspection or when a complaint is registered with Corporation regarding a grease-removal device. Should the inspection of any trap, interceptor or separator indicate a violation of any item in (1) through (3) below, the person, firm or corporation in reasonable charge shall bring the device into compliance within the timeframe noted on the notice of violation, but not longer than fourteen (14) calendar days.

If twenty-five (25) percent of the interceptor is full; both surface (oil and grease) and bottom (solids). When OSHA (Occupational, Safety and Health Administration) atmospheric levels of Hydrogen Sulfide limits have been exceeded - "Short Term Exposure Limit" (STEL) of fifteen (15) ppm over a fifteen-minute time-weighted average. When the "Immediately Dangerous to Life and Health" (IDLH) level is 100 ppm or above, immediate action shall be performed to return the level of Hydrogen Sulfide to safe and acceptable limits. If the violation cannot be immediately resolved, all use of the Trap, Interceptor or Separator shall cease until compliance is obtained.

When pH in the effluent chamber falls below 5.0 - which is an unhealthy anaerobic interceptor condition.

Maintenance:

Any trap, interceptor or separator not adequately maintained to prevent floatable oils, fat or grease from entering the sewerage system or produce excessive odors shall be in violation of Corporation codes of practice.

Clearing Obstructions:

Corporation shall take appropriate action to clear any obstruction of the Corporation sewer that causes a sewer overflow. When the obstruction is found to be caused by an overburdened or non-maintained trap, interceptor or separator, the person, firm or corporation in reasonable charge of the trap, interceptor or separator reimbursement of Corporation costs associated with clean-up efforts including any fines leveled against Corporation. Any establishments that continuously violate Corporation code of practice shall be subject to having sewer service discontinued.

Contain and/or Clean Up:

Should Corporation find it necessary to contain and/or clean up a private sanitary sewer overflow caused by blockage of private or public sewer lateral or system, all associated cost shall be the responsibility of the person, firm or corporation in reasonable charge of the property.

Applies to all **WASTEWATER** service areas
PART EIGHT
CODE OF PRACTICE (GC~~GC~~-CP-01-004)
SECTION 4 – FOOD SERVICE OPERATIONS

Repairs or Replacements:

When repairs or replacements are necessary to a trap, interceptor or separator, all repairs or replacements shall be completed within the time frame stated on the notice to comply. Corporation may authorize a time extension, not to exceed thirty (30) days, for justifiable cause.

Grease Removal:

The person, firm or corporation in reasonable charge shall remove and dispose of grease at a facility permitted to receive and process such waste. Cleaning frequencies shall be dependent on the amount of oil, grease or solids generated at each operation, the size of the grease trap or interceptor, and the approved written waste minimization program, but not to exceed thirty-day intervals for traps and ninety-day intervals for interceptors. Traps and interceptors shall be cleaned by a licensed contractor.

Interference, Operation and Odors:

Any facility whose effluent discharge into the sewerage system causes interference in the conveyance system, operation of the sewerage system, or emits excessive odors shall be required to sample the discharge from the trap, interceptor or separator and have it analyzed for oil and grease and sulfides, total and dissolved. Results of the analysis shall be immediately reported. Corporation may sample the grease interception device at any time, utilizing Corporation representatives. The person, firm or corporation in reasonable charge shall be responsible for any and all associated cost of such testing or sampling.

IV. RECORD KEEPING AND RETENTION

An operator of a food services operation must keep a record at the food services operation of all grease interceptor inspection and maintenance activities including:

- (1) the date of inspection or maintenance;
- (2) the maintenance conducted;
- (3) the type and quantity of material removed from the grease interceptor; and
- (4) the location of disposal of the material removed from the grease interceptor.

The records shall be retained for a period of three years, and shall be available on request.

Applies to all **WASTEWATER** service areas

PART EIGHT

CODE OF PRACTICE (GC~~GC~~-CP-01-005)

SECTION 5 - PHOTOGRAPHIC IMAGING OPERATIONS

I. APPLICATION

This code of practice for photographic imaging operations defines mandatory requirements for managing non - domestic waste discharged directly or indirectly into a sewer connected to a sewage facility.

This code of practice applies to photographic imaging operations. Definitions are included in GC~~GC~~-CP-01-DEF.

II. DISCHARGE REGULATIONS

An operator of a photographic imaging operation must not discharge waste which, at the point of discharge into a sewer, contains:

- (1) silver in a concentration that is in excess of prescribed local limit analyzed as analyzed in a grab sample; or,
- (2) prohibited waste, restricted waste, special waste, storm water, or contaminated water as defined in GC~~GC~~-CP-01-DEF.

An operator of a photographic imaging operation that produces liquid waste containing silver must either:

- (1) collect and transport the waste from the photographic imaging operation for off-site waste management; or
- (2) treat the waste at the photographic imaging operation site prior to discharge to the sewer using one of the following silver recovery technologies:
 - (a) two chemical recovery cartridges connected in series;
 - (b) an electrolytic recovery unit followed by two chemical recovery cartridges connected in series; or
 - (c) any other silver recovery technology, or combination of technologies, capable of reducing the concentration of silver in the waste to 1.2 mg/L or less where valid analytical test data has been submitted to, and accepted by, the Corporation wastewater group.

An operator of a photographic imaging operation must install and maintain silver recovery technology according to the manufacturer's or supplier's recommendations.

An operator of a photographic imaging operation must collect all liquid waste containing silver in a holding tank and must deliver this waste to the chemical recovery cartridges using a metering pump.

An operator of a photographic imaging operation must calibrate the metering pump at least once per year.

Applies to all WASTEWATER service areas

PART EIGHT

CODE OF PRACTICE (GCGC-CP-01-005)

SECTION 5 - PHOTOGRAPHIC IMAGING OPERATIONS

Spill/ Leak Prevention

An operator of a photographic imaging operation must locate the silver recovery system in such a manner that an accidental spill, leak or container failure will not result in liquid waste containing silver in concentrations greater than 1.2 mg/L entering any sewer.

If a location referred to above is not available, an operator of a photographic imaging operation must do one of the following:

- (1) install spill containment to contain spills or leaks from the silver recovery system; or
- (2) cap all floor drains into which liquid spilled from the silver recovery system would normally flow.

Testing:

When using two separate chemical recovery cartridges, an operator of a photographic imaging operation must test the discharge from the first cartridge for silver content at least once per month using either silver test paper or a portable silver test kit.

When the discharge from the first chemical recovery cartridge referred to above cannot be sampled, an operator of a photographic imaging operation must:

- (1) install a cumulative flow meter on the silver recovery system; and
- (2) test the discharge from the second chemical recovery cartridge once per week using silver test paper or a silver test kit.

Cartridge Replacement

An operator of a photographic imaging operation must replace the chemical recovery cartridges when any one of the following occurs:

- (1) the manufacturer's or supplier's recommended expiry date, as shown on each cartridge, has been reached;
- (2) eighty percent (80%) of the manufacturer's or supplier's maximum recommended capacity, or total cumulative flow, for each cartridge has been reached;
- (3) test data, using silver test paper or a silver test kit, indicates that the discharge from the first cartridge is greater than 1000 mg/L; or
- (4) analytical data using a method of analysis outlined in standard methods, or an alternative method of analysis approved by the manager, having a method detection limit of 0.5 mg/ L silver or lower, indicates that the concentration of silver in the discharge from the silver recovery system is greater than, or equal to, 1.2 mg/ L.

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Moses Thompson, President

Liberty Utilities (~~LITCHFIELD PARK GOLD CANYON Water & Sewer~~ Gold Canyon Sewer) Corp.

14920 W Camelback Rd

~~Litchfield Park~~ Gold Canyon, AZ 85340

Decision No. XXXX

Applies to all **WASTEWATER** service areas

PART EIGHT

CODE OF PRACTICE (GC~~GC~~-CP-01-005)

SECTION 5 - PHOTOGRAPHIC IMAGING OPERATIONS

III. RECORD KEEPING AND RETENTION

An operator of a photographic imaging operation that uses a silver recovery system must keep, at the photographic imaging operation site, an operation and maintenance manual pertaining to all equipment used in the silver recovery system.

An operator of a photographic imaging operation that uses two chemical recovery cartridges connected in series must keep a record book at the photographic imaging operation site which includes the following information recorded for the previous two years:

- (1) serial number of each chemical recovery cartridge used;
- (2) installation date of each chemical recovery cartridge used;
- (3) expiry date of each chemical recovery cartridge used (where provided by manufacturers or suppliers);
- (4) maximum recommended capacity, or total cumulative flow, of each chemical recovery cartridge used;
- (5) dates of all metering pump calibrations;
- (6) monthly silver test results on the discharge from the first chemical recovery cartridge; or where the discharge from the first cartridge cannot be sampled, weekly silver test results on the discharge from the second chemical recovery⁵ cartridge and weekly cumulative flows through the silver recovery system; and
- (7) dates and descriptions of all operational problems associated with the chemical recovery cartridges and remedial actions taken.

Both chemical recovery cartridges used following an electrolytic recovery unit must be replaced by the operator of the photographic imaging operation when one of the events referred to above occurs if this is recommended by the manufacturer or supplier of the cartridges.

An operator of a photographic imaging operation that uses an electrolytic recovery unit in addition to two chemical recovery cartridges connected in series must keep a record book at the photographic imaging operation site which includes the following information recorded for the previous two years:

- (1) all information specified above;
- (2) date of each removal of silver from the electrolytic recovery unit;
- (3) date of each maintenance check on the electrolytic recovery unit;
- (4) dates and descriptions of all operational problems associated with the electrolytic recovery unit and remedial actions taken.

⁵ If treatment of liquid waste with two chemical recovery cartridges connected in series is the only silver recovery technology being used, then the owner of the photographic imaging operation must replace both chemical recovery cartridges when one of the events referred to occurs.

Applies to all **WASTEWATER** service areas

PART EIGHT

CODE OF PRACTICE (GC~~GC~~-CP-01-006)

SECTION 6 – RV PARK OPERATIONS

I. APPLICATION

This code of practice for RV park operations defines the requirements for managing waste discharged directly or indirectly into a sewer connected to a sewage facility from RVs, mobile homes, trailers, watercraft and other sources which employ storage, chemical disinfection/stabilization and discharge as a waste disposal mechanism.

This code of practice applies to all RV park operations. Definitions are included in GC~~GC~~-CP-01-DEF.

II. DISCHARGE REGULATIONS

An operator of an RV park operation must not discharge waste, which at the point of discharge into a sewer, contains:

- (1) oil and grease in a concentration that is in excess of 100 milligrams per liter as analyzed in a grab sample;
- (2) suspended solids in a concentration that is in excess of 350 milligrams per liter as analyzed in a grab sample;
- (3) 5-day biochemical oxygen demand (BOD₅) in a concentration that is in excess of 350 milligrams per liter in a grab sample;
- (4) total nitrogen in excess of 100 mg/L;
- (5) prohibited waste, restricted waste, special waste, storm water, or contaminated water.

If the RV park operation accepts RV customers with the intention of providing sewerage hook-ups, that practice is only acceptable if one of the following conditions is met:

- (1) If the RV park operation has a dedicated pre-treatment facility, that facility must be used for the disposal of the first discharge of wastewater from any entering RVs. The facility must be maintained as per manufacturer's or engineer's operating instructions. Discharge from that facility which is directed to a sewer connected to a sewerage facility shall be metered such that large slugs of waste are not introduced to the sewer instantaneously. Discharges from such facilities to sewers are limited to 10% of the average daily sewerage flow (in USGPM) experienced in the sewer.
- (2) In the absence of a dedicated pre-treatment facility, the RV park operation shall require incoming RVs to certify that, prior to connection to a sewer, that the holding tanks of the RV have been discharged at an approved facility.

Applies to all **WASTEWATER** service areas

PART EIGHT

CODE OF PRACTICE (GCGC-CP-01-006)

SECTION 6 – RV PARK OPERATIONS

III. RECORD KEEPING AND RETENTION

An operator of an RV park operation must keep a record at the RV park operation of:

- (1) all disposals of RV waste into a dedicated pre-treatment facility;
- (2) Pre-treatment facility inspection and maintenance activities including:
 - (a) the date of inspection or maintenance;
 - (b) the maintenance conducted; and
 - (c) the type and quantity of material removed from the facility;
- (3) Certifications of waste disposal prior to hook up of RVs to sewer services.

The records shall be retained for a period of two years and shall be available on request by Corporation representative.

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Moses Thompson, President

Liberty Utilities (~~LITCHFIELD PARK GOLD CANYON Water & Sewer~~Gold Canyon Sewer) Corp.

14920 W Camelback Rd

~~Litchfield Park~~Gold Canyon, AZ 85340

Decision No. XXXX

LIBERTY UTILITIES (~~LITCHFIELD PARK GOLD CANYON WATER & SEWER~~GOLD CANYON SEWER) CORP.

Sheet No. 93

DOCKET NO. ~~SW-01428A-25-0127~~SW-02519A-26-0223

Cancelling Sheet No. ____

Applies to all **WASTEWATER** service areas

PART EIGHT

CODE OF PRACTICE (GCGC-CP-01-007)

SECTION 7 - PRETREATMENT/ INDUSTRIAL WASTE CONTROL

Reference **PART EIGHT** Liberty Utilities (~~Litchfield Park~~Gold Canyon Water and Sewer)
Corp. **Industrial Pretreatment Program and Tariff.**

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Moses Thompson, President

Liberty Utilities (~~LITCHFIELD PARK GOLD CANYON Water & Sewer~~Gold Canyon Sewer) Corp.

14920 W Camelback Rd

~~Litchfield Park~~Gold Canyon, AZ 85340

Decision No. XXXX

Applies to all WASTEWATER service areas
PART EIGHT
CODE OF PRACTICE (GCGC-CP-01-008)
SECTION 8 - NONCOMPLIANCE / ENFORCEMENT

I. NOTICE OF VIOLATIONS

Whenever the Company determines that any customer has violated or is violating any provision of this Code, or any directives, orders, or permits issued or approved to which the Company is bound, the Company may serve upon such customer a written notice ("Notice") stating the nature of the violation(s) in accordance with A.A.C. R.14-2-609.C, and requiring that the customer correct the violation(s) within a specified period of time; perform such tasks as the Company determines are necessary for the customer to correct the violations; or perform such tasks and submit such information as is necessary for the Company to evaluate the extent of noncompliance or to determine appropriate enforcement actions to be taken in conjunction with the applicable regulatory agencies. A copy of the Notice shall also be provided to the Director of the Utilities Division of the Arizona Corporation Commission.

II. SUSPENSION OF SERVICE

If the customer does not cure the violation, or present a satisfactory plan of remediation to Company, within the time specified in the Notice, then Company may suspend or disconnect wastewater treatment service in accordance with A.A.C. R.14-2-609.C.

In addition, the Company may suspend wastewater treatment service, in accordance with A.A.C. R.14-2-609.B (without notice), when such suspension is necessary, in the opinion of the Company, in order to stop an actual or threatened discharge which presents or may present an imminent or substantial endangerment to the health or welfare of persons, to the environment, or causes the Company to violate any condition of its aquifer protection permit, AZPDES discharge permit, or any applicable sludge disposal regulations.

Any customer notified of an immediate suspension of the wastewater treatment service shall immediately stop or eliminate the discharge. In the event of a failure of the customer to comply voluntarily with the cease-and-desist request, the Company shall take such steps as deemed necessary, including immediate severance of the sewer connection and/or immediate disconnection of the water service, to prevent or minimize damage to the company's wastewater system or endangerment to any individuals or the environment. Any action that results in the immediate suspension of service, or disconnection, of a customer shall be reported to the Director of the Utilities Division of the Arizona Corporation Commission and Maricopa County Environmental Services Department (MCESD) within twenty-four (24) hours of the suspension or disconnection. Any reconnection of the affected customer shall be in accordance with the Company's Tariff for which the customer must pay the cost of disconnection and reconnection, plus the cost of parts and installation of an Elder valve (or similar equipment) to allow for easier disconnection in the event of a repeated discharge offense by customer.

Issued: [DATE]

Effective: [DATE]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (~~LITCHFIELD PARK GOLD CANYON Water & Sewer~~ Gold Canyon Sewer) Corp.
14920 W Camelback Rd
~~Litchfield Park~~ Gold Canyon, AZ 85340
Decision No. XXXX

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DIRECT TESTIMONY OF APRIL THOMAS

LIBERTY UTILITIES (BLACK MOUNTAIN SEWER) CORP.

AND

LIBERTY UTILITIES (GOLD CANYON SEWER) CORP.

JUNE 30, 2026

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1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. What is your name, employer, and occupation?**

3 A. My name is April Thomas. My business address is 6520 E. Hwy 60, Gold
4 Canyon, Arizona 85118. I am employed by Liberty Utilities Service Corp. as
5 Supervisor II, Operations. In that role, I am responsible for managing wastewater
6 operations at Liberty Utilities (Black Mountain Sewer) Corp. ("Liberty Black
7 Mountain") and Liberty Utilities (Gold Canyon Sewer) Corp. ("Liberty Gold
8 Canyon") (collectively, the "Companies").

9 **Q. What are your experience and qualifications?**

10 A. I have over 20 years of experience in the water and wastewater industry. In June
11 2024, I joined Liberty Utilities Service Corp. as Supervisor II at the Gold Canyon
12 Wastewater Treatment Plant. In June 2026, I assumed supervision of operations
13 at Liberty Black Mountain. Prior to joining Liberty, I worked for EPCOR Water
14 USA and the State of Colorado.

15 I currently hold the following certifications in the State of Arizona:
16 Wastewater Operator Grade 4; Collection Operator Grade 3; Water Treatment
17 Operator Grade 3, and Distribution Operator Grade 3. I also hold several
18 certifications in the State of Colorado.

19 **Q. Have you previously testified before the Commission?**

20 A. No, this is the first time I have provided testimony at a Commission proceeding.

21 **Q. What is the purpose of your testimony?**

22 A. My testimony provides an overview of the Companies' current operations;
23 notable capital investments since the last rate cases; and the Companies' in-
24 service used and useful capital investments for Post Test Year Plant ("PTYP"),
25 as well PTYP that will be in service by the end of 2026.

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1 **II. LIBERTY BLACK MOUNTAIN SEWER – OVERVIEW**

2 **Q. Starting with Liberty Black Mountain, please provide an overview of**
3 **the service area.**

4 A. Liberty Black Mountain's service area is located in the northeastern portion of
5 the Phoenix metropolitan area. It provides service within the Town of Carefree,
6 small portions of the City of Scottsdale, and an unincorporated portion of
7 Maricopa County. Liberty Black Mountain has approximately 2,344 wastewater
8 customers. Of these, 2,189 are residential; 3 are residential apartment customers,
9 148 are commercial customers; and 4 are homeowners' association customers.

10 **Q. Does Liberty Black Mountain operate solely as a collection system?**

11 A. Yes, as discussed in Decision No. 78017, the Boulders wastewater treatment plant
12 was closed in November 2018. The Commission previously authorized closure of
13 the plant in Decision No. 73885. Today all flows collected by Liberty Black
14 Mountain are sent to and treated by the City of Scottsdale. Pursuant to its
15 agreement with Scottsdale, Liberty Black Mountain has contractual rights to
16 deliver up to 520,000 gallons of wastewater to the City per day for treatment.

17 **Q. Please describe Liberty Black Mountain's collection system.**

18 A. Yes. Liberty Black Mountain has two separate collection systems: the South
19 System consisting of seven lift stations, and the North/West System consisting of
20 seven lift stations. These two collection systems deliver wastewater to the
21 Scottsdale Measuring Station, which then connects to the Scottsdale WWTP for
22 treatment. The collection system also consists of over 60,000 linear feet of force
23 mains, over 200,000 linear feet of collection mains, as well as manholes and
24 cleanouts.

1 **Q. What is Liberty Black Mountain's compliance status?**

2 A. Liberty Black Mountain is currently in compliance with Commission regulations.
3 As ADEQ released the Boulders WWTP in June 2019, there are no longer
4 monitoring or reporting requirements for this permit.

5 **III. LIBERTY BLACK MOUNTAIN'S TREATMENT AND CAPACITY**
6 **AGREEMENT WITH SCOTTSDALE**

7 **Q. Has Liberty Black Mountain encountered any odor issues since the last rate**
8 **case?**

9 A. Yes. Over the past year, the collection system experienced elevated hydrogen
10 sulfide (“H₂S”) levels that occasionally exceeded acceptable thresholds, which
11 contributed to odor concerns.

12 **Q. Are elevated H₂S levels unusual in systems that use force mains?**

13 A. No, elevated H₂S levels can occur in force mains because these pipes operate full
14 and under pressure, which limits oxygen. Without oxygen, bacteria produce
15 sulfide that becomes hydrogen sulfide gas resulting in elevated H₂S levels.

16 **Q. Has that issue since been resolved?**

17 A. Yes. Liberty Black Mountain worked with a contractor, USP technologies
18 (“USP”), to develop and implement a two-stage protocol—chemical dosing and
19 regular cleaning—to keep H₂S levels within an acceptable range and reduce
20 associated odor complaints.

21 **Q. Earlier you mentioned that Liberty Black Mountain sends flows to the City**
22 **of Scottsdale for treatment. Have the elevated H₂S levels impacted the**
23 **Company's treatment and capacity agreement with the City of Scottsdale?**

24 A. H₂S levels were exceeding acceptable thresholds under the agreement. The two-
25 stage mitigation protocol was developed and implemented to address those
26 concerns and ongoing compliance.

1 **Q. What results has Liberty Black Mountain observed from implementing the**
2 **H₂S mitigation protocol?**

3 A. The protocol, which the City of Scottsdale agrees with, has greatly reduced H₂S
4 levels and associated odor complaints. Liberty Black Mountain is in the process
5 of providing the City with a final condition assessment report, which we
6 anticipate will formally resolve all issues with the July 2025 notice.

7 **Q. Please summarize Stage One of Liberty Black Mountain's H₂S mitigation**
8 **strategy.**

9 A. Stage One consists of targeted chemical dosing in Liberty Black Mountain's force
10 mains to control hydrogen sulfide formation at its source. Specifically, Liberty
11 Black Mountain doses two large force mains at the Commercial and Sunset lift
12 stations with a treatment chemical designed to reduce H₂S-producing biofilms.
13 At the same time, we actively monitor conditions at key locations to verify that
14 the chemical dosing is effective. The system allows for real-time adjustments to
15 dosing rates based on monitoring data to maintain H₂S levels within acceptable
16 ranges.

17 **Q. Tell us about Stage Two of the protocol.**

18 A. Stage Two focuses on ongoing sewer system cleaning. Liberty Black Mountain
19 performs routine and targeted cleaning of gravity sewer mains, including monthly
20 cleaning of identified hot spots and broader system-wide cleaning on a scheduled
21 basis—20% of total gravity sewer infrastructure on an annual basis.

22 **Q. Are there additional expenses associated with the wo-stage protocol?**

23 A. Yes, Liberty Black Mountain has incurred additional and ongoing expenses for
24 USP's services, chemical dosing, ongoing monitoring, and regular cleaning.
25 Again, due to the unique characteristics of force mains, this maintenance is a
26 necessary ongoing cost to maintain H₂S levels within acceptable ranges and
27 operate the system in a safe and reliable manner.
28

1 **Q. Is the two-stage protocol also necessary to remain in compliance with Liberty**
2 **Black Mountain's agreement with the City of Scottsdale?**

3 A. Yes, the agreement requires Liberty Black Mountain to meet certain discharge
4 standards which include limits on H₂S, and the protocol is necessary to comply
5 with these requirements.

6 **IV. LIBERTY BLACK MOUNTAIN - CAPITAL PROJECTS COMPLETED**
7 **SINCE LAST RATE CASE**

8 **Q. What capital investments has Liberty Black Mountain made since the last**
9 **rate case in 2019?**

10 A. A summary of capital investments since the last rate case to the end of the 2025
11 test year is provided in Appendix AT_Dir 1. Since the last rate case, Liberty Black
12 Mountain has invested over \$3.9 million in capital investments through the end
13 of the test year. These capital additions include investments and improvements in
14 lift station structures, force and gravity mains, and transportation equipment.
15 Manasa Rao's testimony provides a discussion of some of the capital investments,
16 including the enterprise-wide Customer First, Liberty's Litchfield Park office
17 building, and Cybersecurity investments allocated to Liberty Black Mountain.

18 **V. LIBERTY BLACK MOUNTAIN – POST TEST YEAR PLANT**

19 **Q. Have you prepared a schedule for actual PTYP costs?**

20 A. Yes, a summary of PTYP by asset class, through December 31, 2026, is included
21 in Appendix AT_Dir. 1. The PTYP summary represents projected costs for capital
22 investments in the amount of \$4.468 million through December 31, 2026 that we
23 are seeking for recovery in this rate case. Ms. Rao's testimony provides further
24 discussion in support of recovery of PTYP.

25 **Q. Can you discuss some of the notable PTYP projects?**

26 A. Sure. Liberty Black Mountain is in the process of relocating its Carefree Highway
27 Lift Station to accommodate improvements that the City of Scottsdale is making
28 to Carefree Highway. In addition, Liberty Black Mountain has also replaced

portions of its mains and service lines, installed pumping equipment and other infrastructure replacements.

Q. Why is the relocation of the Carefree Highway lift station necessary?

A. The relocation is required due to the City of Scottsdale's road-widening project along Carefree Highway. The existing lift station wet well is located within the proposed roadway footprint and therefore must be relocated or removed. In addition, the City's installation of new storm drain culverts conflicts with Liberty's existing force main, requiring vertical realignments. Because Liberty's facilities are located within the public right-of-way rather than within an easement, Liberty is responsible for the costs associated with these relocations. This mandatory project is based on requirements and timing from the City of Scottsdale over which we have no control.

Q. How did Liberty Black Mountain determine the appropriate relocation approach?

A. Liberty Black Mountain worked with an engineering firm to evaluate relocation alternatives. Following that evaluation, the selected approach was to construct a new wet well, connect it to the existing system, and remove or abandon the existing wet well. This option was identified as the least-cost alternative that satisfies the project requirements.

Q. Does the project address any existing operational or system issues?

A. Yes. In connection with the relocation, Liberty is addressing existing inefficiencies in the force main system. The current force main, installed around 1985, lacks cleanouts and air release valves, which impairs system performance due to sediment accumulation and trapped air. To improve reliability and operational efficiency, the project includes installation of cleanouts, air release valves, and necessary vertical realignments. These improvements are expected to facilitate proper maintenance and improve pump performance going forward.

1 **Q. Is Liberty Black Mountain making other improvements to lift station**
2 **infrastructure and related collection system assets?**

3 A. Yes, Liberty Black Mountain is performing dry well improvements at other key
4 lift stations including the Sunset and Ridgeview lift stations that address structural
5 and mechanical needs such that these assets operate safely and at their engineered
6 design capacity, reducing the risk of equipment failure or service disruptions.
7 Liberty Black Mountain is also upgrading manholes within the Boulders
8 community, which likewise supports the integrity of the collection system, as well
9 as safe and reliable service.

10 **VI. GOLD CANYON SEWER - OVERVIEW**

11 **Q. Shifting gears, can you provide an overview of Liberty Gold Canyon's**
12 **service area?**

13 A. Liberty Gold Canyon's service area is in the southeast portion of the Phoenix
14 metropolitan area. It primarily serves customers near Apache Junction in Pinal
15 County. Currently, Liberty Gold Canyon has approximately 8,595 wastewater
16 customers. Of these, 7,010 are residential; 44 are commercial customers; 1,539
17 are residential <700 SF per dwelling customers; and 2 are homeowners'
18 association customers. Liberty Gold Canyon also sells effluent to Arizona Water
19 Company, which is ultimately delivered to nearby golf courses.

20 **Q. Please describe the assets used in operating the Liberty Gold Canyon**
21 **wastewater system.**

22 A. The service area covers approximately 5.9 square miles and includes two
23 wastewater collection systems, now that Gold Canyon Sewer and Entrada Del
24 Oro have been consolidated pursuant to Decision No. 78871 (March 15, 2023).

25 **Q. First, please discuss Liberty Gold Canyon's Gold Canyon system.**

26 A. The Gold Canyon system consists of four lift stations, over 90 miles of gravity
27 sewer mains, more than 9 miles of force mains, as well as numerous manholes
28 and cleanouts.

1
2 The Gold Canyon Water Reclamation Facility is an extended aeration
3 plant with tertiary filters and disinfection process. The plant uses an activated
4 sludge process, secondary clarifiers, tertiary cloth filtration and chlorine
5 disinfection to remove suspended solids, organics, and nitrogen from the waste
6 stream and produces Class A+ Effluent.

7 **Q. Can you also provide a summary of the Entrada Del Oro wastewater system?**

8 A. Yes. Liberty Gold Canyon's Entrada Del Oro system consists of an influent lift
9 station, over 3 miles of gravity sewer mains, more than a mile of force mains, and
10 numerous manholes and cleanouts. The Entrada Del Oro Wastewater Treatment
11 Plant utilizes an activated sludge process, a secondary clarifier, tertiary filtration,
12 and ultraviolet disinfection to remove suspended solids, organics, and nitrogen
13 from the waste stream and produces Class A+ Effluent.

14 **Q. What is the Compliance status of Liberty Gold Canyon?**

15 A. Liberty Gold Canyon is currently in compliance with Commission regulations.
16 Liberty Gold Canyon is, technically, not in compliance with the rules and
17 regulations of the Arizona Department of Environmental Quality due to coliform
18 exceedances, which occurred in July and August 2025.

19 **Q. Have those exceedances been resolved?**

20 A. Yes, these exceedances have been resolved. However, under ADEQ's method for
21 calculating compliance, any such exceedances will show as a non-compliance for
22 a full year, even after the issue is corrected.

23 **VII. Liberty Gold Canyon - Capital Projects Completed Since Last Rate Case**

24 **Q. What capital investments has Liberty Gold Canyon made since the last rate
25 case filed in 2021?**

26 A. A summary of capital investments since the last rate case to the end of the 2025
27 test year is provided in Appendix AT_Dir. 2. Since the last rate case, Liberty Gold
28 Canyon has incurred over \$11 million in capital investments. These capital

additions include investments and plant improvements to structures, pumping equipment, blowers, and treatment and disposal equipment. Additional improvements and replacements incurred related to force and gravity mains, lift station upgrades and transportation equipment.

Manasa Rao's testimony provides a discussion of some of the capital investments including the enterprise-wide Customer First and Cybersecurity investments allocated to Liberty Gold Canyon.

VIII. LIBERTY GOLD CANYON – POST TEST YEAR PLANT

Q. Have you prepared a schedule for actual PTYP costs?

A. Yes, a summary of PTYP by asset class, through December 31, 2026, is included in Appendix AT_Dir. 2. The PTYP summary represents projected costs for capital investments in the amount of \$2.199 million through December 31, 2026 that we are seeking for recovery in this rate case. Ms. Rao's testimony provides further discussion in support of recovery of PTYP.

Q. Can you discuss some of the notable PTYP projects?

A. Yes. At the Gold Canyon WRF, we've automated aeration and dewatering and replaced the plant's effluent pump station controls and skid. At the Entrada Del Oro WWTP, we have installed new monitoring wells, replaced the odor scrubber, as well as the manual bar screen.

Q. Please describe the new monitoring wells.

A. Liberty Gold Canyon installed Point of Compliance monitoring wells at the Entrada Del Oro WWTP to meet its Aquifer Protection Permit requirements. These wells are necessary to demonstrate compliance with groundwater protection requirements and satisfy permit obligations.

Q. Why is this project important to customers?

A. The monitoring wells support continued regulatory compliance, protect groundwater resources, and allow the system to accommodate continued growth in the area while maintaining safe and reliable service.

1 **Q. Tell us more about Liberty's improvements related to odor control.**

2 A. Liberty Gold Canyon replaced the odor scrubber at the Entrada Del Oro WWTP
3 to improve reliability and maintain compliance with air quality requirements. The
4 odor scrubber removes H₂S, which can damage infrastructure and create nuisance
5 conditions if not properly controlled.

6 **Q. How does the odor scrubber replacement benefit customers and the**
7 **community?**

8 A. The new system reduces odor, protects critical equipment from corrosion, and
9 helps avoid costly emergency repairs.

10 **Q. Please describe the manual bar screen project.**

11 A. Liberty installed a manual bar screen at Entrada Del Oro to provide redundancy
12 when the automatic screen is offline for preventative or corrective maintenance.
13 It prevents non-biodegradable debris like rags and flushable wipes from
14 damaging downstream equipment and helps maintain continuous operations.

15 **Q. Why is that redundancy important?**

16 A. Redundancy reduces the risk of service interruptions, protects critical assets, and
17 allows maintenance to occur without disrupting plant operations.

18 **Q. Lastly, tell us more about Liberty Gold Canyon's effluent pump station**
19 **controls and skid.**

20 A. This project upgrades the effluent pump station with modern controls and
21 integrates it into the SCADA system to improve automation, reliability, and
22 operational flexibility. It is currently in progress and expected to be in service by
23 the end of 2026.

24 **Q. What operational benefits does this project provide?**

25 A. The upgraded system will allow for automated flow control thereby supporting
26 the delivery of effluent to downstream users as demand requires, provides
27 uninterrupted effluent disposal capabilities during maintenance activities,
28

1 enhances employee safety by reducing the need for manual intervention, and
2 decreases the potential for equipment failures by medizing hydraulic surges.

3 **Q. Does this conclude your testimony?**

4 A. Yes.

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Line No.	NARUC	Account Description	[A]		[B]		[C]		[D]		[E] = [D] - [A]	
			Gross Utility Plant	per last rate case*	Plant Additions	01/01/2020 - 12/31/2025	Plant Additions	Post Test Year	Gross Utility Plant	Current Rate Case	Increase/(Decrease)	
1	351	Organization	\$	-	\$	-	\$	-	\$	-	\$	-
2	352	Franchise		-	\$	-	\$	-	\$	-		-
3	353	Land		137,642	\$	11,153	\$	-	\$	148,795		11,153
4	354	Structures & Improvements		4,065,200	\$	209,768	\$	202,400	\$	4,477,368		412,168
5	355	Power Generation		8,976	\$	-	\$	-	\$	8,976		-
6	355.1	Solar Generation		-	\$	-	\$	-	\$	-		-
7	360	Collection Sewer Forced		4,754,146	\$	178,262	\$	2,804,000	\$	7,736,408		2,982,262
8	361	Collection Sewers Gravity		5,536,937	\$	514,799	\$	168,000	\$	6,219,736		682,799
9	362	Special Collecting Structures		674,337	\$	541,978	\$	-	\$	1,216,313		541,978
10	363	Customer Services		255,134	\$	56,983	\$	48,000	\$	360,117		104,983
11	364	Flow Measuring Devices		60,961	\$	-	\$	60,000	\$	120,961		60,000
12	365	Flow Measuring Installations		180,051	\$	-	\$	-	\$	180,051		-
13	366	Reuse Services		-	\$	-	\$	-	\$	-		-
14	367	Reuse Meters And Installation		-	\$	-	\$	-	\$	-		-
15	370	Receiving Wells		773,931	\$	28,754	\$	909,000	\$	1,711,684		937,754
16	371	Pumping Equipment		1,269,623	\$	223,696	\$	20,000	\$	1,513,319		243,696
17	374	Reuse Distribution Reservoirs		(1)	\$	-	\$	-	\$	(1)		-
18	375	Reuse Trans. And Dist. System		-	\$	-	\$	-	\$	-		-
19	380	Treatment & Disposal Equipment		460,856	\$	203	\$	204,000	\$	665,059		204,203
20	380.1	Odor Control GAC		-	\$	-	\$	-	\$	-		-
21	381	Plant Sewers		134,266	\$	21,228	\$	-	\$	155,494		21,228
22	382	Outfall Sewer Lines		-	\$	-	\$	-	\$	-		-
23	389	Other Sewer Plant & Equipment		979,100	\$	100,237	\$	10,000	\$	1,089,336		110,237
24	390	Office Furniture & Equipment		84,741	\$	(10,290)	\$	-	\$	74,452		(10,290)
25	390.1	Computers and Software		75,738	\$	(280)	\$	-	\$	75,458		(280)
26	391	Transportation Equipment		109,174	\$	369,888	\$	-	\$	479,062		369,888
27	392	Stores Equipment		-	\$	-	\$	-	\$	-		-
28	393	Tools, Shop And Garage Equip		32,874	\$	23,972	\$	-	\$	56,846		23,972
29	394	Laboratory Equip		13,628	\$	(5,664)	\$	-	\$	7,964		(5,664)
30	395	Power Operated Equipment		-	\$	-	\$	-	\$	-		-
31	396	Communication Equip		138,613	\$	94,925	\$	-	\$	233,538		94,925
32	397	Misc Equipment		6,833	\$	24,093	\$	43,000	\$	73,927		67,093
33	397.1	Misc Equipment CNG		-	\$	-	\$	-	\$	-		-
34	398	Other Tangible Plant		1,279,453	\$	(18)	\$	-	\$	1,279,436	\$	(18)
35		Total Gross Utility Plant	\$	21,032,213	\$	2,383,686	\$	4,468,400	\$	27,884,298	\$	8,852,086
36												
37												
38												
39	903	Land and Land Rights			\$	4,848	\$	-	\$	4,848		
40	904	Structures and Improvements			\$	158,549		-		158,549		
41	940	Office Furniture and Fixtures			\$	35,912		-		35,912		
42	940.1	Computers and Software			\$	337,166		-		337,166		
43	940.2	Customer First			\$	976,609		-		976,609		
44	947	Miscellaneous Equip			\$	-		-		-		
45	955	Power Generation			\$	115		-		115		
46	995	Power Operated Equipment			\$	19,024		-		19,024		
47		Total Allocated Corporate Plant			\$	1,532,223	\$	-	\$	1,532,223	\$	8,384,309
48												
49		Combined TOTAL	\$	21,032,213	\$	3,915,909	\$	4,468,400	\$	29,416,521		
50												
51												

*Gross Plant approved per last rate case includes plant as of 12.31.2018 and certain Post Test Year Plant for 2019

Liberty Utilities (Gold Canyon Sewer) Corp

Line No.	NARUC	Account Description	[A]		[B]		[C]		[D]		[E] = [D] - [A]	
			Gross Utility Plant		Plant Additions		Plant Additions		Gross Utility Plant		Increase/(Decrease)	
			per last rate case*		01/01/2020 - 12/31/2025		Post Test Year		Current Rate Case			
1	351	Organization	\$	62,898	\$	-	\$	-	\$	62,898	\$	-
2	352	Franchise		25,745		-		-		25,745		-
3	353	Land		400,000		-		-		400,000		-
4	354	Structures & Improvements		6,745,880		563,520		-		7,309,400		563,520
5	355	Power Generation		125,152		214,394		-		339,546		214,394
6	355.1	Solar Generation		-		-		-		-		-
7	360	Collection Sewer Forced		272,741		(60,172)		100,367		312,936		40,195
8	361	Collection Sewers Gravity		3,616,991		1,198,799		242,000		5,057,790		1,440,799
9	362	Special Collecting Structures		18,798		314,706		-		333,504		314,706
10	363	Customer Services		703,842		395,228		-		1,099,070		395,228
11	364	Flow Measuring Devices		113,929		(12,000)		12,000		113,929		-
12	365	Flow Measuring Installations		171,954		12,000		-		183,954		12,000
13	366	Reuse Services		-		-		-		-		-
14	367	Reuse Meters And Installation		6,848		-		-		6,848		-
15	370	Receiving Wells		26,226		(270,000)		270,000		26,226		-
16	371	Pumping Equipment		1,335,443		1,799,677		60,000		3,195,120		1,859,677
17	374	Reuse Distribution Reservoirs		23,680		72,501		-		96,181		72,501
18	375	Reuse Trans. And Dist. System		126,541		-		-		126,541		-
19	380	Treatment & Disposal Equipment		13,883,580		2,962,032		440,367		17,285,979		3,402,399
20	380.1	Odor Control GAC		-		-		-		-		-
21	381	Plant Sewers		174,641		(251,393)		820,000		743,248		568,607
22	382	Outfall Sewer Lines		5,541		819,996		-		825,537		819,996
23	389	Other Sewer Plant & Equipment		3,567,782		44,589		-		3,612,371		44,589
24	390	Office Furniture & Equipment		185,501		6,545		-		192,046		6,545
25	390.1	Computers and Software		78,947		(160,514)		174,100		92,532		13,586
26	391	Transportation Equipment		173,620		310,574		-		484,194		310,574
27	392	Stores Equipment		-		-		-		-		-
28	393	Tools, Shop And Garage Equip		137,680		47,210		49,610		234,500		96,820
29	394	Laboratory Equip		83,352		76,058		31,460		190,870		107,518
30	395	Power Operated Equipment		88,743		308,703		-		397,446		308,703
31	396	Communication Equip		437,850		194,903		-		632,553		194,903
32	397	Misc Equipment		8,662		201,376		-		210,038		201,376
33	397.1	Misc Equipment CNG		-		-		-		-		-
34	398	Other Tangible Plant		124,147		90,044		-		214,191		90,044
35		Total Gross Utility Plant	\$	32,726,513	\$	8,878,775	\$	2,199,905	\$	43,805,193	\$	11,078,679
36												
37												
38												
					Allocated							
					Corporate Plant		PTY Plant			TOTAL		
39	903	Land and Land Rights	\$		9,783	\$	-	\$		9,783		
40	904	Structures and Improvements	\$		319,542		-			319,542		
41	940	Office Furniture and Fixtures	\$		72,344		-			72,344		
42	940.1	Computers and Software	\$		670,015		-			670,015		
43	940.2	Customer First	\$		1,940,715		-			1,940,715		
44	947	Miscellaneous Equip	\$		-		-			-		
45	955	Power Generation	\$		232		-			232		
46	995	Power Operated Equipment	\$		38,324		-			38,324		
47		Total Allocated Corporate Plant	\$		3,050,955	\$	-	\$		3,050,955		
48												
49		Combined TOTAL	\$	32,726,513	\$	11,929,730	\$	2,199,905	\$	46,856,148		
50												
51												

*Gross Plant approved per last rate case includes plant as of 12.31.2020 and certain Post Test Year Plant for 2021

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DIRECT TESTIMONY OF
THOMAS BOURASSA
ON BEHALF OF
LIBERTY UTILITIES (BLACK MOUNTAIN SEWER) CORP.
AND
LIBERTY UTILITIES (GOLD CANYON SEWER) CORP.

June 30, 2026

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1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. Please state your name and address.**

3 A. My name is Thomas J. Bourassa. My business address is 139 W. Wood Drive,
4 Phoenix, Arizona 85029.

5 **Q. What is your profession and background?**

6 A. I am a Certified Public Accountant and am self-employed, providing consulting
7 services to utility companies as well as general accounting services. I have a B.S.
8 in Chemistry and Accounting from Northern Arizona University (1980) and an
9 M.B.A. with an emphasis in Finance from the University of Phoenix (1991).

10 **Q. Could you briefly summarize your prior work and regulatory experience?**

11 A. Yes. Prior to becoming a private consultant, I was employed by High-Tech Institute,
12 Inc., and served as controller and chief financial officer. Prior to working for High-
13 Tech Institute, I worked as a division controller for the Apollo Group, Inc. Before
14 joining the Apollo Group, I was employed at Kozoman & Kermode, CPAs. In that
15 position, I prepared compilations and other write-up work for water and wastewater
16 utilities, as well as tax returns.

17 In my private practice, I have prepared and/or assisted in the preparation of
18 several water and wastewater utility rate applications before the Arizona
19 Corporation Commission ("Commission").

20 **Q. On whose behalf are you testifying in this proceeding?**

21 A. I am testifying in this proceeding on behalf of the Applicants, Liberty Utilities
22 (Black Mountain Sewer) Corp. and Liberty Utilities (Gold Canyon Sewer) Corp.
23 ("Liberty Black Mountain," "Liberty Gold Canyon," or collectively, the
24 "Companies"). Liberty Black Mountain and Liberty Gold Canyon are seeking
25 determination of their fair value rate base and the setting of rates and charges for
26 wastewater based on that finding.

27
28

1 **II. OVERVIEW OF THE COMPANIES' REQUEST FOR RATE RELIEF**

2 **Q. What is the purpose of your direct testimony?**

3 A. I will testify in support of both Companies' proposed adjustments to their rates and
4 charges for wastewater utility service. I am sponsoring the direct schedules, which
5 are filed concurrently in support of the Companies' application. I was responsible
6 for the preparation of these schedules based on my investigation and review of
7 Liberty Black Mountain's and Gold Canyon's relevant books and records.

8 For convenience, the two volumes of my direct testimony, each with the
9 relevant schedules attached, are being filed separately in this case. In this volume
10 of my direct testimony, I address the rate bases, income statements (revenue and
11 operating expenses), required increases in revenue, and rate designs and proposed
12 rates and charges for service for the Companies. Schedules A through D, E-G and
13 H, are attached to this portion of my direct testimony. The Companies have also
14 prepared cost of service studies (G schedules).

15 In the second volume of my direct testimony, I address cost of capital.
16 Liberty Black Mountain is requesting a return on common equity of 10.60 percent
17 and a weighted average cost of debt of 4.66 percent. As shown on Schedule D-1,
18 the Companies' capital structure for ratemaking purposes consists of 54 percent
19 equity and 46 percent debt. The weighted cost of capital is 7.87 percent. Liberty
20 Gold Canyon is requesting a return on common equity of 10.60 percent and a
21 weighted average cost of debt of 5.60 percent. As shown on Schedule D-1, the
22 Companies' capital structure for ratemaking purposes consists of 54 percent equity
23 and 46 percent debt. The weighted cost of capital is 8.30 percent.

24 **Q. Please Summarize Liberty Black Mountain's application.**

25 A. Liberty Black Mountain is seeking a revenue increase of 46.79 percent. The test
26 year used by Liberty Black Mountain is the 12-month period ending December 31,
27 2025. The Company is requesting a 7.87 percent return on its fair value rate base
28 ("FVRB"). The Company is using its original cost rate base ("OCRB") as its FVRB.

1 The Company has also proposed certain pro forma adjustments to reflect known and
2 measurable changes to rate base, expenses and revenues. These pro forma
3 adjustments are consistent with normal ratemaking and are contemplated by the
4 Commission's rules and regulations governing rate applications. See R14-2-103.
5 These adjustments are necessary to obtain a normal or realistic relationship between
6 revenues, expenses and rate base on a forward basis.

7 Liberty Black Mountain's fair value rate base is \$18,103,990. The increase
8 in revenues to provide for recovery of operating expenses and a 7.87 percent return
9 on rate base is approximately \$1,403,395, an increase of approximately 46.79
10 percent over the adjusted and annualized test year revenues.

11 **Q. Please Summarize Liberty Gold Canyon's application.**

12 A. Liberty Gold Canyon is seeking a revenue increase of 33.65 percent. The test year
13 used by Liberty Gold Canyon is the 12-month period ending December 31, 2025.
14 The Company is requesting an 8.30 percent return on its FVRB. The Company is
15 using its OCRB as its FVRB. The Company has also proposed certain pro forma
16 adjustments to reflect known and measurable changes to rate base, expenses and
17 revenues for each division. These pro forma adjustments are consistent with normal
18 ratemaking and are contemplated by the Commission's rules and regulations
19 governing rate applications. See R14-2-103. These adjustments are necessary to
20 obtain a normal or realistic relationship between revenues, expenses and rate base
21 on a forward basis.

22 Liberty Gold Canyon's fair value rate base is \$16,199,169. The increase in
23 revenues to provide for recovery of operating expenses and an 8.30 percent return
24 on rate base is approximately \$1,658,415, an increase of approximately 33.65
25 percent over the adjusted and annualized test year revenues.

26 **Q. Why is Liberty Black Mountain filing for new rates at this time?**

27 A. Liberty Black Mountain is no longer earning its authorized return on the fair value
28 of its wastewater plant. Liberty Black Mountain has added over \$3.5 million of new

1 plant investments through the end of December 31, 2025 and is projecting post-test
2 year capital investments in the amount of \$4.5 million through December 31, 2026.
3 Combined, these represent over \$8 million of new capital investments, necessary to
4 serve wastewater customers since the last rate case which used a test year ended
5 December 31, 2018 (Decision 78017, May 18, 2021). Since the prior rate case, rate
6 base has increased by nearly \$4.2 million.

7 The primary drivers of Liberty Black Mountain's requested rate increase for
8 wastewater service are the increase in rate base, increases in operating expenses, and
9 the high level of inflation experienced since the Company's prior rate case. With
10 respect to rate base, the Company is seeking recovery of approximately \$4.5 million
11 of post-test year plant, as discussed above and in the testimonies of Ms. Thomas and
12 Ms. Rao. With respect to operating expenses, the Company has experienced inflation
13 of approximately 29% since 2018, as well as significant increases in several cost
14 categories, including chemical expense, wastewater treatment purchased from the
15 City of Scottsdale, shared service costs, and depreciation expense. Revenues have
16 not kept pace with these increases in expenses and inflation. As a result, based on
17 adjusted test year results, the Company's current rate of return is only 2.13%.

18 **Q. Why is Liberty Gold Canyon filing for new rates at this time?**

19 A. Liberty Gold Canyon is no longer earning its authorized return on the fair value of
20 its wastewater plant. Liberty Gold Canyon has added over \$11 million of new plant
21 investments through the end of December 31, 2025 and is projecting post-test year
22 capital investments in the amount of \$2.2 million through December 31, 2026.
23 Combined, these represent over \$13 million of new capital investments necessary to
24 serve wastewater customers since the last rate case which used a test year ended
25 December 31, 2020 (Decision 78871, March 16, 2023). Since the prior rate case,
26 rate base has increased by nearly \$4.1 million.

27 The primary drivers of Liberty Gold Canyon's requested rate increase for
28 wastewater service are the increase in rate base, increases in operating expenses, and

1 the high level of inflation experienced since the Company's prior rate case. With
2 respect to rate base, the Company is seeking recovery of approximately \$2.2 million
3 of post-test year plant, which is discussed further in the testimonies of Ms. Thomas
4 and Ms. Rao. With respect to operating expenses, the Company has experienced
5 inflation of approximately 24% since 2020, as well as significant increases in several
6 cost categories, including purchased power, shared service costs, and depreciation
7 expense. Revenues have not kept pace with these increases in expenses and inflation.
8 As a result, based on adjusted test year results, the Company's current rate of return
9 is only 0.73%.

10 **III. SUMMARY OF "A", "E" AND "F" SCHEDULES**

11 **Q. Describe the schedules labeled as "A", "E", AND "F".**

12 A. I will describe each of the schedules individually, starting with the "A" Schedules.
13 Each Company, Liberty Black Mountain and Liberty Gold Canyon, will have its own
14 corresponding schedule. First is Schedule A-1, which is a summary of the rate base,
15 adjusted operating income, current rate of return, required operating income,
16 operating income deficiency, and the increase in gross revenue. Revenues at present
17 and proposed rates and customer classifications are also shown on this schedule.

18 **Q. Describe the other "A" Schedules.**

19 A. Schedule A-2 is a summary of results of operations for the test year, prior two years,
20 and a projected year at present rates and proposed rates. Schedule A-3 contains the
21 Companies' capital structure for the test year and the two prior years. Schedule A-
22 4 contains the plant construction, and plant in service for the test year and prior two
23 years. The projected plant additions are also shown on this schedule. Schedule A-5
24 is the summary of the Companies' statement of cash flow for the prior two years, the
25 test year at present rates, and a projected year at present and proposed rates.

26 **Q. Describe the "E" Schedules.**

27 A. The "E" Schedules are based on the Companies' actual operating results, as reported
28 in annual reports filed with the Commission. Schedule E-1 contains the comparative

1 balance sheets for the years 2023, 2024, and 2025, ending on December 31.
2 Schedule E-2, page 1, contains the income statement for the years 2023, 2024, and
3 2025, ending on December 31. Schedule E-3 contains a statement of changes in the
4 Companies' financial position for the test year and the two prior years. Schedule E-
5 4 provides the changes in stockholder's equity for the test year and the two prior
6 years. Schedule E-5 contains the Companies' plant in service at the end of the test
7 year, and one year prior to the end of the test year and the associated change in plant
8 additions, reclassifications or retirement for the test year. Schedule E-6, which
9 provides department financial results, has been omitted as the Companies do not
10 have departments. Schedule E-7 contains operating statistics for the years 2023,
11 2024, and 2025, ending on December 31. Schedule E-8 contains the taxes charged
12 to operations for the years 2023, 2024, and 2025, ending on December 31.

13 The notes to the financial statements and the financial assumptions used in
14 preparing the rate filing schedules are shown on Schedules E-9 and F-4, respectively,
15 in accordance with the Commission's standard filing requirements. Audited
16 financial statements have not been prepared for the Companies.

17 **Q. Describe the “F” Schedules.**

18 A. Schedule F-1 contains the results of operations at the present rates (actual and
19 adjusted), and at proposed rates. Schedule F-2 contains the summary of changes in
20 financial position (cash flow) for the prior two years, the test year at present rates,
21 and a projected year at present and proposed rates. Schedule F-3 shows the
22 Companies' projected construction requirements for 2026, 2027, and 2028.
23 Schedule F-4 contains the assumptions used in developing the adjustments and
24 projections contained in the rate filing.

25 **IV. SUMMARY OF RATE BASE (“B” SCHEDULES)**

26 **Q. Explain the Rate Base schedules, which are labeled as the “B” Schedules.**

27 A. Each Company will have its own corresponding schedule. I will start with Schedule
28 B-5, which is the working capital allowance. The cash working capital allowance is

1 based upon a lead lag study which determines the revenue and expense lags which
2 are then applied (on a weighted basis) to the Companies' proposed operating
3 expenses.

4 **Q. Did you prepare Schedules B-3 and B-4?**

5 A. No, I did not prepare these schedules because the OCRB is requested to be used as
6 the Companies' FVRB. Thus, these schedules are unnecessary.

7 **Q. Have you prepared schedules showing adjustments to OCRB?**

8 A. Yes. Schedule B-2, page 2 shows adjustments to OCRB proposed by the Companies.
9 Schedule B-2, pages 3 through 7 for Liberty Black Mountain, Schedule B-2, pages
10 3 through 8 for Liberty Gold Canyon, and Schedule B-5, contain the supporting
11 information. There are seven adjustments shown on Schedule B-2, page 2 for
12 Liberty Black Mountain and seven for Gold Canyon.

13 **Q. Describe Adjustment number 1.**

14 A. Adjustment number 1, as shown on Schedule B-2, page 2, adjusts plant-in-service
15 ("PIS"). There are eight PIS adjustments included in Adjustment 1. These are shown
16 on Schedule B-2, page 3, and are labeled as adjustments "A", "B", "C", "D", "E",
17 "F", "G", and "H".

18 Adjustment 1-A of B-2 adjustment number 1 reflects corporate plant allocated
19 to the Companies. The details of the allocation are shown on Schedule B-2, page
20 3.1.

21 Adjustment 1-B of B-2 adjustment number 1 reflects the Companies'
22 proposed adjustment to Plant Additions Not Classified, or Account 106. This
23 adjustment reclassifies plant additions recorded in Account 106 to the appropriate
24 utility plant accounts based on the nature of the assets. The adjustment is rate base
25 neutral and does not increase overall plant in service. The details of the adjustment
26 are shown on Schedule B-2, page 3.2.

27 Adjustment 1-C of Schedule B-2, Adjustment No. 1 reflects the Companies'
28 proposed adjustment to Plant Additions Not Classified, or Account 105. Amounts

1 recorded in Account 105 represent plant additions that had not yet been classified to
2 the applicable utility plant accounts. This adjustment classifies those additions to the
3 appropriate plant accounts. The details of the adjustment are shown on Schedule B-
4 2, page 3.3.

5 Adjustment 1-D of B-2 adjustment number 1 reflects the Companies'
6 proposed post-test year plant ("PTYP"). PTYP reflects revenue neutral plant
7 necessary to serve the year-end number of customers and is expected to be placed
8 into service within 12 months of the end of the test-year. The details of the
9 adjustment are shown on Schedule B-2, page 3.4.

10 Adjustment 1-E of B-2 adjustment number 1 reflects the Companies'
11 proposed capitalized overhead related adjustments consistent with Decision No.
12 81361. The Companies used a 21 percent capitalized overhead rate related to allocated
13 corporate shared services for rate base additions from 2019 through April 2022.
14 From May 2022 onward, the Companies utilized overhead capitalization rates
15 consistent with Decision No. 81361. The details of the allocation are shown on
16 Schedule B-2, page 3.5.

17 Adjustment 1-F of B-2 adjustment number 1 reflects the Companies'
18 proposed adjustment to recalculate Allowance for Funds Used During Construction,
19 or AFUDC. The adjustment updates the AFUDC included in plant to reflect the
20 Companies' recalculation of AFUDC through the applicable in-service period. The
21 details of the adjustment are shown on Schedule B-2, page 3.6.

22 Adjustment 1-G of B-2 adjustment number 1 adjusts PIS to reflect the
23 Companies' proposed adjustment for plant retirements. This adjustment removes
24 retired plant from utility plant in service by account and year. The adjustment
25 decreases plant in service to reflect only plant that remains used and useful in
26 providing service to customers. The details of the adjustment are shown on Schedule
27 B-2, page 3.7.
28

Adjustment 1-H of Schedule B-2, adjustment number 1 adjusts PIS to reflect the reconciliation of the Companies' PIS detail to the amount recorded at the end of the test year as reflected on the E-1 schedule. The details of the allocation are shown on Schedule B-2, page 3.8.

Q. What is the purpose of Adjustment number 2 on Schedule B-2 regarding Accumulated Depreciation?

A. Adjustment 2 on Schedule B-2, page 2, adjusts accumulated depreciation ("A/D"). There are eight adjustments to A/D. These adjustments are shown on Schedule B-2, page 4, and are labeled as adjustments "A", "B", "C", "D", "E", "F", "G", and "H".

Adjustment 2-A of B-2 adjustment number 2 reflects the corporate plant A/D allocated to the Companies. The details of the allocation are shown on Schedule B-2, page 4.1.

Adjustment 2-B of Schedule B-2, adjustment number 2 reflects the Companies' proposed A/D adjustment related to Plant Additions Not Classified, or Account 106. This adjustment calculates A/D on the plant additions reclassified from Account 106 to the appropriate utility plant accounts. The A/D was calculated using the applicable depreciation rates and the corresponding period the plant has been in service. The details of the adjustment are shown on Schedule B-2, page 4.2.

Adjustment 2-C of Schedule B-2, adjustment number 2 reflects the Companies' proposed adjustment to A/D related to Plant Additions Not Classified, or Account 105. This adjustment calculates the A/D associated with the plant additions classified from Account 105 to the applicable utility plant accounts. The calculation applies the appropriate depreciation rates to the classified plant balances based on the period the assets have been in service. The details of the adjustment are shown on Schedule B-2, page 4.3.

Adjustment 2-D of B-2 adjustment number 2 reflects A/D associated with the Companies' proposed PTYP. A/D on PTYP reflects a half-year of depreciation in accordance with the depreciation computation using half-year convention of

1 depreciation on new plant added to PIS in a year. The details of the allocation are
2 shown on Schedule B-2, page 4.4.

3 Adjustment 2-E of B-2 adjustment number 2 adjusts A/D associated with the
4 Companies' proposed adjustments to capitalized overhead or INDOH in rate base
5 since the last rate case. The details of the allocation are shown on Schedule B-2,
6 page 4.5.

7 Adjustment 2-F of Schedule B-2, adjustment number 2 reflects the
8 Companies' proposed A/D adjustment related to the AFUDC recalculation. As
9 discussed in the AFUDC adjustment, the Company recalculated Allowance for
10 Funds Used During Construction, or AFUDC, included in plant. This adjustment
11 reflects the related A/D impact of the AFUDC recalculation so that A/D is consistent
12 with the adjusted plant balance. The details of the adjustment are shown on Schedule
13 B-2, page 4.6.

14 Adjustment 2-G of Schedule B-2, Adjustment number 2 reflects the
15 Companies' proposed A/D adjustment related to plant retirements. As discussed in
16 the plant retirement adjustment, the Companies removed plant that has been retired
17 from service from utility plant in service. This adjustment removes the related A/D
18 associated with those retired assets so that A/D remains properly aligned with the
19 adjusted plant balances. The details of the adjustment are shown on Schedule B-2,
20 page 4.7.

21 Adjustment 2-H of Schedule B-2, adjusts A/D to reflect the reconciliation of
22 the Companies' PIS detail to A/D amount recorded at the end of the test year as
23 reflected on the E-1 schedule. The details of the allocation are shown on Schedule
24 B-2, page 4.8.

1 **Q. Do the Plant in Service and Accumulated Depreciation balances shown on**
2 **Schedule B-2 reflect the last Commission Rate Order for Liberty Black**
3 **Mountain?**

4 A. Yes. Reconstruction of the PIS balance started with the PIS balance approved by the
5 Commission in Decision 78017, May 18, 2021. Reconciliation to the starting
6 balances for PIS and accumulated depreciation are shown on Schedule B-2, page
7 3.8. Plant additions and retirements have been added to and deducted from total
8 plant shown on Schedule B-2, pages 3.6 to 3.10. These schedules also show the
9 details for the accumulated depreciation, from the end of the last test year through
10 the end of the current test year, using the half-year convention for depreciation. A
11 vintage-year procedure was used to reconstruct the PIS and A/D balances.

12 **Q. Do the Plant in Service and Accumulated Depreciation balances shown on**
13 **Schedule B-2 reflect the last Commission Rate Order for Liberty Gold Canyon?**

14 A. Yes. Reconstruction of the PIS balance started with the PIS balance approved by the
15 Commission in Decision 78871, March 16, 2023. Reconciliation to the starting
16 balances for PIS and accumulated depreciation are shown on Schedule B-2, page
17 3.8. Plant additions and retirements have been added to and deducted from total
18 plant shown on Schedule B-2, pages 3.6 to 3.10. These schedules also show the
19 details for the accumulated depreciation, from the end of the last test year through
20 the end of the current test year, using the half-year convention for depreciation. A
21 vintage-year procedure was used to reconstruct the PIS and A/D balances.

22 **Q. Please describe Adjustment number 3 on Schedule B-2.**

23 A. Adjustment number 3 adjusts Contributions-in-aid of Construction (“CIAC”) and
24 Accumulated Amortization (“A.A.”) to reflect reconciled balances of CIAC and
25 A.A. as shown on Schedule B-2, page 5. Details of CIAC activity since the prior
26 test year are shown on Schedule B-2, pages 5.1 to 5.3.

1 **Q. Please describe Adjustment number 4 on Schedule B-2.**

2 A. Adjustment number 4 adjusts Advances-in-aid of Construction (“AIAC”) to reflect
3 reconciled balance of AIAC as shown on Schedule B-2, page 6. Details of AIAC
4 activity since the prior test year are shown on Schedule B-2, pages 6.1 to 6.3.

5 **Q. Please describe Adjustment number 5 on Schedule B-2.**

6 A. Adjustment number 5 reflects the adjustment to accumulated deferred income taxes
7 (“ADIT”) (for ratemaking purposes) based upon the timing differences between
8 book and tax depreciation through December 31, 2025. The ADIT computation
9 considers the Companies' proposed adjustments to PIS, A/D, AIAC, and CIAC.

10 **Q. Please describe Adjustment number 6 on Schedule B-2.**

11 A. Adjustment number 6 adjusts excess accumulated deferred income taxes (“EADIT”)
12 to reflect reconciled balances of EADIT. Details of EADIT activity since the prior
13 test year are shown on Schedule B-2, page 8.1.

14 **Q. Please describe Adjustment number 7 on Schedule B-2.**

15 A. Adjustment number 7 reflects the adjustment to Cash Working Capital. The details
16 of Cash Working Capital are shown in Schedule B-5.

17 **Q. How was the proposed Fair Value Rate Base shown on Schedule A-1**
18 **determined?**

19 A. The FVRB shown on Schedule A-1 for each division is based on OCRB.

20 **V. SUMMARY OF INCOME STATEMENT (“C” SCHEDULES)**

21 **Q. Explain the adjustments you are proposing to the income statement as shown**
22 **on Schedules C-1 and C-2.**

23 A. The following is a summary of adjustments shown for Liberty Black Mountain and
24 Liberty Gold Canyon Schedule C-1, pages 2.2. And 2.3:

25 Adjustment 1 annualizes depreciation expense. The proposed depreciation
26 rate for each component of utility plant is shown on Schedule C-2, page 2. The
27 depreciation rates approved in Liberty Black Mountain's and Liberty Gold Canyon's
28

1 last rate cases were account-specific rates for the water and wastewater divisions.
2 Continuation with account specific depreciation rates is proposed.

3 Adjustment 2 increases the property taxes based on proposed revenues. The
4 details of the computation are shown on Schedule C-2, page 3.

5 Adjustment 3 reflects an adjustment to remove test-year rate case expense.
6 See Schedule C-2, page 4. The Company proposes recovery of rate case expense
7 incurred for this case via a separate surcharge. The estimated rate case expense is
8 provided by Company witness Manasa Rao.

9 **Q. Please continue with your discussion of the income statement adjustments.**

10 A. Adjustment 4 annualizes revenues to the year-end number of customers for the
11 Companies. The annualization for the Companies is based on the number of
12 customers at the end of the test year, compared to the actual number of customers
13 during each month of the test year. Average revenues by month were computed for
14 the test year. The average revenues were then multiplied by the increase (or
15 decrease) in the number of customers for each month of the test year.

16 Adjustment 5 is intentionally left blank.

17 Adjustment 6 decreases contractual services – management for a reduction in
18 operating costs expected from Corporate shared service allocations. See Schedule C-
19 2, page 7.

20 Adjustment 7-14 are intentionally left blank.

21 **Q. Are there any other revenue and/or expense adjustments?**

22 A. No.

23 **VI. SUMMARY OF COST OF SERVICE STUDY (“G” SCHEDULES)**

24 **A. Overview of Cost of Service Study (“COSS”)**

25 **Q. What exactly is a cost of service study?**

26 A. A cost of service study is an analysis to determine the adequacy of revenues by each
27 customer classification to support the revenue requirements including costs and
28 return of and on investments under both existing and proposed rates. The study

1 begins with an allocation of utility plant and expenses into cost and asset functions,
2 which are then allocated to customer classifications. The study attempts to trace the
3 costs associated with meeting the customers' service requirements. Ideally, the
4 revenues received from each customer class should equal the cost of providing
5 service to that customer class. The cost to provide service includes the operating and
6 maintenance expenses and the capital costs. Operating and maintenance expenses
7 include the costs of operating the system and the costs of maintaining system
8 facilities and equipment. Capital costs include investment-related cash requirements
9 such as debt service, contributions to debt service reserves, and capital requirements
10 not financed by debt. Capital costs also include depreciation expense and either a
11 return on rate base (for-profit utilities) or an operating margin as well as income
12 taxes and other taxes, if applicable.

13 **Q. What is the purpose of a cost of service study?**

14 A. Typically, the purpose of preparing a cost of service study is to offer guidance in
15 setting rates to be charged for utility service. Again, the basic premise in establishing
16 rates for the various classes of customers that are both adequate and equitable is that
17 rates should reflect the cost of providing utility service. Cost-based rates can also be
18 used to send an appropriate price signal to customers because the amount paid for
19 service approximates the cost to provide the service. In other words, subsidies
20 between customer classes are minimized.

21 There are many factors at play when rates are set that can result in rates that
22 are not adequate and/or equitable between the various classes of customers. Non-
23 economic factors may be at play when rates are set. For example, the regulatory
24 body may favor subsidizing one class of customers by shifting costs to other classes
25 of customers or shifting revenues within one class of customers to subsidize
26 members within that class. Lifeline or discounted rates, which are sometimes used
27 to assist low-income customers in areas with high utility costs, are prime examples
28 of subsidization of a class of customers by other customers. If possible, lifeline rates

(low-income rates or customer assistance rates) should not apply to an entire customer class. If lifeline rates are needed, they should be offered only to customers meeting some income test. Another example is the goal of keeping the rate design simple and easier to understand. There may also be goals of promoting conservation (in the case of water utilities) or other social or economic goals. Thus, public policy may have a significant impact on rate design. In the end, though, the goal in setting new rates remains that the utility be able to recover its revenue requirement.

Q. What method of cost allocation was used in your cost of service study in this case?

A. The Commodity Demand Method which is described in AWWA Manual M1, "Principles of Water Rates, Fees and Charges", Seventh Edition published in 2017 and prior additions of the manual was used in this case. This method is consistent with Schedule G of the Commission filing requirements. The commodity demand method allocates each item of the cost of providing water service to the several cost functions - commodity, and demand, which is further separated into customer, meter and services functions. These functional costs are then allocated to the several customer classifications served by the system.

Q. How is the cost of service study organized?

A. The cost of service study used the test year revenue requirements developed in Schedules A through F and H. Costs were allocated to each of the cost functions described earlier and then to the customer classifications.

The cost of service study contains schedules G-1 through G-7. The standard filing requirements call for Schedules G-1 through G-7 and these schedules are included with my testimony.

G Schedules with higher numbers (i.e., 5, 6 and 7) contain the allocation factors and actual allocations to functions. These functions are then carried forward to the summary G schedules 1, 2, 3 and 4, which allocate expenses and plant (by

function) to classes of customers. I will start my analysis using Schedule G-7 and end with Schedules G-2 and G-1.

Q. What is a “Function”?

A. Functions refer to the plant and the expenses needed to provide the basic utility service. For example, for wastewater, the functions associated with collection, treatment, and disposal of wastewater are typically commodity, demand, and customer (and/or services).

Commodity refers to the volume of the commodity sold. The commodity function is used to derive the commodity rate, or the rate charged per unit of measurement, gallons. Demand refers to how the system is sized to meet customer demand. Hence, the system is built to be able to provide the utility service (the commodity), as well as the demand placed on the system when peak demand occurs. The customer (and/or service) function can also be used to develop the monthly minimum rates charged to each class of customer. Demand and customer functions refer to the transmission/collection and treatment of water/wastewater. The costs associated with demand and customer functions are incurred whether the customer generates 0 gallons for wastewater flows or 50,000 gallons of wastewater flows.

Q. After costs are allocated to functions, how are expenses and assets then allocated to the individual classes of customers?

A. After the expenses and assets are allocated to the commodity, demand, and customer functions, the values for the functions are then allocated to various customer classes. Customer classes are typically broken down into residential, commercial, industrial, irrigation, and public authority.

B. Explanation of Cost of Service Study Schedules

Q. Briefly summarize the G Schedules.

A. The G schedules are summarized as follows:

1 Schedule G-1 is the cost of service summary showing the results by customer class
2 at present rates.

3
4 Schedule G-2 is the cost of service summary showing the results by customer class
5 at proposed rates.

6
7 Schedule G-3 shows the rate base allocation details by customer class.

8
9 Schedule G-4a shows the revenues and expense allocation by customer class at
10 present revenues.

11
12 Schedule G-4b shows the revenues and expense allocations by customer class at
13 proposed revenues.

14
15 Schedule G-5 shows the functionalization of rate base into the functions commodity,
16 demand, customer accounts, customer meters, and customer services.

17
18 Schedule G-6a shows the functionalization of expenses into the functions
19 commodity, demand, customer accounts, customer meters, and customer services, at
20 present revenues.

21
22 Schedule G-6b shows the functionalization of expenses into the functions -
23 commodity, demand, customer accounts, customer meters, and customer services at
24 proposed revenues.

25
26 Schedule G-7a shows the development of the allocation factors by function.

27
28 Schedule G-7b shows the development of the allocation factors by customer class.

1 **Q. Please describe and explain in more detail the schedules that comprise the cost**
2 **of service study, noting how the various functions were developed as you do.**

3 A. The allocations for the development of the class allocation factors are shown on
4 Schedule G-7b, pages 1 and 2. Allocation factors for expenses were determined by
5 examining the causal relationships of each expense to the various functions, which
6 may include an examination of the recorded amounts during the test year and the use
7 of professional judgment.

8 The operation and maintenance expense allocation to functions (commodity,
9 demand, customer accounts, meters and services) are shown on Schedule G-6a, page
10 1 (adjusted test year at present rates) and Schedule G-6b, page 2 (adjusted test year
11 at proposed rates).

12 The depreciation expense allocations are shown on Schedule G-6a, pages 3
13 and 4 (adjusted test year at present rates) and Schedule 6b pages 3 and 4, which apply
14 the function allocation factors shown on Schedule G-7b, page 1 and 2 (adjusted test
15 year at proposed rates). Depreciation expense was computed using the Companies'
16 proposed depreciation rates in this rate case.

17 On Schedule G-5, pages 1 and 2, net plant and other rate base items are
18 allocated to each customer class using the function allocation factors set forth in
19 Schedule G-7a, pages 1 and 2.

20 Schedule G-4 allocates the commodity, demand, and customer expenses
21 developed on Schedule G-6a and Schedule G-6b to customer classes using the
22 allocation factors developed on Schedule G-7b, pages 1 and 2. Schedule G-4a shows
23 the allocated costs at present rates. Schedule G-4b shows the allocated costs at
24 proposed rates.

25 Schedule G-3 allocates the rate bases for commodity, demand, and customer
26 functions to the customer classes.

Schedules G-1 and G-2 derive the return on rate base by customer classes at present and proposed rates, respectively. The returns on rate base are computed by dividing the operating income for the customer class by the rate base for that customer class.

C. Cost of Service Study Results

Q. What are the returns for the customer classes at present rates and proposed rates?

A. As shown on schedules G-1 and G-2, the returns vary between the customer classes at the present and proposed rates. Table 1 below summarizes the returns for Liberty Black Mountain. Table 2 below summarizes the returns for Liberty Gold Canyon.

Table 1

Liberty Black Mountain Returns

Customer Class	Rate of Return Under Current Rates	Rate of Return Under Proposed Rates
RESIDENTIAL	1.73%	7.23%
RESIDENTIAL MULTI-FAMILY	5.49%	7.86%
COMMERCIAL	3.15%	11.12%

Table 2

Liberty Gold Canyon Returns

Customer Class	Rate of Return Under Current Rates	Rate of Return Under Proposed Rates
RESIDENTIAL	0.35%	8.05%
RESIDENTIAL <700 S.F	2.20%	7.98%
RESIDENTIAL MULTI-FAMILY	6.64%	7.82%
COMMERCIAL	6.28%	15.43%

1 **Q. What is the indicated cost of service study distribution of revenues by class and**
2 **the revenue distribution as a result of the proposed rates?**

3 A. Table 3 (Liberty Black Mountain) and Table 4 (Liberty Gold Canyon) below present
4 the distribution of revenues by class suggested by the cost of service study and the
5 revenue distribution at the proposed rates.

6 **Table 3**

7 Comparison of Revenue Distributions – Black Mountain

Customer Class	Indicated COSS Revenues	% of COSS Revenues	Revenues as Proposed	% of Proposed Revenues
RESIDENTIAL	\$3,494,268	79.39%	\$3,372,384	76.59%
RESIDENTIAL MULTI-FAMILY	186,348	4.23%	186,156	4.23%
COMMERCIAL	722,393	16.38%	844,468	19.18%
TOTAL	\$4,403,008	100.00%	\$4,403,008	100.00%

16 **Table 4**

17 Comparison of Revenue Distributions – Gold Canyon

Customer Class	Indicated COSS Revenues	% of COSS Revenues	Revenues as Proposed	% of Proposed Revenues
RESIDENTIAL	\$5,485,377	83.31%	\$5,438,569	82.58%
RESIDENTIAL <700 S.F	544,708	8.29%	539,594	8.19%
RESIDENTIAL MULTI-FAMILY	332,568	5.02%	327,835	4.98%
COMMERCIAL	223,526	3.38%	280,181	4.28%
TOTAL	\$6,586,179	100.00%	\$6,586,179	100.00%

1 **Q. Does the information contained in Tables 1 – 4 indicate that the proposed rate**
2 **designs do not produce the recovery of revenues exactly as suggested by the cost**
3 **of service study? Please comment.**

4 A. No. As already suggested, while the cost of service study is a useful tool in designing
5 rates, other considerations are factored into the design of rates, as I discussed
6 previously.

7 **VII. RATE DESIGN (“H” SCHEDULES)**

8 **Q. Please summarize the H Schedules.**

9 A. Schedule H-1 shows a summary of revenues at present and proposed rates by
10 customer class. Schedule H-3 shows the present and proposed rates. Schedule H-4
11 shows the bill comparisons at present and proposed rates at various usage levels for
12 all meter sizes and customer classifications. Schedule H-5 shows the test year bill
13 counts.

14 **Q. What are Liberty Black Mountain's and Liberty Gold Canyon's present and**
15 **proposed rates for wastewater service?**

16 A. The present rates are set forth on Schedule H-3, page 1.

17 **Q. Are you proposing any changes to the basic rate design for wastewater service?**

18 A. No.

19 **Q. What is the impact of the proposed rates on a Liberty Black Mountain**
20 **wastewater residential customer?**

21 A. The present monthly bill for a residential customer, the largest customer class, is
22 \$87.99. The proposed monthly bill for a residential customer is \$129.30, an increase
23 of \$41.31, or 46.95% over the present bill.¹ Including the rate case expense
24 surcharge the proposed monthly bill for a residential customer is \$130.70, an
25 increase of \$42.71, or 48.54% over the present bill.²

27 ¹ See Schedule H2, page 1.

28 ² See Schedule H2, page 2.

1 **Q. What is the impact of the proposed rates on a Liberty Gold Canyon wastewater**
2 **residential customer?**

3 **A.** The present monthly bill for a residential customer, the largest customer class, is
4 \$47.51. The proposed monthly bill for a residential customer is \$64.59, an increase
5 of \$17.08, or 35.95% over the present bill.³ Including the rate case expense
6 surcharge the proposed monthly bill for a residential customer is \$65.99, an increase
7 of \$18.48, or 38.90% over the present bill.⁴

8 **Q. Are there any proposed changes to the off-site facilities hook-up fees?**

9 **A.** No.

10 **Q. Are there any proposed changes to the miscellaneous service charges?**

11 **A.** Yes. Liberty Black Mountain and Liberty Gold Canyon are proposing increases to
12 the establishment, disconnection, and after-hours service call charges. The
13 Companies also propose a new charge for failed final inspection for new connections
14 of \$75.00.⁵ This new charge is addressed in the Direct Testimony of Regina Wise.
15 There is also new proposed language in the footnotes.

16 **Q. Does that conclude your direct testimony?**

17 **A.** Yes.
18
19
20
21
22
23
24
25

26 ³ See Schedule H2, page 1.

27 ⁴ See Schedule H2, page 2.

28 ⁵ See Schedule H-3, page 2.

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Schedule A-1
Page 1
Witness: Bourassa

Line
No.

1	Fair Value Rate Base	\$	18,103,990
2			
3	Adjusted Operating Income		385,444
4			
5	Current Rate of Return		2.13%
6			
7	Required Operating Income	\$	1,424,708
8			
9	Required Rate of Return on Fair Value Rate Base		7.87%
10			
11	Operating Income Deficiency	\$	1,039,264
12			
13	Gross Revenue Conversion Factor		1.3504
14			
15	Increase in Gross Revenue		
16	Requirement	\$	1,403,396
17			
18	Adjusted Test Year Revenues	\$	2,999,613
19	Increase in Gross Revenue Requirement	\$	1,403,396
20	Proposed Revenue Requirement	\$	4,403,009
21	% Increase		46.79%
22			

Customer Classification	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
25 Residential	\$ 2,285,980	\$ 3,359,248	\$ 1,073,268	46.95%
26 Residential MF HOA (11 units)	11,615	13,589	1,974	17.00%
27 Residential MF HOA (12 units)	12,671	14,825	2,154	17.00%
28 Residential MF HOA (18 units)	19,006	22,237	3,231	17.00%
29 Residential MF HOA (25 units)	26,397	30,884	4,487	17.00%
30 Residential MF Appartment (8 units)	8,447	9,883	1,436	17.00%
31 Residential MF Appartment (10 units)	10,559	12,354	1,795	17.00%
32 Residential MF Appartment (66 units)	69,688	81,535	11,847	17.00%
33 Commercial	506,539	791,923	285,384	56.34%
34				
35 Revenue Annualization	30,894	48,300	17,406	56%
36 Subtotal	\$ 2,981,795	\$ 4,384,777	\$ 1,402,982	47.05%
37				
38 Miscellaneous Revenues	18,420	18,420	-	0.00%
39 Effluent Revenues	-	-	-	0.00%
40 Reconciling Amount	(602)	(189)	413	-68.60%
41			(1)	0.00%
42 Total of Water Revenues	\$ 2,999,613	\$ 4,403,008	\$ 1,403,394	46.79%
43				
44				

45 SUPPORTING SCHEDULES:
46 B-1
47 C-1
48 C-3
49 H-1

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Summary of Results of Operations

Exhibit
Schedule A-2
Page 1
Witness: Bourassa

Line No.	Description	Prior Years Ended		Test Year		Projected Year	
		12/31/2023	12/31/2024	Actual 12/31/2025	Adjusted 12/31/2025	Present Rates 12/31/2026	Proposed Rates 12/31/2026
1	Gross Revenues	\$ 2,899,670	\$ 2,909,833	\$ 2,944,719	\$ 2,999,613	\$ 2,999,613	\$ 4,403,009
2							
3	Revenue Deductions and	2,382,966	2,300,510	2,854,259	2,614,168	2,614,168	2,978,301
4	Operating Expenses						
5							
6	Operating Income	\$ 516,704	\$ 609,323	\$ 90,460	\$ 385,444	\$ 385,444	\$ 1,424,708
7							
8	Other Income and	(16,166)	(28,992)	42,002	42,002	42,002	42,002
9	Deductions						
10							
11	Interest Expense	(117,097)	(116,111)	(114,633)	(388,436)	(388,436)	(388,436)
12							
13	Net Income	\$ 383,441	\$ 464,219	\$ 17,828	\$ 39,011	\$ 39,011	\$ 1,078,275
14							
15	Common Shares	1,000	1,000	1,000	1,000	1,000	1,000
16							
17	Earned Per Average						
18	Common Share	383.44	464.22	17.83	39.01	39.01	1,078.27
19							
20	Dividends Paid	-	-	-	-	-	-
21							
22	Dividends Per						
23	Common Share	-	-	-	-	-	-
24							
25	Payout Ratio	-	-	-	-	-	-
26							
27	Return on Average						
28	Invested Capital	2.02%	2.43%	0.10%	0.18%	0.17%	4.73%
29							
30	Return on Year End						
31	Capital	1.83%	2.69%	0.10%	0.16%	0.19%	5.08%
32							
33	Return on Average						
34	Common Equity	9.68%	10.58%	0.39%	0.84%	0.55%	14.87%
35							
36	Return on Year End						
37	Common Equity	9.23%	10.05%	0.38%	0.84%	0.41%	10.93%
38							
39	Times Bond Interest Earned						
40	Before Income Taxes	4.67	6	1.01	0.99	0.99	4.55
41							
42	Times Total Interest and						
43	Preferred Dividends Earned						
44	After Income Taxes	4.41	5	1.20	0.06	0.06	2.79
45							
46							
47							
48							
49							
50	<u>SUPPORTING SCHEDULES</u>						
51	C-1						
52	E-2						
53	F-1						
54							

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Summary of Capital Structure

Exhibit
Schedule A-3
Page 1
Witness: Bourassa

Line No.		Prior Years Ended		Test Year	Projected Year
	Description:	<u>12/31/2023</u>	<u>12/31/2024</u>	<u>12/31/2025</u>	<u>12/31/2026</u>
1					
2					
3	Short-Term Debt	-	-	-	-
3					
4	Long-Term Debt	3,400,000	3,400,000	3,400,000	8,154,679
5					
6	Total Debt	\$ 3,400,000	\$ 3,400,000	\$ 3,400,000	\$ 8,154,679
7					
8					
9	Preferred Stock	-	-	-	-
10					
11	Common Equity	4,154,354	4,618,574	4,636,402	9,572,884
12					
13					
14	Total Capital & Debt	\$ 7,554,354	\$ 8,018,574	\$ 8,036,402	\$ 17,727,564
15					
16					
17	Capitalization Ratios:				
18					
19	Long-Term Debt	45.01%	42.40%	42.31%	46.00%
20					
21	Total Debt	45.01%	42.40%	42.31%	46.00%
22					
23					
24	Preferred Stock	-	-	-	-
25					
26	Common Equity	54.99%	57.60%	57.69%	54.00%
27					
28					
29	Total Capital	100.00%	100.00%	100.00%	100.00%
30					
31					
32	Weighted Cost of				
33	Senior Capital	0.00%	1.42%	1.42%	2.15%
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45	<u>SUPPORTING SCHEDULES:</u>				
46	E-1				
47	D-1				
48					
49					
50					

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Construction Expenditures
and Gross Utility Plant in Service

Exhibit
Schedule A-4
Page 1
Witness: Bourassa

Line No.		<u>Construction Expenditures</u>	<u>Net Plant Placed in Service</u>	<u>Gross Utility Plant in Service</u>
1				
2				
3				
4	Prior Year Ended 12/31/2023	323,769	323,769	24,058,759
5				
6	Prior Year Ended 12/31/2024	450,008	(223,820)	23,834,939
7				
8	Test Year Ended 12/31/2025	1,055,644	(1,436,170)	22,398,769
9				
10	Projected Year Ended 12/31/2026	5,893,075	5,485,529	27,884,298
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34	<u>SUPPORTING SCHEDULES:</u>			
35	B-2			
36	E-5			
37	F-3			
38				
39				
40				

Liberty Utilities (Black Mountain Sewer) Corp.

Test Year Ended December 31, 2025

Summary Statements of Cash Flows

Exhibit

Schedule A-5

Page 1

Witness: Bourassa

Line

No.

	Prior Year Ended <u>12/31/2023</u>	Prior Year Ended <u>12/31/2024</u>	Test Year Ended <u>12/31/2025</u>	Projected Year Present Rates <u>12/31/2026</u>	Projected Year Proposed Rates <u>12/31/2026</u>
5 Cash Flows from Operating Activities					
6 Net Income	\$ 383,441	\$ 464,219	\$ 17,828	\$ 39,011	\$ 1,078,275
7 Adjustments to reconcile net income to net cash					
8 provided by operating activities:					
9 Depreciation and Amortization	896,205	803,495	820,476	906,802	906,802
10 Other -Adjustments	(344,563)	(656,017)	(216,195)	(83,176)	(624,301)
11 Changes in Certain Assets and Liabilities:					
12 Restricted Cash	28,563	13,708	61,918	-	-
13 Accounts Receivable	(77,877)	(231,921)	11,196	-	-
14 Other Receivables	-	-	-	-	-
15 Materials and Supplies Inventory	-	-	-	-	-
16 Prepaid Expenses	-	-	-	-	-
17 Deferred Regulatory Assets/Liabilities	280,414	252,057	163,104	-	-
18 Deferred Income Taxes	(175,774)	(82,333)	12,347	(54,827)	(54,827)
19 Receivables/Payables to Associated Co.	(1,188,494)	(470,010)	24,792	(1,606,568)	(1,606,568)
20 Accounts Payable	8,970	364	34	-	-
21 Interest Payable	114,240	57,120	57,120	-	-
22 Customer Meter and Security Deposits	5,579	(27,584)	12,539	-	-
23 Taxes Payable	204,057	173,001	19,695	(2,053,516)	(2,053,516)
24 Other assets and liabilities	217,573	42,472	32,498	-	-
25 Rounding	(2)	2	1	1	(2)
26 Net Cash Flow provided by Operating Activities	<u>\$ 352,332</u>	<u>\$ 338,573</u>	<u>\$ 1,017,354</u>	<u>\$ (2,852,274)</u>	<u>\$ (2,354,138)</u>
27 Cash Flow From Investing Activities:					
28 Capital Expenditures	(323,769)	(450,008)	(1,055,644)	(5,893,075)	(5,893,075)
29 Plant Held for Future Use	-	-	-	-	-
30 Changes in debt reserve fund	-	-	-	-	-
31 Net Cash Flows from Investing Activities	<u>\$ (323,769)</u>	<u>\$ (450,008)</u>	<u>\$ (1,055,644)</u>	<u>\$ (5,893,075)</u>	<u>\$ (5,893,075)</u>
32 Cash Flow From Financing Activities					
33 Change in Restricted Cash	-	-	-	-	-
34 Proceeds from Long-Term Debt	-	-	-	-	-
35 Net receipt of contributions in aid of construction	-	-	-	-	-
36 Net receipts of advances in aid of construction	-	10,000	41,848	-	-
37 Long-Term Debt	-	-	-	4,754,679	5,003,598
38 Distributions/Dividends Paid	-	-	-	(500,000)	(1,000,000)
39 Deferred Financing Costs	-	-	-	-	-
40 Paid in Capital	-	-	-	4,936,483	5,228,692
41 Net Cash Flows Provided by Financing Activities	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 41,848</u>	<u>\$ 9,191,161</u>	<u>\$ 9,232,289</u>
42 Increase(decrease) in Cash and Cash Equivalents	28,563	(101,435)	3,558	445,812	985,076
43 Cash and Cash Equivalents at Beginning of Year	69,276	97,839	(3,596)	(38)	(38)
44 Cash and Cash Equivalents at End of Year	<u>\$ 97,839</u>	<u>\$ (3,596)</u>	<u>\$ (38)</u>	<u>\$ 445,774</u>	<u>\$ 985,038</u>

45

46

47

48

49 SUPPORTING SCHEDULES:

50 E-3

51 F-2

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Summary of Rate Base

Exhibit
Schedule B-1
Page 1
Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	\$ 29,398,724	\$ 29,398,724
3	Less: Accumulated Depreciation	12,481,526	12,481,526
4			
5	Net Utility Plant in Service	\$ 16,917,198	\$ 16,917,198
6			
7	<u>Less:</u>		
8	Advances in Aid of Construction	-	-
9			
10	Contributions in Aid of Construction	6,957,144	6,957,144
11			
12	Accumulated Amortization of CIAC	(6,055,398)	(6,055,398)
13			
14	Customer Meter Deposits	-	-
15	Customer Security Deposits	22,022	22,022
16	Accumulated Deferred Income Tax	(75,066)	(75,066)
17	Deferred Regulatory Liability - Tax (EADIT)	-	-
18			
19	<u>Plus:</u>		
20	Deferred Reg. Asset - Plant Closure	426,291	426,291
21		1,562,543	1,562,543
22	Prepayments	2,333	2,333
23	Materials and Sup[plies	-	-
24	Cash Working Capital	44,327	44,327
25			
26			
27	Total Rate Base	<u>\$ 18,103,990</u>	<u>\$ 18,103,990</u>
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42	<u>SUPPORTING SCHEDULES:</u>		
43	B-2		
44	B-3		
45	B-5		
46	E-1		
47			
48			
49			
50			
51			

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Original Cost Rate Base Proforma Adjustments

Exhibit
Schedule B-2
Page 1
Witness: Bourassa

Line No.		Actual at End of Test Year	Proforma Adjustment	Adjusted at end of Test Year
1	Gross Utility			
2	Plant in Service	\$ 22,398,769	6,999,955	\$ 29,398,724
3				
4	Less:			
5	Accumulated			
6	Depreciation	12,558,780	(77,254)	12,481,526
7				
8				
9	Net Utility Plant			
10	in Service	\$ 9,839,989		\$ 16,917,198
11				
12	Less:			
13	Advances in Aid of			
14	Construction	-	-	-
15				
16	Contributions in Aid of			
17	Construction - Gross	6,957,144	0	6,957,144
18				
19	Accumulated Amortization of CIAC	(6,058,665)	3,267	(6,055,398)
20				
21	Customer Meter Deposits	-		-
22	Customer Security Deposits	22,022	-	22,022
23	Accumulated Deferred Income Tax	(20,238)	(54,827)	(75,066)
24	Deferred Regulatory Liability - Tax (EADIT)	-	-	-
25				-
26				
27	Plus:			
28	Deferred Reg. Asset - Plant Closure	426,291	-	426,291
29	Deferred Reg. Asset - Plant Closure Ph2	1,562,543	-	1,562,543
30	Prepayments	2,333	-	2,333
31	Materials and Supplies	-	-	-
32	Cash Working capital	-	44,327	44,327
33				-
34				
35	Total	<u>\$ 10,930,893</u>		<u>\$ 18,103,990</u>

SUPPORTING SCHEDULES:

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E-1

RECAP SCHEDULES:

B-1

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Original Cost Rate Base Proforma Adjustments

Exhibit
Schedule B-2
Page 2
Witness: Bourassa

Line No.		Actual at End of Test Year	1 Plant-in-Service	2 Accumulated Depreciation	3 CIAC	Proforma Adjustments		5 Deferred Regulatory Assets	6 ADIT	7 Working Capital	Adjusted at end of Test Year
						4 AIAC					
1	Gross Utility										
2	Plant in Service	\$ 22,398,769	6,999,955								\$ 29,398,724
3											
4	Less:										
5	Accumulated										
6	Depreciation	12,558,780		(77,254)							12,481,526
7											
8											
9	Net Utility Plant										
10	in Service	\$ 9,839,989	\$ 6,999,955	\$ 77,254	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,917,198
11											
12	Less:										
13	Advances in Aid of										
14	Construction	-				-					-
15											
16	Contributions in Aid of										
17	Construction (CIAC)	6,957,144				0					6,957,144
18											
19	Accumulated Amort of CIAC	(6,058,665)				3,267					(6,055,398)
20											
21	Customer Deposits	-									-
22	Customer Security Deposits	22,022									22,022
23	Accumulated Deferred Income Taxes	(20,238)							(54,827)		(75,066)
24	Deferred Regulatory Liability - Tax (EADIT)	-									-
25											
26	Plus:										
27	Deferred Reg. Asset - Plant Closure 1	\$ 426,291									426,291
28	Deferred Reg. Asset - Plant Closure 2	1,562,543									1,562,543
29	Prepayments	2,333									2,333
30	Materials and Supplies	-									-
31	Cash Working Capital	-								44,327	44,327
32											
33	Total	<u>\$ 10,930,893</u>	<u>\$ 6,999,955</u>	<u>\$ 77,254</u>	<u>\$ (3,267)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,827</u>	<u>\$ 44,327</u>	<u>\$ 18,103,990</u>

37 SUPPORTING SCHEDULES:

38 B-2, pages 3-5

39 E-1

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RECAP SCHEDULES:

B-1

Exhibit
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Page 3
Witness: Bourassa

Adjustments

SUPPORTING SCHEDULES
B-2, pages 3.1 to 3.5

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - A
Allocated Corporate Plant

Exhibit
Schedule B-2
Page 3.1
Witness: Bourassa

Line
No.

1	Corporate Plant				
2		[1]	[2]	[3]	[4] = [1]x[2]x[3]
3			Liberty	Black	Allocated
4	Acct.	Original	Utilities	Mountain	Original
5	No. Description	Cost	Factor	Factor	Cost
6	903 Land and Land Rights	\$ 1,474,809	7.4879%	3.3278%	\$ 3,674.99
7	904 Structures and Improvements	12,496,252	7.4879%	3.3278%	31,138.68
8					
9					
10					
11					
12	Corp. Plant (8020)				
13					
14	903 Land and Land Rights	\$ 58,167	51.3889%	3.9229%	\$ 1,172.59
15	904 Structures and Improvements	6,320,249	51.3889%	3.9229%	127,410.62
16	940 Office Furniture and Equipment	1,781,431	51.3889%	3.9229%	35,912.07
17	940.1 Computers and Software	9,745,381	87.0000%	3.9229%	332,598.48
18	940.2 Customer First	28,227,728	87.0000%	3.9229%	963,379.40
19	955 Power Generation	5,710	51.3889%	3.9229%	115.11
20	995 Power Operated Equipment	943,696	51.3889%	3.9229%	19,024.07
21					
22	Totals				
23					
24	903 Land and Land Rights	\$ 1,532,975			\$ 4,848
25	904 Structures and Improvements	18,816,501			158,549
26	940 Office Furniture and Equipment	1,781,431			35,912
27	940.1 Computers and Software	9,745,381			332,598
28	940.2 Customer First	28,227,728			963,379
29	955 Power Generation	5,710			115
30	995 Power Operated Equipment	943,696			19,024
31	997 Miscellaenous Equipment	0			0
32		<u>\$ 61,053,422</u>			<u>\$ 1,514,426</u>
33	TOTAL				
34					
35					
36					
37					
38					
39					
40					
41					
42					
43	<u>SUPPORTING SCHEDULE</u>				
44	Testimony				
45	Work papers				

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - B
Plant Additions Not Classified - 106

Exhibit
Schedule B-2
Page 3.2
Witness: Bourassa

Line	No.	Acct.	Description	2016 Additions	2017 Additions	2018 Additions	2019 Additions	2020 Additions	2021 Additions	2022 Additions	2023 Additions	2024 Additions	2025 Additions	Total Additions
1	106			\$ (2,241)	\$ (15,352)	\$ -	\$ (13,225)	\$ (148)	\$ -	\$ (156,127)	\$ (157,340)	\$ (463,640)	\$ (98,963)	\$ (907,036)
2	351		Organization	-	-	-	-	-	-	-	-	-	-	\$ -
3	352		Franchise	-	-	-	-	-	-	-	-	-	-	\$ -
4	353		Land	-	-	-	-	-	-	-	3,868	-	-	\$ 3,868
5	354		Structures & Improvements	-	-	-	-	-	-	145,029	67,885	-	-	\$ 212,914
6	355		Power Generation	-	-	-	-	-	-	-	-	-	-	\$ -
7	360		Collection Sewer Forced	-	-	-	-	-	-	-	-	71,909	-	\$ 71,909
8	361		Collection Sewers Gravity	2,241	15,352	-	13,225	148	-	11,098	8,094	-	98,963	\$ 149,120
9	362		Special Collecting Structures	-	-	-	-	-	-	-	-	-	-	\$ -
10	363		Customer Services	-	-	-	-	-	-	-	-	-	-	\$ -
11	364		Flow Measuring Devices	-	-	-	-	-	-	-	-	-	-	\$ -
12	365		Flow Measuring Installations	-	-	-	-	-	-	-	-	-	-	\$ -
13	366		Reuse Services	-	-	-	-	-	-	-	-	-	-	\$ -
14	367		Reuse Meters And Installation	-	-	-	-	-	-	-	-	-	-	\$ -
15	370		Receiving Wells	-	-	-	-	-	-	-	-	-	-	\$ -
16	371		Pumping Equipment	-	-	-	-	-	-	-	57,403	-	-	\$ 57,403
17	374		Reuse Distribution Reservoirs	-	-	-	-	-	-	-	-	-	-	\$ -
18	375		Reuse Trans. and Dist. System	-	-	-	-	-	-	-	-	-	-	\$ -
19	380		Treatment & Disposal Equipment	-	-	-	-	-	-	-	-	-	-	\$ -
20	381		Plant Sewers	-	-	-	-	-	-	-	-	-	-	\$ -
21	382		Outfall Sewer Lines	-	-	-	-	-	-	-	-	-	-	\$ -
22	389		Other Sewer Plant & Equipment	-	-	-	-	-	-	-	-	-	-	\$ -
23	390		Office Furniture & Equipment	-	-	-	-	-	-	-	-	-	-	\$ -
24	390.1		Computers and Software	-	-	-	-	-	-	-	-	-	-	\$ -
25	391		Transportation Equipment	-	-	-	-	-	-	-	-	391,732	-	\$ 391,732
26	392		Stores Equipment	-	-	-	-	-	-	-	-	-	-	\$ -
27	393		Tools, Shop And Garage Equip	-	-	-	-	-	-	-	-	-	-	\$ -
28	394		Laboratory Equip	-	-	-	-	-	-	-	-	-	-	\$ -
29	395		Power Operated Equip	-	-	-	-	-	-	-	-	-	-	\$ -
30	396		Communication Equip	-	-	-	-	-	-	-	20,091	-	-	\$ 20,091
31	397		Miscellaneous Equip.	-	-	-	-	-	-	-	-	-	-	\$ -
32	398		Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	\$ -
33														
34			TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SUPPORTING SCHEDULE

Testimony
Work papers

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - C
Construction Work in Progress - 105 Transferred

Exhibit
Schedule B-2
Page 3.3
Witness: Bourassa

Line			2022	2023	2024	2025	Total
No.	Acct.	Description	Additions	Additions	Additions	Additions	Additions
1	351	Organization	\$ -	\$ -	\$ -	\$ -	\$ -
2	352	Franchise	-	-	-	-	-
3	353	Land	-	-	-	-	-
4	354	Structures & Improvements	-	-	-	-	-
5	355	Power Generation	-	-	-	-	-
6	360	Collection Sewer Forced	15,019.21	-	-	51,608	66,627
7	361	Collection Sewers Gravity	51,013.65	-	-	296,134	347,148
8	362	Special Collecting Structures	-	-	67,305	475,634	542,939
9	363	Customer Services	-	-	503	-	503
10	364	Flow Measuring Devices	-	-	-	-	-
11	365	Flow Measuring Installations	-	-	-	-	-
12	366	Reuse Services	-	-	-	-	-
13	367	Reuse Meters And Installation	-	-	-	-	-
14	370	Receiving Wells	-	-	-	-	-
15	371	Pumping Equipment	-	-	-	85,028	85,028
16	374	Reuse Distribution Reservoirs	-	-	-	-	-
17	375	Reuse Trans. and Dist. System	-	-	-	-	-
18	380	Treatment & Disposal Equipment	-	-	-	-	-
19	381	Plant Sewers	-	1,514	-	-	1,514
20	382	Outfall Sewer Lines	-	-	-	-	-
21	389	Other Sewer Plant & Equipment	-	-	-	-	-
22	390	Office Furniture & Equipment	-	-	-	-	-
23	390.1	Computers and Software	-	-	-	-	-
24	391	Transportation Equipment	-	-	-	-	-
25	392	Stores Equipment	-	-	-	-	-
26	393	Tools, Shop And Garage Equip	-	2,109	-	-	2,109
27	394	Laboratory Equip	-	-	-	-	-
28	395	Power Operated Equip	-	-	-	-	-
29	396	Communication Equip	789.29	-	50,670	9,552	61,011
30	397	Miscellaneous Equip.	-	-	-	-	-
31	398	Other Tangible Plant	-	-	-	-	-
32							
33		TOTAL	\$ 66,822	\$ 3,624	\$ 118,478	\$ 917,956	\$ 1,106,880
34							
35							
36							
37							
38							
39							
40							
41							
42							
43		<u>SUPPORTING SCHEDULE</u>					
44		Testimony					
45		Work papers					

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - D
Post-Test Year Plant

Exhibit
Schedule B-2
Page 3.4
Witness: Bourassa

Line

<u>No.</u>	<u>Acct.</u>	<u>Description</u>	<u>Amount</u>
1	351	Organization	\$ -
2	352	Franchise	-
3	353	Land	-
4	354	Structures & Improvements	202,400
5	355	Power Generation	-
6	360	Collection Sewer Forced	2,804,000
7	361	Collection Sewers Gravity	168,000
8	362	Special Collecting Structures	-
9	363	Customer Services	48,000
10	364	Flow Measuring Devices	60,000
11	365	Flow Measuring Installations	-
12	366	Reuse Services	-
13	367	Reuse Meters And Installation	-
14	370	Receiving Wells	909,000
15	371	Pumping Equipment	20,000
16	374	Reuse Distribution Reservoirs	-
17	375	Reuse Trans. and Dist. System	-
18	380	Treatment & Disposal Equipment	204,000
19	381	Plant Sewers	-
20	382	Outfall Sewer Lines	-
21	389	Other Sewer Plant & Equipment	10,000
22	390	Office Furniture & Equipment	-
23	390.1	Computers and Software	-
24	391	Transportation Equipment	-
25	392	Stores Equipment	-
26	393	Tools, Shop And Garage Equip	-
27	394	Laboratory Equip	-
28	395	Power Operated Equip	-
29	396	Communication Equip	-
30	397	Miscellaneous Equip.	43,000
31	398	Other Tangible Plant	-
32			
33		TOTAL	<u>\$ 4,468,400</u>
34			
35			
36			
37			
38			
39			
40			
41			
42			
43		<u>SUPPORTING SCHEDULE</u>	
44		Testimony	
45		Work papers	

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - E
Capitalized Overhead Adjustments

Exhibit
Schedule B-2
Page 3.5
Witness: Bourassa

Line No.	Acct.							Intentionally Blank	
	No.	Description	2019	2020	2021	2022	2023		Total
3	106	Construction Completed Not Classified	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-
4	351	Organization	-	-	-	-	-		-
5	352	Franchise	-	-	-	-	-		-
6	353	Land	(342)	(226)	(7)	(31)	(170)		(776)
7	354	Structures & Improvements	(26,141)	(628)	(241)	(2,547)	(1,929)		(31,486)
8	355	Power Generation	-	-	-	-	-		-
9	355.1	Solar Generation	-	-	-	-	-		-
10	360	Collection Sewer Forced	(963)	(429)	(30)	(2,331)	(4,970)		(8,722)
11	361	Collection Sewers Gravity	(2,348)	(1,647)	(4,413)	(8,952)	(5,212)		(22,572)
12	362	Special Collecting Structures	(381)	-	-	-	-		(381)
13	363	Customer Services	-	(2)	(2,351)	(987)	(5,800)		(9,141)
14	364	Flow Measuring Devices	(517)	-	-	-	-		(517)
15	365	Flow Measuring Installations	-	-	-	-	-		-
16	366	Reuse Services	-	-	-	-	-		-
17	367	Reuse Meters And Installation	-	-	-	-	-		-
18	370	Receiving Wells	(859)	-	-	-	-		(859)
19	371	Pumping Equipment	(7,380)	(991)	(1,187)	(3,939)	(3,646)		(17,142)
20	374	Reuse Distribution Reservoirs	-	-	-	-	-		-
21	375	Reuse Trans. and Dist. System	-	-	-	-	-		-
22	380	Treatment & Disposal Equipment	(2,636)	-	(3)	(76)	(462)		(3,178)
23	380.1	Odor Control GAC	-	-	-	-	-		-
24	381	Plant Sewers	(54)	(336)	-	-	-		(390)
25	382	Outfall Sewer Lines	-	-	-	-	-		-
26	389	Other Sewer Plant & Equipment	(35)	-	-	-	-		(35)
27	390	Office Furniture & Equipment	-	-	-	-	-		-
28	390.1	Computers and Software	(10)	(78)	(149)	(44)	-		(280)
29	391	Transportation Equipment	(1,619)	-	-	-	-		(1,619)
30	392	Stores Equipment	-	-	-	-	-		-
31	393	Tools, Shop And Garage Equip	-	-	(669)	(1,430)	(63)		(2,162)
32	394	Laboratory Equip	-	-	(15)	-	-		(15)
33	395	Power Operated Equipment	-	-	-	-	-		-
34	396	Communication Equip	(318)	(546)	(1,050)	(3,178)	(1,060)		(6,152)
35	397	Miscellaneous Equip.	-	-	(619)	-	-		(619)
36	397.1	Misc. Equipment CNG	-	-	-	-	-		-
37	398	Other Tangible Plant	-	-	-	-	(18)		(18)
38									-
39		TOTALS	\$ (43,603)	\$ (4,883)	\$ (10,734)	\$ (23,515)	\$ (23,330)	\$	(106,065)

SUPPORTING SCHEDULE
Work papers

RECAP SCHEDULES:
B-2, page 3

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - F
AFUDC Adjustments

Exhibit
Schedule B-2
Page 3.6
Witness: Bourassa

Line No.	Acct. No.	Description	2023	2024	2025	Total
1						
2						
3	106	Construction Completed Not Classified	\$ -	\$ -	\$ -	\$ -
4	351	Organization	-	-	-	-
5	352	Franchise	-	-	-	-
6	353	Land	-	-	-	-
7	354	Structures & Improvements	-	-	-	-
8	355	Power Generation	-	-	-	-
9	355.1	Solar Generation	-	-	-	-
10	360	Collection Sewer Forced	-	-	(27)	(27)
11	361	Collection Sewers Gravity	-	-	(711)	(711)
12	362	Special Collecting Structures	-	(194)	(769)	(963)
13	363	Customer Services	-	-	-	-
14	364	Flow Measuring Devices	-	-	-	-
15	365	Flow Measuring Installations	-	-	-	-
16	366	Reuse Services	-	-	-	-
17	367	Reuse Meters And Installation	-	-	-	-
18	370	Receiving Wells	-	-	-	-
19	371	Pumping Equipment	-	-	(149)	(149)
20	374	Reuse Distribution Reservoirs	-	-	-	-
21	375	Reuse Trans. and Dist. System	-	-	-	-
22	380	Treatment & Disposal Equipment	-	-	-	-
23	380.1	Odor Control GAC	-	-	-	-
24	381	Plant Sewers	(80)	-	-	(80)
25	382	Outfall Sewer Lines	-	-	-	-
26	389	Other Sewer Plant & Equipment	-	-	-	-
27	390	Office Furniture & Equipment	-	-	-	-
28	390.1	Computers and Software	-	-	-	-
29	391	Transportation Equipment	(511)	-	-	(511)
30	392	Stores Equipment	-	-	-	-
31	393	Tools, Shop And Garage Equip	-	-	-	-
32	394	Laboratory Equip	-	-	-	-
33	395	Power Operated Equipment	-	-	-	-
34	396	Communication Equip	-	-	-	-
35	397	Miscellaneous Equip.	-	-	-	-
36	397.1	Misc. Equipment CNG	-	-	-	-
37	398	Other Tangible Plant	-	-	-	-
38						
39		TOTALS	\$ (591)	\$ (194)	\$ (1,656)	\$ (2,441)

SUPPORTING SCHEDULE
Work papers

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - G
Adjustment for Retirements

Exhibit
Schedule B-2
Page 3.7
Witness: Bourassa

Line
No.

1	Acct.										
	No.	Description	2019	2020	2021	2022	2023	2024	2025 and PTYP	Total	
2	106	Construction Completed Not Classified	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
3	351	Organization	-	-	-	-	-	-	-	-	
4	352	Franchise	-	-	-	-	-	-	-	-	
5	353	Land	-	-	-	-	-	-	-	-	
6	354	Structures & Improvements	-	(2,026)	(16,119)	(12,374)	(18,229)	(17,509)	-	(66,256)	
7	355	Power Generation	-	-	-	-	-	-	-	-	
8	355.1	Solar Generation	-	-	-	-	-	-	-	-	
9	360	Collection Sewer Forced	-	-	(6,416)	(24,560)	-	(37,088)	(16,507)	(84,571)	
10	361	Collection Sewers Gravity	-	(10,124)	(11,880)	(20,023)	(1,633)	-	(117,876)	(161,536)	
11	362	Special Collecting Structures	-	-	-	-	-	-	-	-	
12	363	Customer Services	-	-	(32,288)	(9,037)	-	(152)	-	(41,477)	
13	364	Flow Measuring Devices	-	-	-	-	-	-	-	-	
14	365	Flow Measuring Installations	-	-	-	-	-	-	-	-	
15	366	Reuse Services	-	-	-	-	-	-	-	-	
16	367	Reuse Meters And Installation	-	-	-	-	-	-	-	-	
17	370	Receiving Wells	-	-	-	-	-	-	-	-	
18	371	Pumping Equipment	(34,164)	(4,288)	(24,029)	(31,237)	(21,857)	-	(19,355)	(134,930)	
19	374	Reuse Distribution Reservoirs	-	-	-	-	-	-	-	-	
20	375	Reuse Trans. and Dist. System	-	-	-	-	-	-	-	-	
21	380	Treatment & Disposal Equipment	-	-	-	-	-	-	-	-	
22	380.1	Odor Control GAC	-	-	-	-	-	-	-	-	
23	381	Plant Sewers	-	-	-	-	-	-	-	-	
24	382	Outfall Sewer Lines	-	-	-	-	-	-	-	-	
25	389	Other Sewer Plant & Equipment	-	-	-	-	-	-	-	-	
26	390	Office Furniture & Equipment	-	(2,934)	(6,116)	-	-	-	-	(9,049)	
27	390.1	Computers and Software	-	-	-	-	-	-	-	-	
28	391	Transportation Equipment	(8,167)	-	-	-	-	-	-	(8,167)	
29	392	Stores Equipment	-	-	-	-	-	-	-	-	
30	393	Tools, Shop And Garage Equip	-	-	(2,722)	(23,567)	(904)	-	-	(27,193)	
31	394	Laboratory Equip	-	-	(995)	-	-	-	-	(995)	
32	395	Power Operated Equipment	-	-	-	-	-	-	-	-	
33	396	Communication Equip	(8,508)	-	(5,326)	(75,287)	-	-	-	(89,122)	
34	397	Miscellaneous Equip.	-	-	-	-	-	-	-	-	
35	397.1	Misc. Equipment CNG	-	-	-	-	-	-	-	-	
36	398	Other Tangible Plant	-	-	-	-	-	-	-	-	
37											
38											
39		TOTALS	\$ (50,839)	\$ (19,372)	\$ (105,892)	\$ (196,084)	\$ (42,623)	\$ (54,748)	\$ (153,738)	\$ (623,296)	
40											
41											
42											
43											
44											
45		SUPPORTING SCHEDULE									
46		Work papers									
47											

RECAP SCHEDULES:
B-2, page 3

Exhibit
Schedule B-2
Page 3.8
Witness: Bourassa

	No.	Description	Original Cost	B-2 Adjustments	Adjusted Original Cost	Plant Per Reconstruction	Difference
\$	906,978	\$	(907,036)	\$	(58)	-	\$ 58
351	Organization	-	-	-	-	-	-
352	Franchise	-	-	-	-	-	-
353	Land	145,703	\$ 3,092	148,796	148,795	(0)	
354	Structures & Improvements	3,514,701	\$ 317,572	3,832,273	4,477,368	645,095	
355	Power Generation	8,976	\$ -	8,976	8,976	-	
360	Collection Sewer Forced	4,847,269	\$ 2,849,216	7,696,485	7,736,408	39,923	
361	Collection Sewers Gravity	5,811,032	\$ 479,449	6,290,481	6,219,736	(70,746)	
362	Special Collecting Structures	674,337	\$ 541,595	1,215,932	1,216,313	381	
363	Customer Services	367,943	\$ (2,115)	365,828	360,117	(5,711)	
364	Flow Measuring Devices	60,961	\$ 59,483	120,444	120,961	517	
365	Flow Measuring Installations	180,051	\$ -	180,051	180,051	0	
366	Reuse Services	-	\$ -	-	-	-	
367	Reuse Meters And Installation	-	\$ -	-	-	-	
370	Receiving Wells	773,931	\$ 908,141	1,682,072	1,711,684	29,612	
371	Pumping Equipment	1,488,975	\$ 10,210	1,499,184	1,513,319	14,135	
374	Reuse Distribution Reservoirs	(1)	\$ -	(1)	(1)	-	
375	Reuse Trans. and Dist. System	-	\$ -	-	-	-	
380	Treatment & Disposal Equipment	405,099	\$ 200,822	605,921	665,059	59,138	
381	Plant Sewers	150,438	\$ 1,044	151,482	155,494	4,012	
382	Outfall Sewer Lines	-	\$ -	-	-	-	
389	Other Sewer Plant & Equipment	1,005,904	\$ 9,965	1,015,869	1,089,336	73,468	
390	Office Furniture & Equipment	302,820	\$ (9,049)	293,770	74,452	(219,319)	
390.1	Computers and Software	(8,306)	\$ (280)	(8,586)	75,458	84,044	
391	Transportation Equipment	113,055	\$ 381,435	494,489	479,062	(15,427)	
392	Stores Equipment	5,159	\$ -	5,159	-	(5,159)	
393	Tools, Shop And Garage Equip	84,253	\$ (27,246)	57,007	56,846	(162)	
394	Laboratory Equip	14,738	\$ (1,010)	13,727	7,964	(5,764)	
395	Power Operated Equip	-	\$ -	-	-	-	
396	Communication Equip	233,755	\$ (14,173)	219,582	233,538	13,956	
397	Miscellaneous Equip.	31,546	\$ 42,381	73,927	73,927	0	
398	Other Tangible Plant	1,279,453	\$ (18)	1,279,436	1,279,436	(0)	
-		\$	-	-	-	-	
Plant Held for Future Use							-
TOTALS			\$ 22,398,769	\$ 4,843,477	\$ 27,242,246	\$ 27,884,298	\$ 642,052
<u>SUPPORTING SCHEDULE</u>							
B-2, pages 3.1 through 3.4							
B-2, pages 3.6 through 3.10							

						Decision 78017							
						2018							
Line	NARUC			Previous	Allowed		PTYR	PTYR		Decision			
No.	Account	Description	Vintage	Allowed	Deprec.	Plant	Plant	Plant	INDOH	Adjusted	Accum.	PTYP Adj	Net
No.	No.		Year	Rate	Rate	Balance	Plant	Retirements	PTYP	Balance	Deprec.	A/D	Plant
1	351	Organization		0.00%	0.00%								-
2	352	Franchises		0.00%	0.00%								-
3	353	Land and Land Rights		0.00%	0.00%	137,642	-	-	-	137,642	-	-	137,642
4	354	Structures and Improvements		3.33%	3.33%	4,065,200	-	-	-	4,065,200	1,333,123	-	2,732,077
5	355	Power Generation Equipment		5.00%	5.00%	8,976	-	-	-	8,976	2,147	-	6,829
6	360	Collection Sewers - Force		2.00%	2.00%	4,754,146	-	-	-	4,754,146	105,030	-	4,649,116
7	361	Collection Sewers - Gravity		2.00%	2.00%	5,536,937	(89,169)	-	-	5,447,768	3,839,252	(892)	1,607,524
8	362	Special Collecting Structures		2.00%	2.00%	674,337	-	-	-	674,337	(59,703)	-	734,039
9	363	Services to Customers		2.00%	2.00%	255,134	-	-	-	255,134	187,167	-	67,968
10	364	Flow Measuring Devices		10.00%	10.00%	60,961	-	-	-	60,961	(26,954)	-	87,916
11	365	Flow Measuring Installations		10.00%	10.00%	180,051	-	-	-	180,051	179,901	-	150
12	366	Reuse Services		2.00%	2.00%	-	-	-	-	-	-	-	-
13	367	Reuse Meters And Installation		8.33%	8.33%	-	-	-	-	-	-	-	-
14	370	Receiving Wells		3.33%	3.33%	773,931	-	-	-	773,931	561,521	-	212,410
15	371	Effluent Pumping Equipment		12.50%	12.50%	1,269,623	(85,827)	-	-	1,183,795	609,111	(5,364)	569,320
16	374	Reuse Distribution Reservoirs		2.50%	2.50%	(1)	-	-	-	(1)	(2)	-	0
17	375	Reuse Trans. and Dist. System		2.50%	2.50%	-	-	-	-	-	-	-	-
18	380	Treatment and Disposal Equipment		5.00%	5.00%	460,856	-	-	-	460,856	156,106	-	304,749
19	381	Plant Sewers		5.00%	5.00%	134,266	-	-	-	134,266	107,935	-	26,331
20	382	Outfall Sewer Lines		3.33%	3.33%	-	-	-	-	-	-	-	-
21	389	Other Plant and Misc. Equipment		6.67%	6.67%	979,100	-	-	-	979,100	834,790	-	144,309
22	390	Office Furniture and Equipment		6.67%	6.67%	84,741	-	-	-	84,741	64,075	-	20,667
23	390.1	Computers and Software		20.00%	20.00%	75,738	-	-	-	75,738	57,860	-	17,877
24	391	Transportation Equipment		20.00%	20.00%	109,174	(131,611)	-	-	(22,437)	(9,148)	(13,161)	(26,450)
25	392	Stores Equipment		4.00%	4.00%	-	-	-	-	-	-	-	-
26	393	Tools, Shop and Garage Equipment.		5.00%	5.00%	32,874	-	-	-	32,874	8,603	-	24,270
27	394	Laboratory Equipment		10.00%	10.00%	13,628	-	-	-	13,628	5,682	-	7,946
28	395	Power Operated Equipment		5.00%	5.00%	-	-	-	-	-	-	-	-
29	396	Communication Equipment		10.00%	10.00%	138,613	(7,063)	-	-	131,550	85,499	(353)	45,698
30	397	Miscellaneous Equip.		10.00%	10.00%	6,833	-	-	-	6,833	2,392	-	4,442
31	398	Other TangiblePlant		10.00%	10.00%	1,279,453	-	-	-	1,279,453	31,986	-	1,247,467
32		TOTAL				21,032,213	(313,671)	-	-	20,718,542	8,076,374	(19,770)	12,622,398

Line No.	NARUC Account No.	Description	Vintage Year	Previous Allowed Deprec. Rate	Allowed Deprec. Rate	2019							2020						
						Adjusted Plant Additions	Adjusted Plant Retirements	Salvage A/D Only	Deprecation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant	Adjusted Plant Additions	Adjusted Plant Retirements	Salvage A/D Only	Deprecation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
1	351	Organization		0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	352	Franchises		0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	353	Land and Land Rights		0.00%	0.00%	(342)	-	-	-	137,300	-	137,300	(226)	-	-	-	137,074	-	137,074
4	354	Structures and Improvements		3.33%	3.33%	(33,737)	-	-	134,809	4,031,463	1,467,933	2,563,530	9,342	2,026	-	134,369	4,038,778	1,600,276	2,438,502
5	355	Power Generation Equipment		5.00%	5.00%	-	-	-	449	8,976	2,595	6,380	-	-	-	449	8,976	3,044	5,932
6	360	Collection Sewers - Force		2.00%	2.00%	-	-	-	93,328	4,754,146	198,358	4,555,787	(429)	-	-	95,079	4,753,717	293,437	4,460,280
7	361	Collection Sewers - Gravity		2.00%	2.00%	119,986	15,660	-	109,999	5,552,094	3,933,591	1,618,503	(65,223)	10,124	-	45,718	5,476,747	3,969,185	1,507,562
8	362	Special Collecting Structures		2.00%	2.00%	-	-	-	13,487	674,337	(46,216)	720,553	-	-	-	13,487	674,337	(32,729)	707,066
9	363	Services to Customers		2.00%	2.00%	-	-	-	5,056	255,134	192,223	62,912	(2)	-	-	4,173	255,132	196,395	58,737
10	364	Flow Measuring Devices		10.00%	10.00%	-	-	-	536	60,961	(26,419)	87,380	-	-	-	6,096	60,961	(20,322)	81,284
11	365	Flow Measuring Installations		10.00%	10.00%	-	-	-	43	180,051	179,944	107	-	-	-	43	180,051	179,987	64
12	366	Reuse Services		2.00%	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	367	Reuse Meters And Installation		8.33%	8.33%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	370	Receiving Wells		3.33%	3.33%	-	-	-	25,772	773,931	587,293	186,638	-	-	-	25,772	773,931	613,065	160,866
15	371	Effluent Pumping Equipment		12.50%	12.50%	128,918	36,256	-	125,122	1,276,458	697,978	578,480	12,989	4,288	-	125,723	1,285,159	819,413	465,746
16	374	Reuse Distribution Reservoirs		2.50%	2.50%	-	-	-	(0)	(1)	(2)	0	-	-	-	(0)	(1)	(2)	0
17	375	Reuse Trans. and Dist. System		2.50%	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	380	Treatment and Disposal Equipment		5.00%	5.00%	-	1,227	-	20,727	459,629	175,607	284,023	-	-	-	20,727	459,629	196,333	263,296
19	381	Plant Sewers		5.00%	5.00%	-	-	-	1,402	134,266	109,337	24,929	19,794	-	-	1,897	154,060	111,235	42,826
20	382	Outfall Sewer Lines		3.33%	3.33%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	389	Other Plant and Misc. Equipment		6.67%	6.67%	100,237	-	-	50,113	1,079,336	884,903	194,434	-	-	-	15,249	1,079,336	900,152	179,185
22	390	Office Furniture and Equipment		6.67%	6.67%	-	7,375	-	5,406	77,366	62,106	15,260	2,008	2,934	-	5,129	76,440	64,301	12,138
23	390.1	Computers and Software		20.00%	20.00%	(10)	-	-	4,299	75,727	62,159	13,568	(78)	-	-	4,258	75,650	66,417	9,233
24	391	Transportation Equipment		20.00%	20.00%	131,611	8,167	-	7,857	101,007	(9,458)	110,466	-	-	-	20,201	101,007	10,743	90,264
25	392	Stores Equipment		4.00%	4.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	393	Tools, Shop and Garage Equipment.		5.00%	5.00%	-	-	-	1,644	32,874	10,247	22,626	-	-	-	1,644	32,874	11,891	20,983
27	394	Laboratory Equipment		10.00%	10.00%	-	5,887	-	1,068	7,741	863	6,878	-	-	-	774	7,741	1,638	6,104
28	395	Power Operated Equipment		5.00%	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	396	Communication Equipment		10.00%	10.00%	6,745	8,508	-	9,712	129,786	86,702	43,084	6,228	-	-	10,361	136,014	97,063	38,951
30	397	Miscellaneous Equip.		10.00%	10.00%	-	-	-	683	6,833	3,075	3,758	-	-	-	683	6,833	3,758	3,075
31	398	Other TangiblePlant		10.00%	10.00%	-	-	-	127,945	1,279,453	159,932	1,119,522	-	-	-	127,945	1,279,453	287,877	991,576
32		TOTAL				453,407	83,079	-	739,458	21,088,870	8,732,752	12,356,118	(15,597)	19,372	-	659,778	21,053,901	9,373,158	11,680,743

Line No.	NARUC Account No.	Description	Vintage Year	Previous		2021							2022						
				Allowed Deprec.	Allowed Deprec.	Adjusted Plant Additions	Adjusted Plant Retirements	Salvage A/D Only	Deprecation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant	Adjusted Plant Additions	Adjusted Plant Retirements	Salvage A/D Only	Deprecation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
				Rate	Rate														
1	351	Organization		0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	352	Franchises		0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	353	Land and Land Rights		0.00%	0.00%	(7)	180	-	-	136,888	-	136,888	(31)	-	-	(180)	136,856	-	136,856
4	354	Structures and Improvements		3.33%	3.33%	48,921	16,119	-	135,037	4,071,581	1,719,195	2,352,386	185,542	12,374	-	138,467	4,244,750	1,845,288	2,399,461
5	355	Power Generation Equipment		5.00%	5.00%	-	-	-	449	8,976	3,493	5,483	-	-	-	449	8,976	3,942	5,034
6	360	Collection Sewers - Force		2.00%	2.00%	15,359	6,416	-	95,164	4,762,660	382,185	4,380,476	129,383	24,560	-	96,301	4,867,483	453,926	4,413,557
7	361	Collection Sewers - Gravity		2.00%	2.00%	237,828	11,880	-	60,044	5,702,695	4,017,348	1,685,347	91,305	20,023	-	37,787	5,773,977	4,035,113	1,738,864
8	362	Special Collecting Structures		2.00%	2.00%	-	-	-	13,487	674,337	(19,242)	693,579	-	-	-	13,487	674,337	(5,756)	680,092
9	363	Services to Customers		2.00%	2.00%	79,914	32,288	-	2,163	302,757	166,270	136,488	23,845	9,037	-	3,200	317,566	160,432	157,133
10	364	Flow Measuring Devices		10.00%	10.00%	-	-	-	6,096	60,961	(14,226)	75,188	-	-	-	6,096	60,961	(8,130)	69,091
11	365	Flow Measuring Installations		10.00%	10.00%	-	-	-	43	180,051	180,030	21	-	-	-	21	180,051	180,051	(0)
12	366	Reuse Services		2.00%	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	367	Reuse Meters And Installation		8.33%	8.33%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	370	Receiving Wells		3.33%	3.33%	-	-	-	25,772	773,931	638,837	135,094	-	-	-	25,772	773,931	664,609	109,322
15	371	Effluent Pumping Equipment		12.50%	12.50%	67,898	24,029	-	120,364	1,329,028	915,748	413,279	98,105	31,237	-	121,216	1,395,895	1,005,727	390,168
16	374	Reuse Distribution Reservoirs		2.50%	2.50%	-	-	-	(0)	(1)	(2)	0	-	-	-	(0)	(1)	(2)	0
17	375	Reuse Trans. and Dist. System		2.50%	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	380	Treatment and Disposal Equipment		5.00%	5.00%	859	-	-	20,748	460,489	217,082	243,407	1,033	-	-	20,795	461,521	237,877	223,644
19	381	Plant Sewers		5.00%	5.00%	-	-	-	2,392	154,060	113,627	40,434	-	-	-	2,392	154,060	116,019	38,041
20	382	Outfall Sewer Lines		3.33%	3.33%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	389	Other Plant and Misc. Equipment		6.67%	6.67%	-	-	-	15,249	1,079,336	915,401	163,935	-	-	-	15,249	1,079,336	930,650	148,686
22	390	Office Furniture and Equipment		6.67%	6.67%	4,185	6,116	-	5,034	74,509	63,220	11,289	(58)	-	-	4,780	74,452	68,000	6,451
23	390.1	Computers and Software		20.00%	20.00%	(149)	-	-	4,070	75,501	70,487	5,014	(44)	-	-	3,505	75,458	73,992	1,465
24	391	Transportation Equipment		20.00%	20.00%	-	-	-	20,201	101,007	30,944	70,063	-	-	-	20,201	101,007	51,146	49,861
25	392	Stores Equipment		4.00%	4.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	393	Tools, Shop and Garage Equipment.		5.00%	5.00%	19,395	2,722	-	2,061	49,546	11,229	38,317	29,723	23,567	-	2,631	55,703	(9,707)	65,409
27	394	Laboratory Equipment		10.00%	10.00%	1,217	995	-	785	7,964	1,428	6,536	-	-	-	796	7,964	2,224	5,740
28	395	Power Operated Equipment		5.00%	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	396	Communication Equipment		10.00%	10.00%	37,037	5,326	-	11,508	167,725	103,245	64,480	61,848	75,287	-	13,887	154,286	41,845	112,441
30	397	Miscellaneous Equip.		10.00%	10.00%	24,093	-	-	1,888	30,927	5,646	25,280	-	-	-	3,093	30,927	8,739	22,188
31	398	Other TangiblePlant		10.00%	10.00%	-	-	-	127,945	1,279,453	415,822	863,631	-	-	-	127,945	1,279,453	543,768	735,686
32		TOTAL				536,552	106,072	-	670,501	21,484,382	9,937,767	11,546,615	620,651	196,084	-	657,892	21,908,948	10,399,755	11,509,193

Line No.	NARUC Account No.	Description	Vintage Year	Previous Allowed Deprec. Rate	Allowed Deprec. Rate	2023							2024						
						Adjusted Plant Additions	Adjusted Plant Retirements	Salvage A/D Only	Deprecation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant	Adjusted Plant Additions	Adjusted Plant Retirements	Salvage A/D Only	Deprecation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
1	351	Organization		0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	352	Franchises		0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	353	Land and Land Rights		0.00%	0.00%	11,939	-	-	(350)	148,795	-	148,795	-	-	-	(350)	148,795	-	148,795
4	354	Structures and Improvements		3.33%	3.33%	65,956	18,229	-	142,145	4,292,477	1,969,204	2,323,273	-	17,509	-	142,648	4,274,968	2,094,343	2,180,625
5	355	Power Generation Equipment		5.00%	5.00%	-	-	-	449	8,976	4,391	4,585	-	-	-	449	8,976	4,839	4,136
6	360	Collection Sewers - Force		2.00%	2.00%	(4,970)	-	-	92,380	4,862,513	546,306	4,316,207	71,909	37,088	-	97,598	4,897,334	606,817	4,290,517
7	361	Collection Sewers - Gravity		2.00%	2.00%	2,881	1,633	-	38,729	5,775,225	4,072,209	1,703,016	-	-	-	38,758	5,775,225	4,110,967	1,664,258
8	362	Special Collecting Structures		2.00%	2.00%	-	-	-	13,487	674,337	7,731	666,606	67,111	-	-	14,158	741,448	21,889	719,559
9	363	Services to Customers		2.00%	2.00%	(5,800)	-	-	(2,362)	311,765	158,071	153,694	503	152	-	3,328	312,117	161,247	150,870
10	364	Flow Measuring Devices		10.00%	10.00%	-	-	-	6,096	60,961	(2,034)	62,995	-	-	-	6,096	60,961	4,062	56,899
11	365	Flow Measuring Installations		10.00%	10.00%	-	-	-	-	180,051	180,051	(0)	-	-	-	-	180,051	180,051	(0)
12	366	Reuse Services		2.00%	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	367	Reuse Meters And Installation		8.33%	8.33%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	370	Receiving Wells		3.33%	3.33%	28,753	-	-	26,251	802,684	690,859	111,825	-	-	-	26,729	802,684	717,589	85,095
15	371	Effluent Pumping Equipment		12.50%	12.50%	53,757	21,857	-	122,429	1,427,795	1,106,299	321,496	-	-	-	116,133	1,427,795	1,222,432	205,363
16	374	Reuse Distribution Reservoirs		2.50%	2.50%	-	-	-	(0)	(1)	(2)	0	-	-	-	(0)	(1)	(2)	0
17	375	Reuse Trans. and Dist. System		2.50%	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	380	Treatment and Disposal Equipment		5.00%	5.00%	(462)	-	-	20,359	461,059	258,236	202,823	-	-	-	20,798	461,059	279,034	182,025
19	381	Plant Sewers		5.00%	5.00%	1,434	-	-	2,428	155,494	118,447	37,047	-	-	-	2,464	155,494	120,911	34,583
20	382	Outfall Sewer Lines		3.33%	3.33%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	389	Other Plant and Misc. Equipment		6.67%	6.67%	-	-	-	15,249	1,079,336	945,899	133,437	-	-	-	15,216	1,079,336	961,115	118,222
22	390	Office Furniture and Equipment		6.67%	6.67%	-	-	-	568	74,452	68,569	5,883	-	-	-	568	74,452	69,137	5,315
23	390.1	Computers and Software		20.00%	20.00%	-	-	-	1,397	75,458	75,389	68	-	-	-	(39)	75,458	75,351	107
24	391	Transportation Equipment		20.00%	20.00%	(511)	-	-	19,691	100,497	70,836	29,660	391,732	-	-	42,755	492,228	113,592	378,636
25	392	Stores Equipment		4.00%	4.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	393	Tools, Shop and Garage Equipment.		5.00%	5.00%	2,046	904	-	2,814	56,846	(7,797)	64,642	-	-	-	2,842	56,846	(4,954)	61,800
27	394	Laboratory Equipment		10.00%	10.00%	-	-	-	796	7,964	3,020	4,943	-	-	-	796	7,964	3,817	4,147
28	395	Power Operated Equipment		5.00%	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	396	Communication Equipment		10.00%	10.00%	19,031	-	-	16,380	173,317	58,225	115,092	50,670	-	-	19,365	223,986	77,590	146,397
30	397	Miscellaneous Equip.		10.00%	10.00%	-	-	-	3,093	30,927	11,832	19,095	-	-	-	3,093	30,927	14,924	16,002
31	398	Other TangiblePlant		10.00%	10.00%	(18)	-	-	127,928	1,279,436	671,695	607,740	-	-	-	127,944	1,279,436	799,639	479,797
32		TOTAL				174,037	42,623	-	649,956	22,040,362	11,007,437	11,032,925	581,924	54,748	-	681,350	22,567,538	11,634,389	10,933,149

			Previous		2025											
Line No.	NARUC Account No.	Description	Vintage Year	Allowed Deprec. Rate	Allowed Deprec. Rate	Adjusted Plant Additions	Adjusted Plant Retirements	Salvage A/D Only	Deprecation (Calculated)	Plant Balance Before PTY ADJ	PTY Plant	PTY Plant A/D	PTY Retirement	Plant Balance	Accum. Deprec.	Net Plant
1	351	Organization		0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-
2	352	Franchises		0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-
3	353	Land and Land Rights		0.00%	0.00%	-	-	-	(350)	148,795	-	-	-	148,795	-	148,795
4	354	Structures and Improvements		3.33%	3.33%	-	-	-	142,356	4,274,968	202,400	3,370	-	4,477,368	2,240,069	2,237,299
5	355	Power Generation Equipment		5.00%	5.00%	-	-	-	449	8,976	-	-	-	8,976	5,288	3,688
6	360	Collection Sewers - Force		2.00%	2.00%	51,581	16,507	-	98,297	4,932,408	2,804,000	28,040	-	7,736,408	716,647	7,019,761
7	361	Collection Sewers - Gravity		2.00%	2.00%	394,387	117,876	-	42,702	6,051,736	168,000	1,680	-	6,219,736	4,037,472	2,182,263
8	362	Special Collecting Structures		2.00%	2.00%	474,865	-	-	19,578	1,216,313	-	-	-	1,216,313	41,467	1,174,846
9	363	Services to Customers		2.00%	2.00%	-	-	-	3,333	312,117	48,000	480	-	360,117	165,060	195,058
10	364	Flow Measuring Devices		10.00%	10.00%	-	-	-	6,096	60,961	60,000	3,000	-	120,961	13,158	107,803
11	365	Flow Measuring Installations		10.00%	10.00%	-	-	-	-	180,051	-	-	-	180,051	180,051	(0)
12	366	Reuse Services		2.00%	2.00%	-	-	-	-	-	-	-	-	-	-	-
13	367	Reuse Meters And Installation		8.33%	8.33%	-	-	-	-	-	-	-	-	-	-	-
14	370	Receiving Wells		3.33%	3.33%	-	-	-	15,933	802,684	909,000	15,135	-	1,711,684	748,657	963,027
15	371	Effluent Pumping Equipment		12.50%	12.50%	84,879	-	-	84,762	1,512,674	20,000	1,250	19,355	1,513,319	1,289,089	224,230
16	374	Reuse Distribution Reservoirs		2.50%	2.50%	-	-	-	(0)	(1)	-	-	-	(1)	(2)	0
17	375	Reuse Trans. and Dist. System		2.50%	2.50%	-	-	-	-	-	-	-	-	-	-	-
18	380	Treatment and Disposal Equipment		5.00%	5.00%	-	-	-	20,798	461,059	204,000	5,100	-	665,059	304,932	360,127
19	381	Plant Sewers		5.00%	5.00%	-	-	-	2,464	155,494	-	-	-	155,494	123,375	32,120
20	382	Outfall Sewer Lines		3.33%	3.33%	-	-	-	-	-	-	-	-	-	-	-
21	389	Other Plant and Misc. Equipment		6.67%	6.67%	-	-	-	15,166	1,079,336	10,000	334	-	1,089,336	976,615	112,722
22	390	Office Furniture and Equipment		6.67%	6.67%	-	-	-	568	74,452	-	-	-	74,452	69,705	4,746
23	390.1	Computers and Software		20.00%	20.00%	-	-	-	(39)	75,458	-	-	-	75,458	75,312	145
24	391	Transportation Equipment		20.00%	20.00%	-	13,166	-	73,262	479,062	-	-	-	479,062	173,688	305,375
25	392	Stores Equipment		4.00%	4.00%	-	-	-	-	-	-	-	-	-	-	-
26	393	Tools, Shop and Garage Equipment.		5.00%	5.00%	-	-	-	2,842	56,846	-	-	-	56,846	(2,112)	58,958
27	394	Laboratory Equipment		10.00%	10.00%	-	-	-	585	7,964	-	-	-	7,964	4,402	3,562
28	395	Power Operated Equipment		5.00%	5.00%	-	-	-	-	-	-	-	-	-	-	-
29	396	Communication Equipment		10.00%	10.00%	9,552	-	-	21,139	233,538	-	-	-	233,538	98,729	134,809
30	397	Miscellaneous Equip.		10.00%	10.00%	-	-	-	2,751	30,927	43,000	2,150	-	73,927	19,825	54,101
31	398	Other TangiblePlant		10.00%	10.00%	-	-	-	127,944	1,279,436	-	-	-	1,279,436	927,582	351,853
32		TOTAL				1,015,263	147,549	-	680,637	23,435,253	4,468,400	60,538	19,355	27,884,298	12,209,010	15,675,288

Exhibit
Schedule B-2
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Witness: Bourassa

Accumulated Depreciation												
Line No.	Adjustments											
		A	B	C	D	E	F	G	H			
	Per Books	Corporate	Plant	Plant	PTY	Capitalized	AFUDC	Plant	Adjustments	Adjusted		
	Accum.	Allocated	Not Classified	CWIP	Plant	Overhead	Adjustment	Retirements	to Reconcile	Accum.		
	Depr.	Plant - A/D	106 - A/D	105- A/D	A/D	A/D	A/D	A/D	A/D to Reconstruction	Depr.		
1												
2												
3												
4	Acct.											
5	No.	Description										
6	351	Organization	-	-	-	-	-	-	-	-	-	
7	352	Franchise	-	-	-	-	-	-	-	-	-	
8	353	Land	-	-	-	-	-	-	-	-	-	
9	354	Structures & Improvements	1,077,208	22,555	-	3,370	(6,267)	-	(66,256)	1,209,460	2,240,069	
10	355	Power Generation	5,291	-	-	-	-	-	-	(3)	5,288	
11	360	Collection Sewer Forced	1,226,003	2,157	1,051	28,040	(587)	(0)	(84,571)	(455,447)	716,647	
12	361	Collection Sewers Gravity	4,658,005	5,527	3,571	1,680	(1,771)	(7)	(161,536)	(467,997)	4,037,472	
13	362	Special Collecting Structures	120,420	-	2,019	-	(50)	(14)	-	(80,909)	41,467	
14	363	Customer Services	219,668	-	15	480	(571)	-	(41,477)	(13,055)	165,060	
15	364	Flow Measuring Devices	98,591	-	-	3,000	(336)	-	-	(88,097)	13,158	
16	365	Flow Measuring Installations	180,528	-	-	-	-	-	-	(477)	180,051	
17	366	Reuse Services	-	-	-	-	-	-	-	-	-	
18	367	Reuse Meters And Installation	-	-	-	-	-	-	-	-	-	
19	370	Receiving Wells	753,946	-	-	15,135	(186)	-	-	(20,238)	748,657	
20	371	Pumping Equipment	1,615,770	17,938	-	1,250	(10,208)	(9)	(134,930)	(200,722)	1,289,089	
21	374	Reuse Distribution Reservoirs	-	-	-	-	-	-	-	(2)	(2)	
22	375	Reuse Trans. and Dist. System	-	-	-	-	-	-	-	-	-	
23	380	Treatment & Disposal Equipment	293,773	-	-	5,100	(929)	-	-	6,988	304,932	
24	381	Plant Sewers	133,431	-	189	-	(110)	(10)	-	(10,126)	123,375	
25	382	Outfall Sewer Lines	-	-	-	-	-	-	-	-	-	
26	389	Other Sewer Plant & Equipment	1,007,735	-	-	334	(15)	-	-	(31,439)	976,615	
27	390	Office Furniture & Equipment	247,452	-	-	-	-	-	(9,049)	(168,697)	69,705	
28	390.1	Computers and Software	76	-	-	-	(263)	-	-	75,499	75,312	
29	391	Transportation Equipment	259,351	117,519	-	-	(2,105)	(255)	(8,167)	(192,656)	173,688	
30	392	Stores Equipment	1,412	-	-	-	-	-	-	(1,412)	-	
31	393	Tools, Shop And Garage Equip	35,540	-	264	-	(409)	-	(27,193)	(10,314)	(2,112)	
32	394	Laboratory Equip	13,005	-	-	-	(7)	-	(995)	(7,601)	4,402	
33	395	Power Operated Equip	-	-	-	-	-	-	-	-	-	
34	396	Communication Equip	168,224	5,023	7,877	-	(2,357)	-	(89,122)	9,084	98,729	
35	397	Miscellaneous Equip.	17,461	-	-	2,150	(279)	-	-	493	19,825	
36	398	Other Tangible Plant	425,889	-	-	-	(4)	-	-	501,697	927,582	
37			-	-	-	-	-	-	-	-	-	
38	108	Accumulated Depreciation	-	-	-	-	-	-	-	-	-	
39		SUBTOTAL	12,558,780	-	170,719	14,986	60,538	(26,452)	(296)	(623,296)	54,031	12,209,010
40												
41	903	Land and Land Rights	-	-	-	-	-	-	-	-	-	
42	904	Structures and Improvrments	30,939	-	-	-	-	-	-	-	30,939	
43	940	Office Furniture & Equipment	30,794	-	-	-	-	-	-	-	30,794	
44	940.1	Computers and Software	85,792	-	-	-	-	-	-	-	85,792	
45	940.2	Customer First	120,367	-	-	-	-	-	-	-	120,367	
46	955	Power Generation	26	-	-	-	-	-	-	-	26	
47	995	Power Operated Equipment	4,597	-	-	-	-	-	-	-	4,597	
48	997	Miscellaenous Equipment	-	-	-	-	-	-	-	-	-	
49												
50		TOTALS	\$ 12,558,780	\$ 272,515	\$ 170,719	\$ 14,986	\$ 60,538	\$ (26,452)	\$ (296)	\$ (623,296)	\$ 54,031	\$ 12,481,526
51												
52		Accumulated Depreciation per Books										\$ 12,558,780
53												
54		Increase (decrease) in Accumulated Depreciation										\$ (77,254)
55												
56		Adjustment to Accumulated Depreciation										\$ (77,254)
57												
58		SUPPORTING SCHEDULES										
59		B-2, pages 4.1 through 4.5										

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - A
Allocated Corporate Plant A/D

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Schedule B-2
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Witness: Bourassa

Line

<u>No.</u>			[1] Original Accumulated <u>Depreciation</u>	[2] Liberty Utilities <u>Factor</u>	[3] <u>Factor</u>	[4] = [1]x[2]x[3] Allocated Original <u>Cost</u>
1	<u>Corporate Plant A/D</u>					
2						
3						
4	Acct.					
5	<u>No.</u>	<u>Description</u>				
6	903	Land and Land Rights	\$ -	7.4879%	3.3278%	\$ -
	904	Structures and Improvements	4,785,440	7.4879%	3.3278%	11,925
7						
8						
9						
10						
11	<u>LU Sub-Corp. Plant (8020) A/D</u>					
12						
13	903	Land and Land Rights	\$ -	51.3889%	3.9229%	\$ -
14	904	Structures and Improvements	943,226	51.3889%	3.9229%	19,015
15	940	Office Furniture and Equipment	1,527,552	51.3889%	3.9229%	30,794
16	940.1	Computers and Software	2,513,759	87.0000%	3.9229%	85,792
17	940.2	Customer First	3,526,848	87.0000%	3.9229%	120,367
18	955	Power Generation	1,285	51.3889%	3.9229%	26
19	995	Power Operated Equipment	228,060	51.3889%	3.9229%	4,597
20						
21	Totals					
22						
23	903	Land and Land Rights	\$ -			\$ -
24	904	Structures and Improvements	5,728,666			30,939
25	940	Office Furniture and Equipment	1,527,552			30,794
26	940.1	Computers and Software	2,513,759			85,792
27	940.2	Customer First	3,526,848			120,367
28	955	Power Generation	1,285			26
29	995	Power Operated Equipment	228,060			4,597
30	997	Miscellaenous Equipment	-			-
31			<u>\$ 13,526,168</u>			<u>\$ 272,515</u>
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42	<u>SUPPORTING SCHEDULE</u>					
43	Testimony					
44	Work papers					

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - B
Accumulated Depreciation on Plant Additions not Classified - 106

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Schedule B-2
Page 4.2
Witness: Bourassa

Line No.	Acct. No.	Description	A/D on Plant additions Not Capitalized - 106										2016-2025		
			No. of years	9.5	8.5	7.5	6.5	5.5	4.5	3.5	2.5	1.5	0.5	Capitalized Overhead	A/D
				2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Depreciation	Adjustment
				\$ (2,241)	\$ (15,352)	\$ -	\$ (13,225)	\$ (148)	\$ -	\$ (156,127)	\$ (157,340)	\$ (463,640)	\$ (98,963)	Total	\$ -
6	106	Construction Completed Not Classified		-	-	-	-	-	-	-	-	-	-	0.00%	-
7	351	Organization		-	-	-	-	-	-	-	-	-	-	0.00%	-
8	352	Franchise		-	-	-	-	-	-	-	-	-	-	0.00%	-
9	353	Land		-	-	-	-	-	-	-	3,868	-	-	0.00%	-
10	354	Structures & Improvements		-	-	-	-	-	-	145,029	67,885	-	-	212,914	3.33%
11	355	Power Generation		-	-	-	-	-	-	-	-	-	-	5.00%	22,554.54
13	360	Collection Sewer Forced		-	-	-	-	-	-	-	-	71,909	-	71,909	2.00%
14	361	Collection Sewers Gravity		2,241	15,352	-	13,225	148	-	11,098	8,094	-	98,963	149,120	2.00%
15	362	Special Collecting Structures		-	-	-	-	-	-	-	-	-	-	-	2.00%
16	363	Customer Services		-	-	-	-	-	-	-	-	-	-	-	2.00%
17	364	Flow Measuring Devices		-	-	-	-	-	-	-	-	-	-	-	10.00%
18	365	Flow Measuring Installations		-	-	-	-	-	-	-	-	-	-	-	10.00%
19	366	Reuse Services		-	-	-	-	-	-	-	-	-	-	-	2.00%
20	367	Reuse Meters And Installation		-	-	-	-	-	-	-	-	-	-	-	8.33%
21	370	Receiving Wells		-	-	-	-	-	-	-	-	-	-	-	3.33%
22	371	Pumping Equipment		-	-	-	-	-	-	-	-	-	-	-	12.50%
23	374	Reuse Distribution Reservoirs		-	-	-	-	-	-	-	57,403	-	-	57,403	2.50%
24	375	Reuse Trans. and Dist. System		-	-	-	-	-	-	-	-	-	-	-	2.50%
25	380	Treatment & Disposal Equipment		-	-	-	-	-	-	-	-	-	-	-	5.00%
27	381	Plant Sewers		-	-	-	-	-	-	-	-	-	-	-	5.00%
28	382	Outfall Sewer Lines		-	-	-	-	-	-	-	-	-	-	-	3.33%
29	389	Other Sewer Plant. & Equipment		-	-	-	-	-	-	-	-	-	-	-	6.67%
30	390	Office Furniture & Equipment		-	-	-	-	-	-	-	-	-	-	-	6.67%
31	390.1	Computers and Software		-	-	-	-	-	-	-	-	-	-	-	20.00%
32	391	Transportation Equipment		-	-	-	-	-	-	-	-	391,732	-	391,732	20.00%
33	392	Stores Equipment		-	-	-	-	-	-	-	-	-	-	-	4.00%
34	393	Tools, Shop And Garage Equip		-	-	-	-	-	-	-	-	-	-	-	5.00%
35	394	Laboratory Equip		-	-	-	-	-	-	-	-	-	-	-	10.00%
36	395	Power Operated Equipment		-	-	-	-	-	-	-	-	-	-	-	5.00%
37	396	Communication Equip		-	-	-	-	-	-	-	20,091	-	-	20,091	10.00%
38	397	Miscellaneous Equip.		-	-	-	-	-	-	-	-	-	-	-	10.00%
39	397.1	Misc. Equipment CNG		-	-	-	-	-	-	-	-	-	-	-	0.00%
40	398	Other Tangible Plant		-	-	-	-	-	-	-	-	-	-	-	10.00%
41															
42		TOTALS		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
43															
44															
45		SUPPORTING SCHEDULE													
46		Work papers													
47															

RECAP SCHEDULES:
B-2, page 3

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - C
A/D on Construction Work in Progress - 105 Transferred

Exhibit
Schedule B-2
Page 4.3
Witness: Bourassa

Line No.							2016-2025 A/D		
	A/D on CWIP - 105 Transferred						Plant Additions		
							Not Classified - 106		A/D
							1/2 Year Conv.		Adjustment
Acct.	No. of years	3.5	2.5	1.5	0.5	Depr Rate			
No.	Description	2022	2023	2024	2025	Total			
106	Construction Completed Not Classified	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	-	\$ -
351	Organization	-	-	-	-	-	0.00%	-	-
352	Franchise	-	-	-	-	-	0.00%	-	-
353	Land	-	-	-	-	-	0.00%	-	-
354	Structures & Improvements	-	-	-	-	-	3.33%	-	-
355	Power Generation	-	-	-	-	-	5.00%	-	-
360	Collection Sewer Forced	15,019	-	-	51,608	66,627	2.00%	1,051.34	1,051.34
361	Collection Sewers Gravity	51,014	-	-	296,134	347,148	2.00%	3,570.96	3,570.96
362	Special Collecting Structures	-	-	67,305	475,634	542,939	2.00%	2,019.15	2,019.15
363	Customer Services	-	-	503	-	503	2.00%	15.10	15.10
364	Flow Measuring Devices	-	-	-	-	-	10.00%	-	-
365	Flow Measuring Installations	-	-	-	-	-	10.00%	-	-
366	Reuse Services	-	-	-	-	-	2.00%	-	-
367	Reuse Meters And Installation	-	-	-	-	-	8.33%	-	-
370	Receiving Wells	-	-	-	-	-	3.33%	-	-
371	Pumping Equipment	-	-	-	85,028	85,028	12.50%	-	-
374	Reuse Distribution Reservoirs	-	-	-	-	-	2.50%	-	-
375	Reuse Trans. and Dist. System	-	-	-	-	-	2.50%	-	-
380	Treatment & Disposal Equipment	-	-	-	-	-	5.00%	-	-
381	Plant Sewers	-	1,514	-	-	1,514	5.00%	189.29	189.29
382	Outfall Sewer Lines	-	-	-	-	-	3.33%	-	-
389	Other Sewer Plant & Equipment	-	-	-	-	-	6.67%	-	-
390	Office Furniture & Equipment	-	-	-	-	-	6.67%	-	-
390.1	Computers and Software	-	-	-	-	-	20.00%	-	-
391	Transportation Equipment	-	-	-	-	-	20.00%	-	-
392	Stores Equipment	-	-	-	-	-	4.00%	-	-
393	Tools, Shop And Garage Equip	-	2,109	-	-	2,109	5.00%	263.65	263.65
394	Laboratory Equip	-	-	-	-	-	10.00%	-	-
395	Power Operated Equipment	-	-	-	-	-	5.00%	-	-
396	Communication Equip	789	-	50,670	9,552	61,011	10.00%	7,876.70	7,876.70
397	Miscellaneous Equip.	-	-	-	-	-	10.00%	-	-
397.1	Misc. Equipment CNG	-	-	-	-	-	0.00%	-	-
398	Other Tangible Plant	-	-	-	-	-	10.00%	-	-
TOTALS		\$ 66,822	\$ 3,624	\$ 118,478	\$ 917,956	\$ 1,106,880		\$ 14,986	\$ 14,986
SUPPORTING SCHEDULE									
Work papers									
							RECAP SCHEDULES:		
							B-2, page 3		

Liberty Utilities (Black Mountain Sewer) Corp.

Test Year Ended December 31, 2025

Original Cost Rate Base Proforma Adjustments

Adjustment Number 2 - D

Post Test-Year Plant Depreciation

Exhibit

Schedule B-2

Page 4.4

Witness: Bourassa

Line				Depr.	Depreciation
No.	Acct.	Description	Amount	Rate	(1/2 yr conv.)
1	351	Organization	\$ -	0.0%	\$ -
2	352	Franchise	-	0.0%	-
3	353	Land	-	0.0%	-
4	354	Structures & Improvements	202,400	3.3%	3,370
5	355	Power Generation	-	5.0%	-
6	360	Collection Sewer Forced	2,804,000	2.0%	28,040
7	361	Collection Sewers Gravity	168,000	2.0%	1,680
8	362	Special Collecting Structures	-	2.0%	-
9	363	Customer Services	48,000	2.0%	480
10	364	Flow Measuring Devices	60,000	10.0%	3,000
11	365	Flow Measuring Installations	-	10.0%	-
12	366	Reuse Services	-	2.0%	-
13	367	Reuse Meters And Installation	-	8.3%	-
14	370	Receiving Wells	909,000	3.3%	15,135
15	371	Pumping Equipment	20,000	12.5%	1,250
16	374	Reuse Distribution Reservoirs	-	2.5%	-
17	375	Reuse Trans. and Dist. System	-	2.5%	-
18	380	Treatment & Disposal Equipment	204,000	5.0%	5,100
19	381	Plant Sewers	-	5.0%	-
20	382	Outfall Sewer Lines	-	3.3%	-
21	389	Other Sewer Plant & Equipment	10,000	6.7%	334
22	390	Office Furniture & Equipment	-	6.7%	-
23	390.1	Computers and Software	-	20.0%	-
24	391	Transportation Equipment	-	20.0%	-
25	392	Stores Equipment	-	4.0%	-
26	393	Tools, Shop And Garage Equip	-	5.0%	-
27	394	Laboratory Equip	-	10.0%	-
28	395	Power Operated Equip	-	5.0%	-
29	396	Communication Equip	-	10.0%	-
30	397	Miscellaneous Equip.	43,000	10.0%	2,150
31	398	Other Tangible Plant	-	10.0%	-
32					
33		TOTAL	<u>\$ 4,468,400</u>		<u>\$ 60,538</u>

34

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43 SUPPORTING SCHEDULE

44 Testimony

45 Work papers

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - E
Accumulated Depreciation on Capitalized Overhead Adjustments

Exhibit
Schedule B-2
Page 4.5
Witness: Bourassa

No.	A/D on Capitalized Overhead Adjustments												2016-2025 Capitalized Overhead Depreciation			A/D
1																
2																
3	No. of years		9.5	8.5	7.5	6.5	5.5	4.5	3.5	2.5						
4	Acct.										Total	Depr Rate	1/2 Year Conv.		Adjustment	
5	No.	Description	2016	2017	2018	2019	2020	2021	2022	2023						
6	106	Construction Completed Not Classified				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	-	\$ -		
7	351	Organization				-	-	-	-	-	-	0.00%	-	-		
8	352	Franchise				-	-	-	-	-	-	0.00%	-	-		
9	353	Land				(342)	(226)	(7)	(31)	(170)	(776)	0.00%	-	-		
10	354	Structures & Improvements				(26,141)	(628)	(241)	(2,547)	(1,929)	(31,486)	3.33%	(6,266.78)	(6,266.78)		
11	355	Power Generation				-	-	-	-	-	-	5.00%	-	-		
13	360	Collection Sewer Forced				(963)	(429)	(30)	(2,331)	(4,970)	(8,722)	2.00%	(586.67)	(586.67)		
14	361	Collection Sewers Gravity				(2,348)	(1,647)	(4,413)	(8,952)	(5,212)	(22,572)	2.00%	(1,770.85)	(1,770.85)		
15	362	Special Collecting Structures				(381)	-	-	-	-	(381)	2.00%	(49.55)	(49.55)		
16	363	Customer Services				-	(2)	(2,351)	(987)	(5,800)	(9,141)	2.00%	(571.01)	(571.01)		
17	364	Flow Measuring Devices				(517)	-	-	-	-	(517)	10.00%	(335.91)	(335.91)		
18	365	Flow Measuring Installations				-	-	-	-	-	-	10.00%	-	-		
19	366	Reuse Services				-	-	-	-	-	-	2.00%	-	-		
20	367	Reuse Meters And Installation				-	-	-	-	-	-	8.33%	-	-		
21	370	Receiving Wells				(859)	-	-	-	-	(859)	3.33%	(185.92)	(185.92)		
22	371	Pumping Equipment				(7,380)	(991)	(1,187)	(3,939)	(3,646)	(17,142)	12.50%	(10,207.67)	(10,207.67)		
23	374	Reuse Distribution Reservoirs				-	-	-	-	-	-	2.50%	-	-		
24	375	Reuse Trans. and Dist. System				-	-	-	-	-	-	2.50%	-	-		
25	380	Treatment & Disposal Equipment				(2,636)	-	(3)	(76)	(462)	(3,178)	5.00%	(928.56)	(928.56)		
27	381	Plant Sewers				(54)	(336)	-	-	-	(390)	5.00%	(109.93)	(109.93)		
28	382	Outfall Sewer Lines				-	-	-	-	-	-	3.33%	-	-		
29	389	Other Sewer Plant & Equipment				(35)	-	-	-	-	(35)	6.67%	(15.22)	(15.22)		
30	390	Office Furniture & Equipment				-	-	-	-	-	-	6.67%	-	-		
31	390.1	Computers and Software				(10)	(78)	(149)	(44)	-	(280)	20.00%	(263.01)	(263.01)		
32	391	Transportation Equipment				(1,619)	-	-	-	-	(1,619)	20.00%	(2,104.72)	(2,104.72)		
33	392	Stores Equipment				-	-	-	-	-	-	4.00%	-	-		
34	393	Tools, Shop And Garage Equip				-	-	(669)	(1,430)	(63)	(2,162)	5.00%	(408.68)	(408.68)		
35	394	Laboratory Equip				-	-	(15)	-	-	(15)	10.00%	(6.87)	(6.87)		
36	395	Power Operated Equipment				-	-	-	-	-	-	5.00%	-	-		
37	396	Communication Equip				(318)	(546)	(1,050)	(3,178)	(1,060)	(6,152)	10.00%	(2,357.10)	(2,357.10)		
38	397	Miscellaneous Equip.				-	-	(619)	-	-	(619)	10.00%	(278.66)	(278.66)		
39	397.1	Misc. Equipment CNG				-	-	-	-	-	-	0.00%	-	-		
40	398	Other Tanqble Plant				-	-	-	-	(18)	(18)	10.00%	(4.42)	(4.42)		
41																
42	TOTALS		\$ -	\$ -	\$ -	\$ (43,603)	\$ (4,883)	\$ (10,734)	\$ (23,515)	\$ (23,330)	\$ (106,065)		\$ (26,452)	\$ (26,452)		
43																
44																
45	SUPPORTING SCHEDULE															
46	Work papers															
47																
													RECAP SCHEDULES:			
													B-2, page 3			

RECAP SCHEDULES:
B-2, page 3

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - F
A/D on AFUDC Adjustments

Exhibit
Schedule B-2
Page 4.6
Witness: Bourassa

Line

No.	A/D on AFUDC Adjustments									
								2016-2025		
	Acct.	No. of years	2.5	1.5	0.5			Capitalized Overhead		A/D
	No.	Description	2023	2024	2025	Total	Depr Rate	Depreciation 1/2 Year Conv.		Adjustment
6	106	Construction Completed Not Classified	\$ -	\$ -	\$ -	\$ -	0.00%	-		\$ -
7	351	Organization	-	-	-	-	0.00%	-		-
8	352	Franchise	-	-	-	-	0.00%	-		-
9	353	Land	-	-	-	-	0.00%	-		-
10	354	Structures & Improvements	-	-	-	-	3.33%	-		-
11	355	Power Generation	-	-	-	-	5.00%	-		-
13	360	Collection Sewer Forced	-	-	(27)	(27)	2.00%	(0.27)		(0.27)
14	361	Collection Sewers Gravity	-	-	(711)	(711)	2.00%	(7.11)		(7.11)
15	362	Special Collecting Structures	-	(194)	(769)	(963)	2.00%	(13.51)		(13.51)
16	363	Customer Services	-	-	-	-	2.00%	-		-
17	364	Flow Measuring Devices	-	-	-	-	10.00%	-		-
18	365	Flow Measuring Installations	-	-	-	-	10.00%	-		-
19	366	Reuse Services	-	-	-	-	2.00%	-		-
20	367	Reuse Meters And Installation	-	-	-	-	8.33%	-		-
21	370	Receiving Wells	-	-	-	-	3.33%	-		-
22	371	Pumping Equipment	-	-	(149)	(149)	12.50%	(9.31)		(9.31)
23	374	Reuse Distribution Reservoirs	-	-	-	-	2.50%	-		-
24	375	Reuse Trans. and Dist. System	-	-	-	-	2.50%	-		-
25	380	Treatment & Disposal Equipment	-	-	-	-	5.00%	-		-
27	381	Plant Sewers	(80)	-	-	(80)	5.00%	(10.05)		(10.05)
28	382	Outfall Sewer Lines	-	-	-	-	3.33%	-		-
29	389	Other Sewer Plant & Equipment	-	-	-	-	6.67%	-		-
30	390	Office Furniture & Equipment	-	-	-	-	6.67%	-		-
31	390.1	Computers and Software	-	-	-	-	20.00%	-		-
32	391	Transportation Equipment	(511)	-	-	(511)	20.00%	(255.40)		(255.40)
33	392	Stores Equipment	-	-	-	-	4.00%	-		-
34	393	Tools, Shop And Garage Equip	-	-	-	-	5.00%	-		-
35	394	Laboratory Equip	-	-	-	-	10.00%	-		-
36	395	Power Operated Equipment	-	-	-	-	5.00%	-		-
37	396	Communication Equip	-	-	-	-	10.00%	-		-
38	397	Miscellaneous Equip.	-	-	-	-	10.00%	-		-
39	397.1	Misc. Equipment CNG	-	-	-	-	0.00%	-		-
40	398	Other Tangible Plant	-	-	-	-	10.00%	-		-
41										
42		TOTALS	\$ (591)	\$ (194)	\$ (1,656)	\$ (2,441)		\$ (296)		\$ (296)

SUPPORTING SCHEDULE
Work papers

RECAP SCHEDULES:
B-2, page 3

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - G
A/D Retirement Adjustments

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Witness: Bourassa

Line
No.

1	<u>A/D on Adjustments for Retirements</u>		
2			
3	No. of years		
4	Acct.		A/D
5	<u>No.</u>	<u>Description</u>	<u>Total</u>
6	106	Construction Completed Not Classified	\$ -
7	351	Organization	-
8	352	Franchise	-
9	353	Land	-
10	354	Structures & Improvements	(66,256)
11	355	Power Generation	-
13	360	Collection Sewer Forced	(84,571)
14	361	Collection Sewers Gravity	(161,536)
15	362	Special Collecting Structures	-
16	363	Customer Services	(41,477)
17	364	Flow Measuring Devices	-
18	365	Flow Measuring Installations	-
19	366	Reuse Services	-
20	367	Reuse Meters And Installation	-
21	370	Receiving Wells	-
22	371	Pumping Equipment	(134,930)
23	374	Reuse Distribution Reservoirs	-
24	375	Reuse Trans. and Dist. System	-
25	380	Treatment & Disposal Equipment	-
27	381	Plant Sewers	-
28	382	Outfall Sewer Lines	-
29	389	Other Sewer Plant & Equipment	-
30	390	Office Furniture & Equipment	(9,049)
31	390.1	Computers and Software	-
32	391	Transportation Equipment	(8,167)
33	392	Stores Equipment	-
34	393	Tools, Shop And Garage Equip	(27,193)
35	394	Laboratory Equip	(995)
36	395	Power Operated Equipment	-
37	396	Communication Equip	(89,122)
38	397	Miscellaneous Equip.	-
39	397.1	Misc. Equipment CNG	-
40	398	Other Tangible Plant	-
41			
42	TOTALS		\$ (623,296)
43			
44			
45	<u>SUPPORTING SCHEDULE</u>		<u>RECAP SCHEDULES:</u>
46	Work papers		B-2, page 3
47			

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - H

Exhibit
Schedule B-2
Page 4.8
Witness: Bourassa

Line
No.

Reconciliation of A/D to A/D Reconstruction

Acct.	A/D Original Cost	B-2 Adjustments	Adjusted A/D Original Cost	A/D Per Reconstruction	Difference
No. Description					
351 Organization	\$ -	\$ -	\$ -	\$ -	\$ -
352 Franchise	-	-	-	-	-
353 Land	-	-	-	-	-
354 Structures & Improvements	1,077,208	(46,599)	1,030,609	2,240,069	1,209,460
355 Power Generation	5,291	-	5,291	5,288	(3)
360 Collection Sewer Forced	1,226,003	(53,909)	1,172,094	716,647	(455,447)
361 Collection Sewers Gravity	4,658,005	(152,536)	4,505,469	4,037,472	(467,997)
362 Special Collecting Structures	120,420	1,956	122,376	41,467	(80,909)
363 Customer Services	219,668	(41,553)	178,115	165,060	(13,055)
364 Flow Measuring Devices	98,591	2,664	101,255	13,158	(88,097)
365 Flow Measuring Installations	180,528	-	180,528	180,051	(477)
366 Reuse Services	-	-	-	-	-
367 Reuse Meters And Installation	-	-	-	-	-
370 Receiving Wells	753,946	14,949	768,895	748,657	(20,238)
371 Pumping Equipment	1,615,770	(125,959)	1,489,811	1,289,089	(200,722)
374 Reuse Distribution Reservoirs	-	-	-	(2)	(2)
375 Reuse Trans. and Dist. System	-	-	-	-	-
380 Treatment & Disposal Equipment	293,773	4,171	297,944	304,932	6,988
381 Plant Sewers	133,431	69	133,501	123,375	(10,126)
382 Outfall Sewer Lines	-	-	-	-	-
389 Other Sewer Plant & Equipment	1,007,735	318	1,008,053	976,615	(31,439)
390 Office Furniture & Equipment	247,452	(9,049)	238,402	69,705	(168,697)
390.1 Computers and Software	76	(263)	(187)	75,312	75,499
391 Transportation Equipment	259,351	106,992	366,344	173,688	(192,656)
392 Stores Equipment	1,412	-	1,412	-	(1,412)
393 Tools, Shop And Garage Equip	35,540	(27,338)	8,202	(2,112)	(10,314)
394 Laboratory Equip	13,005	(1,002)	12,003	4,402	(7,601)
395 Power Operated Equip	-	-	-	-	-
396 Communication Equip	168,224	(78,579)	89,645	98,729	9,084
397 Miscellaneous Equip.	17,461	1,871	19,332	19,825	493
398 Other Tangible Plant	425,889	(4)	425,885	927,582	501,697
108 Accumulated Depreciation	-	-	-	-	-
Plant Held for Future Use					-
TOTALS	\$ 12,558,780	\$ (403,800)	\$ 12,154,980	\$ 12,209,010	\$ 54,031

SUPPORTING SCHEDULE

B-2, pages 4.1 through 4.4
B-2, pages 3.6 through 3.10

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment 3

Exhibit
Schedule B-2
Page 5
Witness: Bourassa

Contributions-in-Aid of Construction (CIAC) and Accumulated Amortization

Line
No.

1			
2			
3		Gross	Accumulated
4		<u>CIAC</u>	<u>Amortization</u>
5	Computed balance at end of Test Year	\$ 6,957,144	\$ 6,055,398
6			
7	Book balance at end of Test Year	<u>\$ 6,957,144</u>	<u>\$ 6,058,665</u>
8			
9	Increase (decrease)	\$ 0	\$ (3,267)
10			
11			
12	Adjustment to CIAC/AA CIAC	<u>\$ 0</u>	<u>\$ 3,267</u>
13	Label	3a	3b
14			
15			
16			
17			
18			
19	<u>SUPPORTING SCHEDULES</u>		
20	E-1		
21	B-2, page 5.1		
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Exhibit
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Page 5.1
Witness: Bourassa

Line No.	Description	Vintage	Per Decision Balance at 12/31/2018	2019 Activity	Balance at 12/31/2019	2020 Activity	Balance at 12/31/2020	2021 Activity	Balance at 12/31/2021	2022 Activity	Balance at 12/31/2022
1	Contributions-in-Aid (CIAC)	<=Jun 2008	5,232,139	-	5,232,139		5,232,139		5,232,139		5,232,139
2	Contributions-in-Aid (CIAC)	>=Jul 2008	154,558		154,558		154,558		154,558		154,558
3	Contributions-in-Aid (CIAC)	2009	-		-		-		-		-
4	Contributions-in-Aid (CIAC)	2010	-		-		-		-		-
5	Contributions-in-Aid (CIAC)	2011	-		-		-		-		-
6	Contributions-in-Aid (CIAC)	2012	504,936		504,936		504,936		504,936		504,936
7	Contributions-in-Aid (CIAC)	2013	-		-		-		-		-
8	Contributions-in-Aid (CIAC)	2014	553,620		553,620		553,620		553,620		553,620
9	Contributions-in-Aid (CIAC)	2015	358,416		358,416		358,416		358,416		358,416
10	Contributions-in-Aid (CIAC)	2016	-		-		-		-		-
11	Contributions-in-Aid (CIAC)	2017	153,475		153,475		153,475		153,475		153,475
12	Contributions-in-Aid (CIAC)	2018	-		-		-		-		-
13	Contributions-in-Aid (CIAC)	2019	-		-		-		-		-
	Contributions-in-Aid (CIAC)	2020	-		-		-		-		-
	Contributions-in-Aid (CIAC)	2021	-		-		-		-		-
	Contributions-in-Aid (CIAC)	2022	-		-		-		-		-
	Contributions-in-Aid (CIAC)	2023	-		-		-		-		-
	Contributions-in-Aid (CIAC)	2024	-		-		-		-		-
	Contributions-in-Aid (CIAC)	2025	-		-		-		-		-
14	Total Contributions-in-Aid (CIAC)		6,957,144	-	6,957,144	-	6,957,144	-	6,957,144	-	6,957,144
15											
16											
17											
18											
19	Amortization Rate			3.59%		3.37%		3.39%		4.03%	
20											
21	Amortization	<=Jun 2008	5,232,139	-	5,232,139	-	5,232,139	-	5,232,139	-	5,232,139
22		>=Jul 2008	62,676	5,551	68,227	5,216.29	73,443	5,237.23	78,680	6,223.99	84,904
23	Accum Amort.	2009	-	-	-	-	-	-	-	-	-
24	Accum Amort.	2010	-	-	-	-	-	-	-	-	-
25	Accum Amort.	2011	-	-	-	-	-	-	-	-	-
26	Accum Amort.	2012	133,498	18,135	151,633	17,041.45	168,674	17,109.88	185,784	20,333.58	206,118
27	Accum Amort.	2013	-	-	-	-	-	-	-	-	-
28	Accum Amort.	2014	105,483	19,883	125,367	18,684.52	144,051	18,759.54	162,811	22,294.06	185,105
29	Accum Amort.	2015	54,374	12,872	67,246	12,096.45	79,343	12,145.02	91,488	14,433.29	105,921
30	Accum Amort.	2016	-	-	-	-	-	-	-	-	-
31	Accum Amort.	2017	11,676	5,512	17,188	5,179.74	22,368	5,200.54	27,569	6,180.38	33,749
32	Accum Amort.	2018	-	-	-	-	-	-	-	-	-
33	Accum Amort.	2019	-	-	-	-	-	-	-	-	-
34	Accum Amort.	2020	-	-	-	-	-	-	-	-	-
35	Accum Amort.	2021	-	-	-	-	-	-	-	-	-
36	Accum Amort.	2022	-	-	-	-	-	-	-	-	-
37	Accum Amort.	2023	-	-	-	-	-	-	-	-	-
38	Accum Amort.	2024	-	-	-	-	-	-	-	-	-
39	Accum Amort.	2025	-	-	-	-	-	-	-	-	-
40											
33											
34	Total Accum Amort.		5,599,846		5,661,800		5,720,018		5,778,471		5,847,936
35											

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Original Cost Rate Base Proforma Adjustments
Contributions-in-aid of Construction and Amortization
Adjustment 3

Exhibit
Schedule B-2
Page 5.2
Witness: Bouras:

Line No.	Description	Vintage	2023 Activity	Balance at 12/31/2023	2024 Activity	Balance at 12/31/2024	2025 Activity	Balance at 12/31/2025
1	Contributions-in-Aid (CIAC)	<=Jun 2008		5,232,139		5,232,139		5,232,139
2	Contributions-in-Aid (CIAC)	>=Jul 2008		154,558		154,558		154,558
3	Contributions-in-Aid (CIAC)	2009		-		-		-
4	Contributions-in-Aid (CIAC)	2010		-		-		-
5	Contributions-in-Aid (CIAC)	2011		-		-		-
6	Contributions-in-Aid (CIAC)	2012		504,936		504,936		504,936
7	Contributions-in-Aid (CIAC)	2013		-		-		-
8	Contributions-in-Aid (CIAC)	2014		553,620		553,620		553,620
9	Contributions-in-Aid (CIAC)	2015		358,416		358,416		358,416
10	Contributions-in-Aid (CIAC)	2016		-		-		-
11	Contributions-in-Aid (CIAC)	2017		153,475		153,475		153,475
12	Contributions-in-Aid (CIAC)	2018		-		-		-
13	Contributions-in-Aid (CIAC)	2019		-		-		-
	Contributions-in-Aid (CIAC)	2020		-		-		-
	Contributions-in-Aid (CIAC)	2021		-		-		-
	Contributions-in-Aid (CIAC)	2022		-		-		-
	Contributions-in-Aid (CIAC)	2023		-		-		-
	Contributions-in-Aid (CIAC)	2024		-		-		-
	Contributions-in-Aid (CIAC)	2025		-		-		-
14	Total Contributions-in-Aid (CIAC)			6,957,144		6,957,144		6,957,144
15								
16								
17								
18								
19	Amortization Rate		4.02%		4.10%		3.91%	
20								
21	Amortization	<=Jun 2008		5,232,139		5,232,139		5,232,139
22		>=Jul 2008		91,110		97,446		103,493
23	Accum Amort.	2009		-		-		-
24	Accum Amort.	2010		-		-		-
25	Accum Amort.	2011		-		-		-
26	Accum Amort.	2012		20,274.72		247,091		266,845
27	Accum Amort.	2013		-		-		-
28	Accum Amort.	2014		22,229.53		230,028		251,687
29	Accum Amort.	2015		14,391.51		135,005		149,027
30	Accum Amort.	2016		-		-		-
31	Accum Amort.	2017		6,162.49		46,203		52,207
32	Accum Amort.	2018		-		-		-
33	Accum Amort.	2019		-		-		-
34	Accum Amort.	2020		-		-		-
35	Accum Amort.	2021		-		-		-
36	Accum Amort.	2022		-		-		-
37	Accum Amort.	2023		-		-		-
38	Accum Amort.	2024		-		-		-
39	Accum Amort.	2025		-		-		-
40								
33	Total Accum Amort.			5,917,200		5,987,911		6,055,398
34								
35								

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Original Cost Rate Base Proforma Adjustments
Adjustment 4
Advances-in-Aid of Construction (AIAC)

Exhibit
Schedule B-2
Page 6
Witness: Bourassa

Line
No.
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Computed balance at End of Test Year	\$	-
Book balance at End of Test Year	\$	-
Increase (decrease)	\$	-

SUPPORTING SCHEDULES
B-2, page 6.1

Line No.	Per Decision Balance 12/31/2018	2019		2020		2021	
		Activity	Balance 12/31/2019	Activity	Balance 12/31/2020	Activity	Balance 12/31/2021
1							
2							
3							
4							
5	Advances-on-Aid of Construction	-	-	-	-	-	-
6							
7							
8							
9							
10							
11							
12	Total AIAC	-	-	-	-	-	-
13							
14							

Line
No.

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Accumulated Deferred Income Taxes (ADIT)

Exhibit
Schedule B-2
Page 7.0
Witness: Bourassa

Line No.	Description	Book	Tax	Difference	Tax Rate	ADIT Impact
1	PTY Plant	\$ 22,398,769	\$ 22,398,769	\$ -	24.87%	\$ -
2	CWIP Transfers	1,106,880	1,106,880	-	24.87%	-
3	INDOH	(106,065)	(106,065)	-	24.87%	-
4	PTY Plant A/D	60,538	41,028	(19,510)	24.87%	(4,852)
5	CWIP Transfers A/D	185,705	78,287	(107,419)	24.87%	(26,716)
6	INDOH A/D	(26,452)	(23,200)	3,251	24.87%	809
7	A/D Reconciliation Adjustment	54,031	-	(54,031)	24.87%	(13,438)
8	Net CIAC Adjustment	3,267	-	(3,267)	24.87%	(812)
9						
10	Increase(decrease) in ADIT	\$ 23,676,673	\$ 23,495,698	\$ (180,975)		\$ (45,010)
11						
12	Computed 2024 ADIT					\$ (30,055)
13	Increase(decrease) in ADIT from above					(45,010)
14	Adjusted ADIT					\$ (75,066)
15						
16						
17	Adjusted ADIT					\$ (75,066)
18	TY ADIT per Books					(20,238)
19	Adjustmnet to ADIT					\$ (54,827)
20						
21	SUPPORTING SCHEDULES					
22	B-2, Page 4.2					
23	B-2, Page 4.3					
24	B-2, Page 4.4					
25	B-2, Page 4.5					
26	B-2, Page 7.1					
27	B-2, Page 7.2					
28	B-2, page 5					
29	Work papers					
30						

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Computation of Tax Depreciation on PTY Plant and CWIP Transfers

Exhibit
Schedule B-2
Page 7.1
Witness: Bourassa

Line
No.

Tax Post-Test Year Plant and CWIP Transfers A/D

Acct.				Tax Depr	PTY	PTYP	CWIP	CWIP Transfer
No.	Description	Life (yrs)	Method	Rate	Plant	Depreciation	Transfers	Depreciation
351	Organization			0.00%	\$ -	\$ -	\$ -	\$ -
352	Franchise			0.00%	-	-	-	-
353	Land			0.00%	-	-	3,868	-
354	Structures & Improvements	25	SL	4.00%	202,400	4,048	212,914	4,258
355	Power Generation	25	SL	4.00%	-	-	-	-
360	Collection Sewer Forced	25	SL	4.00%	2,804,000	-	138,536	2,771
361	Collection Sewers Gravity	25	SL	4.00%	168,000	3,360	496,268	9,925
362	Special Collecting Structures	25	SL	4.00%	-	-	542,939	10,859
363	Customer Services	25	SL	4.00%	48,000	960	503	10
364	Flow Measuring Devices	25	SL	4.00%	60,000	1,200	-	-
365	Flow Measuring Installations	25	SL	4.00%	-	-	-	-
366	Reuse Services	25	SL	4.00%	-	-	-	-
367	Reuse Meters And Installation	25	SL	4.00%	-	-	-	-
370	Receiving Wells	25	SL	4.00%	909,000	18,180	-	-
371	Pumping Equipment	25	SL	4.00%	20,000	400	142,431	2,849
374	Reuse Distribution Reservoirs	25	SL	4.00%	-	-	-	-
375	Reuse Trans. and Dist. System	25	SL	4.00%	-	-	-	-
380	Treatment & Disposal Equipment	25	SL	4.00%	204,000	4,080	-	-
381	Plant Sewers	25	SL	4.00%	-	-	1,514	30
382	Outfall Sewer Lines	25	SL	4.00%	-	-	-	-
389	Other Sewer Plant & Equipment	25	SL	4.00%	10,000	200	-	-
390	Office Furniture & Equipment	5	SL	20.00%	-	-	-	-
390.1	Computers and Software	3	SL	33.33%	-	-	-	-
391	Transportation Equipment	5	SL	20.00%	-	-	391,732	39,173
392	Stores Equipment	5	MACRS	14.29%	-	-	-	-
393	Tools, Shop And Garage Equip	7	MACRS	14.29%	-	-	2,109	301
394	Laboratory Equip	7	MACRS	14.29%	-	-	-	-
395	Power Operated Equip	7	MACRS	14.29%	-	-	-	-
396	Communication Equip	10	MACRS	10.00%	-	-	81,101	8,110
397	Miscellaneous Equip.	5	MACRS	20.00%	43,000	8,600	-	-
398	Other Tangible Plant	10	SL	10.00%	-	-	-	-
Subtotal					\$ 4,468,400	\$ 41,028	\$ 2,013,916	\$ 78,287
903	Land and Land Rights			0.00%	\$ -	-	\$ -	\$ -
904	Structures and Improvements	25	SL	4.00%	-	-	-	-
940	Office Furniture and Equipment	5	SL	20.00%	-	-	-	-
940.1	Computers and Software	3	SL	33.33%	-	-	-	-
940.2	Customer First	3	SL	33.33%	-	-	-	-
955	Power Generation	25	SL	4.00%	-	-	-	-
995	Power Operated Equipment	25	SL	4.00%	-	-	-	-
997	Miscellaenous Equipment	26	SL	4.00%	-	-	-	-
Subtotal					\$ -	\$ -	\$ -	\$ -
Total					\$ 4,468,400	\$ 41,028	\$ 2,013,916	\$ 78,287

SUPPORTING SCHEDULE

Work papers

RECAP SCHEDULES:

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Com

Line
No.

45 SUPPORTING SCHEDULE
46 Work papers
47

RECAP SCHEDULES:
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Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Cash Working Capital

Exhibit
Schedule B-5
Page 1
Witness: Bourassa

Line No.	Description	Proposed Test Year Amount ¹	Revenue Lag (Lead) Days	Expense Lag (Lead) Days	Net Lag (Lead) Days Col. C - Col. D	Lead/Lag Factor Col. E/365	Cash Working Capital Required Col. B * Col. F
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
7	OPERATING EXPENSES						
8	Salaries and Wages	\$ -	43.16	-	43.16	0.11823646	\$ -
9	Purchased Water	5,020	43.16	-	43.16	0.11823646	594
10	Purchased Wastewater Treatment	479,258	43.16	36.21	6.95	0.01903098	9,121
11	Sludge Removal	-	43.16	52.62	(9.46)	(0.02592792)	-
12	Purchased Power	38,860	43.16	51.08	(7.92)	(0.02170874)	(844)
13	Fuel for Power Production	-	43.16	-	43.16	0.11823646	-
14	Chemicals	158,862	43.16	20.53	22.63	0.06198989	9,848
15	Materials and Supplies	29,844	43.16	46.65	(3.49)	(0.00957176)	(286)
16	Contractual Services - Accounting	-	43.16	-	43.16	0.11823646	-
17	Contractual Services - Legal	-	43.16	54.00	(10.84)	(0.02970874)	-
18	Contractual Services - Management	784,654	43.16	35.00	8.16	0.02234605	17,534
19	Contractual Services - Testing	13,000	43.16	48.12	(4.96)	(0.01359915)	(177)
20	Contractual Services - Other	64,552	43.16	(11.15)	54.31	0.14878441	9,604
21	Equipment Rent	-	43.16	(6.23)	49.39	0.13530495	-
22	Building Rent	35,626	43.16	(3.85)	47.01	0.12878441	4,588
23	Transportation Expense	24,116	43.16	18.90	24.26	0.06645564	1,603
24	Insurance - Auto	1,658	43.16	(182.50)	225.66	0.61823646	1,025
25	Insurance - General Liability	22,621	43.16	(182.50)	225.66	0.61823646	13,985
26	Advertising Expense	202	43.16	16.27	26.89	0.07366112	15
27	Miscellaneous	0	43.16	41.10	2.06	0.00563372	0
28	Customer Deposit Interest	1,832	43.16	184.00	(140.84)	(0.38587313)	(707)
31	TAXES						
32	General Taxes-Property ¹	\$ 49,115	43.16	213.96	(170.80)	(0.46795075)	\$ (22,984)
33	General Taxes-Other	-	43.16	41.10	2.06	0.00563372	-
34	Income Tax ¹	343,052	43.16	37.00	6.16	0.01686660	5,786
36	OTHER						
37	Interest Expense	388,436	43.16	47.27	(4.11)	(0.01127146)	(4,378)
39	TOTAL	<u>\$ 2,440,709</u>			WORKING CASH REQUIREMENT		<u>\$ 44,327</u>
40		<u>\$ -</u>					
41	Test Year Cash Working Capital						<u>\$ -</u>
42	Increase(decrease) in Cash Working Capital						<u>\$ 44,327</u>

¹At proposed rates.

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Income Statement

Exhibit
Schedule C-1
Page 1
Witness: Bourassa

Line No.		Test Year Book Results	Adjustment	Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	Revenues					
2	Sewer Revenues	\$ 2,926,298	\$ 54,894	\$ 2,981,192	\$ 1,403,396	\$ 4,384,589
3	Reclaimed Water Revenues	-	-	-	-	-
4	Other Sewer Revenues	18,420	-	18,420	-	18,420
5		<u>\$ 2,944,719</u>	<u>\$ 54,894</u>	<u>\$ 2,999,613</u>	<u>\$ 1,403,396</u>	<u>\$ 4,403,009</u>
6	Operating Expenses					
7	Salaries and Wages	\$ -	-	\$ -	-	\$ -
8	Purchased Water	-	5,020	5,020	-	5,020
9	Purchased Wastewater Treatment	519,013	(39,755)	479,258	-	479,258
10	Sludge Removal	-	-	-	-	-
11	Purchased Power	38,860	-	38,860	-	38,860
12	Fuel for Power Production	-	-	-	-	-
13	Chemicals	173	158,689	158,862	-	158,862
14	Materials and Supplies	29,844	-	29,844	-	29,844
15	Contractual Services - Accounting	-	-	-	-	-
16	Contractual Services - Legal	-	-	-	-	-
17	Contractual Services - Management	903,585	(118,931)	784,654	-	784,654
18	Contractual Services - Testing	-	13,000	13,000	-	13,000
19	Contractual Services - Other	193,387	(128,834)	64,552	-	64,552
20	Equipment Rent	-	-	-	-	-
21	Building Rent	35,626	-	35,626	-	35,626
22	Transportation Expense	24,116	-	24,116	-	24,116
23	Insurance - Auto	1,658	-	1,658	-	1,658
24	Insurance - General Liability	22,621	-	22,621	-	22,621
25	Advertising Expense	202	-	202	-	202
26	Regulatory Commission Expense	-	-	-	-	-
27	Miscellaneous	0	-	0	-	0
28	Depreciation and Amortization	1,007,855	(101,053)	906,802	-	906,802
29	Bad Debt Expense	5,765	-	5,765	13,460	19,226
30	Taxes Other Than Income	-	-	-	-	-
31	Property Taxes	44,243	(1,758)	42,486	6,630	49,115
32	Income Taxes	25,479	(26,469)	(990)	344,042	343,052
33	Customer Deposit Interest	1,832	-	1,832	-	1,832
34	Total Operating Expenses	<u>\$ 2,854,259</u>	<u>\$ (240,091)</u>	<u>\$ 2,614,168</u>	<u>\$ 364,132</u>	<u>\$ 2,978,301</u>
35	Operating Income	<u>\$ 90,460</u>	<u>\$ 294,985</u>	<u>\$ 385,444</u>	<u>\$ 1,039,264</u>	<u>\$ 1,424,708</u>
36	Other Income (Expense)					
37	Interest and Dividend Income	-	-	-	-	-
38	AFUDC Income	47,633	-	47,633	-	47,633
39	Miscellaneous Non-Utility Expenses	(5,630)	-	(5,630)	-	(5,630)
40	Interest Expense	(114,633)	(273,803)	(388,436)	-	(388,436)
41						
42	Total Other Income (Expense)	<u>\$ (72,631)</u>	<u>\$ (273,803)</u>	<u>\$ (346,434)</u>	<u>\$ -</u>	<u>\$ (346,434)</u>
43	Net Profit (Loss)	<u><u>\$ 17,828</u></u>	<u><u>\$ 21,182</u></u>	<u><u>\$ 39,011</u></u>	<u><u>\$ 1,039,264</u></u>	<u><u>\$ 1,078,275</u></u>

SUPPORTING SCHEDULES:

C-1, page 2

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RECAP SCHEDULES:

A-1

Exhibit
Schedule C-1
Page 2.1
Witness: Bourassa

[illegible]

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Income Statement

Exhibit
Schedule C-1
Page 2.2
Witness: Bourassa

Line No.	10 Testing Costs Adjustment	11 Intentionally Left Blank	12 Intentionally Left Blank	13 Interest Synch.	14 Income Taxes	15	16	17	18	19	Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	Revenues												
2	Sewer Revenues										\$ 2,981,192	\$ 1,403,396	\$ 4,384,589
3	Reclaimed Water Revenues										-		-
4	Other Sewer Revenues										18,420		18,420
5		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2,999,613	\$ 1,403,396	\$ 4,403,009
6	Operating Expenses												
7	Salaries and Wages										\$ -		\$ -
8	Purchased Water										5,020		5,020
9	Purchased Wastewater Treatment										479,258		479,258
10	Sludge Removal										-		-
11	Purchased Power										38,860		38,860
12	Fuel for Power Production										-		-
13	Chemicals										158,862		158,862
14	Materials and Supplies										29,844		29,844
15	Contractual Services - Accounting										-		-
16	Contractual Services - Legal										-		-
17	Contractual Services - Management										784,654		784,654
18	Contractual Services - Testing	13,000									13,000		13,000
19	Contractual Services - Other										64,552		64,552
20	Equipment Rent										-		-
21	Building Rent										35,626		35,626
22	Transportation Expense										24,116		24,116
23	Insurance - Auto										1,658		1,658
24	Insurance - General Liability										22,621		22,621
25	Advertising Expense										202		202
26	Regulatory Commission Expense										-		-
27	Miscellaneous										0		0
28	Depreciation and Amortization										906,802		906,802
29	Depreciation Expense Other										-		-
30	Bad Debt Expense										5,765	13,460	19,226
31	Taxes Other Than Income										-		-
32	Property Taxes										42,486	6,630	49,115
33	Income Taxes				(26,469)						(990)	344,042	343,052
34	Customer Deposit Interest										1,832		1,832
35	Total Operating Expenses	\$ 13,000	\$ -	\$ -	\$ -	\$ (26,469)	\$ -	\$ -	\$ -	\$ -	2,614,168	\$ 364,132	\$ 2,978,301
36	Operating Income	\$ (13,000)	\$ -	\$ -	\$ -	\$ 26,469	\$ -	\$ -	\$ -	\$ -	385,444	\$ 1,039,264	\$ 1,424,708
37	Other Income (Expense)												
38	Interest and Dividend Income										-		-
39	AFUDC Income										47,633		47,633
40	Miscellaneous Non-Utility Expenses										(5,630)		(5,630)
41	Interest Expense				(273,803)						(388,436)		(388,436)
42											-		-
43	Total Other Income (Expense)	\$ -	\$ -	\$ -	\$ (273,803)	\$ -	\$ -	\$ -	\$ -	\$ -	(346,434)	\$ -	\$ (346,434)
44	Net Profit (Loss)	\$ (13,000)	\$ -	\$ -	\$ (273,803)	\$ 26,469	\$ -	\$ -	\$ -	\$ -	39,011	\$ 1,039,264	\$ 1,078,275
45													
46	SUPPORTING SCHEDULES:												
47	C-2												
48	E-2												

RECAP SCHEDULES:
C-1, page 1

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Adjustments to Revenues and Expenses

Exhibit
Schedule C-2
Page 1
Witness: Bourassa

Line No.	1	2	3	4	5	6	Subtotal
	<u>Adjustments to Revenues and Expenses</u>						
1							
2							
3	<u>Depreciation</u>	<u>Property Taxes</u>	<u>Rate Case Expense</u>	<u>Revenue Annualization</u>	<u>Purchase Water Reclass</u>	<u>Corporate Allocations</u>	
4 Revenues	-	-	-	54,894	-	-	54,894
5							
6 Expenses	(101,053)	(1,758)	-	-	-	(207,802)	(310,613)
7							
8 Operating Income	101,053	1,758	-	54,894	-	207,802	365,507
9							
10							
11 Interest Expense							-
12							
13 Other Income /							-
14 Expense							
15							
16							
17 Net Income	101,053	1,758	-	54,894	-	207,802	365,507
18							
19							
20							
21	<u>Adjustments to Revenues and Expenses</u>						
22	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>Subtotal</u>
23	<u>Purchased WW Treatment</u>	<u>Labor Adjustment</u>	<u>Chemical Costs Adjustment</u>	<u>Testing Costs Adjustment</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	
24							
25 Revenues	-	-	-	-	-	-	54,894
26							
27 Expenses	(34,735)	88,871	29,855	13,000	-	-	(213,621)
28							
29 Operating Income	34,735	(88,871)	(29,855)	(13,000)	-	-	268,515
30							
31							
32 Interest Expense	-						-
33							
34 Other Income /							-
35 Expense							
36							
37							
38 Net Income	34,735	(88,871)	(29,855)	(13,000)	-	-	268,515
39							
40							
41							
42	<u>Adjustments to Revenues and Expenses</u>						<u>Total</u>
43	<u>13</u>	<u>14</u>					
44	<u>Interest Synch.</u>	<u>Income Taxes</u>					
45							
46 Revenues	-	-					54,894
47							
48 Expenses	-	(26,469)		-			(240,091)
49							
50 Operating Income	-	26,469	-	-	-	-	294,985
51							
52							
53 Interest Expense	(273,803)						(273,803)
54							
55 Other Income /		-					-
56 Expense							
57							
58							
59 Net Income	(273,803)	26,469	-	-	-	-	21,182

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Adjustments to Revenues and Expenses
Adjustment Number 1

Exhibit
Schedule C-2
Page 2
Witness: Bourassa

Depreciation Expense

Line	Acct.		Adjusted Original Cost	Non-Depr. or Fully Depr. Plant	Depr Original Cost	Proposed Rates	Depreciation Expense
No.	No.	Description					
1	351	Organization	\$ -		\$ -	0.00%	\$ -
2	352	Franchise	-		-	0.00%	-
3	353	Land	148,795	(148,795)	-	0.00%	-
4	354	Structures & Improvements	4,477,368		4,477,368	3.33%	149,096
5	355	Power Generation	8,976		8,976	5.00%	449
6	360	Collection Sewer Forced	7,736,408		7,736,408	2.00%	154,728
7	361	Collection Sewers Gravity	6,219,736	(3,719,453)	2,500,283	2.00%	50,006
8	362	Special Collecting Structures	1,216,313		1,216,313	2.00%	24,326
9	363	Customer Services	360,117	(145,480)	214,637	2.00%	4,293
10	364	Flow Measuring Devices	120,961		120,961	10.00%	12,096
11	365	Flow Measuring Installations	180,051	(180,051)	-	10.00%	-
12	366	Reuse Services	-		-	2.00%	-
13	367	Reuse Meters And Installation	-		-	8.33%	-
14	370	Receiving Wells	1,711,684	(678,931)	1,032,753	3.33%	34,391
15	371	Pumping Equipment	1,513,319	(1,175,691)	337,628	12.50%	42,203
16	374	Reuse Distribution Reservoirs	(1)	1	-	2.50%	-
17	375	Reuse Trans. and Dist. System	-		-	2.50%	-
18	380	Treatment & Disposal Equipment	665,059	(45,095)	619,964	5.00%	30,998
19	381	Plant Sewers	155,494	(106,217)	49,277	5.00%	2,464
20	382	Outfall Sewer Lines	-		-	3.33%	-
21	389	Other Sewer Plant & Equipment	1,089,336	(852,201)	237,135	6.67%	15,817
22	390	Office Furniture & Equipment	74,452	(65,930)	8,521	6.67%	568
23	390.1	Computers and Software	75,458	(75,650)	(192)	20.00%	(38)
24	391	Transportation Equipment	479,062	(119,337)	359,725	20.00%	71,945
25	392	Stores Equipment	-		-	4.00%	-
26	393	Tools, Shop And Garage Equip	56,846		56,846	5.00%	2,842
27	394	Laboratory Equip	7,964	(2,600)	5,363	10.00%	536
28	395	Power Operated Equip	-		-	5.00%	-
29	396	Communication Equip	233,538	(24,735)	208,803	10.00%	20,880
30	397	Miscellaneous Equip.	73,927	(6,833)	67,093	10.00%	6,709
31	398	Other Tangible Plant	1,279,436	-	1,279,436	10.00%	127,944
32							
33	903	Land and Land Rights	4,848	(4,848)	-	0.00%	-
34	904	Structures and Improvments	158,549		158,549	3.33%	5,280
35	940	Office Furniture & Equipment	35,912		35,912	6.67%	2,395
36	940.1	Computers and Software	332,598		332,598	20.00%	66,520
37	940.2	Customer First	963,379		963,379	5.00%	48,169
38	955	Power Generation	115		115	5.00%	6
39	995	Power Operated Equipment	19,024		19,024	6.67%	1,269
40	997	Miscellaenous Equipment	-		-		
41							
42		TOTALS	\$ 29,398,724	\$ (7,351,847)	\$ 22,046,877		\$ 875,892
43							
44		Plus: Deferred Reg. Asset - Plant Closure 1 Amort.	\$ 426,291		\$ 426,291	5.00%	\$ 21,315
45		Plus: Deferred Reg. Asset - Plant Closure 2 Amort.	\$ 1,562,543		\$ 1,562,543	5.00%	\$ 78,127
46							
47				Fully Amortized	Net		
48			Gross CIAC	CIAC	CIAC	Amort. Rate	
49		Less: Contributions-in-Aid of Construction Amortization	\$ 6,957,144	\$ (5,232,139)	\$ 1,725,005	3.9729%	\$ (68,532)
50			\$ 6,957,144	\$ (5,232,139)	\$ 1,725,005		
51							
52		Total Depreciation Expense					\$ 906,802
53							
54		Adjusted Test Year Depreciation Expense					\$ 820,476
55							
56		Increase (decrease) in Depreciation Expense					\$ 86,326
57							
58		Adjustment to Revenues and/or Expenses					\$ 86,326
59							
60		<u>SUPPORTING SCHEDULE</u>					
61		B-2, page 3					

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Adjustment to Revenues and Expenses
Adjustment Number 2

Exhibit
Schedule C-2
Page 3
Witness: Bourassa

Property Taxes

Line No.	DESCRIPTION	Test Year as adjusted	Company Recommended
1	Company Adjusted Test Year Revenues	\$ 2,999,613	\$ 2,999,613
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	5,999,225	5,999,225
4	Company Recommended Revenue	2,999,613	4,403,009
5	Subtotal (Line 4 + Line 5)	8,998,838	10,402,234
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	2,999,613	3,467,411
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	5,999,225	6,934,823
10	Plus: 10% of CWIP (intentionally excluded)	-	-
11	Less: Net Book Value of Licensed Vehicles	3,562	3,562
12	Full Cash Value (Line 9 + Line 10 - Line 11)	5,995,663	6,931,261
13	Assessment Ratio	15.5%	15.5%
14	Assessment Value (Line 12 * Line 13)	929,328	1,074,345
15	Composite Property Tax Rate - Obtained from ADOR	4.5716%	4.5716%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$ 42,486	\$ 49,115
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	\$ 42,486	
19	Test Year Property Taxes	\$ 44,243	
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	<u>\$ (1,758)</u>	
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		\$ 49,115
23	Company Test Year Adjusted Property Tax Expense (Line 18)		\$ 42,486
24	Increase in Property Tax Due to Increase in Revenue Requirement		<u>\$ 6,630</u>
25			
26	Increase in Property Tax Due to Increase in Revenue Requirement (Line 24)		\$ 6,630
27	Increase in Revenue Requirement		\$ 1,403,396
28	Increase in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		0.47240%
29			
30			
31			
32			
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38			
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40			

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Adjustment to Revenues and Expenses
Adjustment Number 3

Exhibit
Schedule C-2
Page 4
Witness: Bourassa

Rate Case Expense

Line
No.
1
2
3
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Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Adjustment to Revenues and Expenses
Adjustment Number 4

Exhibit
Schedule C-2
Page 5
Witness: Bourassa

Revenue Annualization

Line

No.

1

2

3

4 Revenue Annualization

30,894

5 Unbilled Revenue

24,000

6

7

8 Total Revenue from Annualization

\$ 54,894

9

10

11 Adjustment to Revenue and/or Expense

\$ 54,894

12

13 SUPPORTING SCHEDULES

14 H-1

15 Work papers

16

17

18

19

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Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Adjustment to Revenues and Expenses
Adjustment Number 5

Exhibit
Schedule C-2
Page 6
Witness: Bourassa

Purchase Water Reclass

Line

No.

1

2

Reclass Purchase Water from Wastewater Treatment

\$ (5,020)

3

Add Test Year Purchase Water Expense

\$ 5,020

4

5

6

Adjustment to Revenues and/or Expense

\$ -

7

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17

Reference

18

Testimony

19

20

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Adjustment to Revenues and Expenses
Adjustment Number 6

Exhibit
Schedule C-2
Page 7
Witness: Bourassa

Allocated Corporate Cost Adjustment

Line

No.

1

2 Contractual Services - Management

\$ (207,802)

3 Contractual Services - Other

-

4

5

6 Adjustment to Contractual Services - Professional

\$ (207,802)

7

8

9 Adjustment to Revenue and/or Expense

(207,802)

10

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16

17 Reference

18 Testimony

19 Work papers

20

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Adjustment to Revenues and Expenses
Adjustment Number 7

Exhibit
Schedule C-2
Page 8
Witness: Bourassa

Purchased Wastewater Treatment

Line

No.

1

2

2025 Wastewater Treatment Expense Annualized

\$ 518,493

3

Adjusted Test Year Wastewater Treatment Expense

483,758

4

Increase(decrease) in Purchased Wastewater Treatment Expense

\$ (34,735)

5

6

7

8

9

Adjustment to Revenue and/or Expense

\$ (34,735)

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13

14

Reference

15

Testimony

16

Work papers

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Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Adjustment to Revenues and Expenses
Adjustment Number 8

Exhibit
Schedule C-2
Page 9
Witness: Bourassa

Labor Expense Adjustment

Line

No.

1	<u>Corporate Allocation Adjustment</u>		
2			
3			
4	Increase (decrease) in Contractual Services - Management	\$	88,871
5	Increase (decrease) in Contractual Services - Other		-
6			
7			
8			
9			
10	Total	\$	88,871
11			
12			
13	Adjustment to Revenue and/or Expense	\$	88,871
14			
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Reference
Testimony
Work Papers

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Adjustment to Revenues and Expenses
Adjustment Number 9

Exhibit
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Witness: Bourassa

Chemical Costs Adjustment

Line

No.

1	<u>Decrease in External Consultant costs for H2S Testing</u>	(128,834.11)
2	Increase in internal chemical costs for H2S testing	158,689.28
3		
4		
5		
6		
7		
8		
9		
10	Total	<u>\$ 29,855</u>
11		
12		
13	Adjustment to Revenue and/or Expense	<u>\$ 29,855</u>
14		
15		
16		
17		
18		
19		
20		

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Adjustment to Revenues and Expenses
Adjustment Number 10

Exhibit
Schedule C-2
Page 11
Witness: Bourassa

Testing Costs

Line

No.

1 Increase to testing costs

13,000.0

2

3

4

5

6

7

8

9

10 Total

\$ 13,000

11

12

13 Adjustment to Revenue and/or Expense

\$ 13,000

14

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Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Adjustment to Revenues and Expenses
Adjustment Number 11

Exhibit
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Page 12
Witness: Bourassa

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Line
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Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Adjustment to Revenues and Expenses
Adjustment Number 12

Exhibit
Schedule C-2
Page 13
Witness: Bourassa

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Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Rate Case Expense Surcharge Computation

Exhibit

[1]	Rate Case Expense to be Recovered.	\$	117,854
[2]	Number of Years to Recover		3
[3]	Annual Amount to be Recovered [1] / [2]	\$	39,285
[4]	Number of Customers		2,344
[5]	Annual Surcharge per Customer [3] / [4]	\$	16.76
	Monthly Surcharge per Customer [5] / 12	\$	1.40

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Adjustment to Revenues and Expenses
Adjustment Number 13

Exhibit
Schedule C-2
Page 14
Witness: Bourassa

Interest Synchronization

Line
No.

1			
2			
3			
4	Fair Value Rate Base	\$ 18,103,990	
5	Weighted Cost of Debt	2.15%	
6	Interest Expense		\$ 388,436
7			
8	Test Year Interest Expense		<u>\$ 114,633</u>
9			
10	Increase (decrease) in Interest Expense		273,803
11			
12			
13			
14	Adjustment to Revenue and/or Expense		<u><u>\$ (273,803)</u></u>

15			
16			
17	<u>Weighted Cost of Debt Computation</u>		
18	<u>Pro forma Capital Structure</u>		
19		<u>Percent</u>	<u>Cost</u>
20	Debt	46.00%	4.66%
21	Equity	54.00%	10.60%
22	Total	100.00%	7.87%

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Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Adjustment to Revenues and/or Expenses
Adjustment Number 14

Exhibit
Schedule C-2
Page 15
Witness: Bourassa

Line
No.

1 Income Taxes

2

3

4 Computed Income Tax

5 Test Year Income tax Expense

6 Adjustment to Income Tax Expense

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13 SUPPORTING SCHEDULE

14 C-3, page 2

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42 Income Tax

43 Test Year Income tax Expense

44 Adjustment to Income Tax Expense

45

46

47 ¹ See work papers/testimony

	Test Year at Present Rates	Test Year at Proposed Rates
	\$ (990)	\$ 343,052
	-	(990)
	<u>\$ (990)</u>	<u>\$ 344,042</u>

	\$ -	\$ -
	25,479	-
	<u>\$ (25,479)</u>	<u>\$ -</u>

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Computation of Gross Revenue Conversion Factor

Exhibit
Schedule C-3
Page 1
Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Federal Effective Income Tax Rate	19.9710%
2		
3	State Effective Income Tax Rate	4.9000%
4		
5	Uncollectible Rate	0.7206%
6		
7	Property Taxes	0.3549%
8		
9		
10	Total Tax Percentage	25.947%
11		
12	Operating Income % = 100% - Tax Percentage	74.053%
13		
14		
15		
16		
17	<u>1</u> = Gross Revenue Conversion Factor	
18	Operating Income %	1.3504
19		
20		
21		
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28		
29	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>
30	C-3, page 2	A-1
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GROSS REVENUE CONVERSION FACTOR

Line No.	Description	(A)	(B)	(C)	(D)	(E)	(F)
<u>Calculation of Gross Revenue Conversion Factor:</u>							
1	Revenue	100.0000%					
2	Uncollectible Factor (Line 11)	0.0000%					
3	Revenues (L1 - L2)	100.0000%					
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	25.9465%					
5	Subtotal (L3 - L4)	74.0535%					
6	Revenue Conversion Factor (L1 / L5)	1.350375					
<u>Calculation of Uncollectible Factor:</u>							
7	Unity	100.0000%					
8	Combined Federal and State Tax Rate (L17)	24.8710%					
9	One Minus Combined Income Tax Rate (L7 - L8)	75.1290%					
10	Uncollectible Rate	0.9591%					
11	Uncollectible Factor (L9 * L10)		0.7206%				
<u>Calculation of Effective Tax Rate:</u>							
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%					
13	Arizona State Income Tax Rate	4.9000%					
14	Federal Taxable Income (L12 - L13)	95.1000%					
15	Applicable Federal Income Tax Rate (L55, Col E)	21.0000%					
16	Effective Federal Income Tax Rate (L14 x L15)	19.9710%					
17	Combined Federal and State Income Tax Rate (L13 +L16)		24.8710%				
<u>Calculation of Effective Property Tax Factor</u>							
18	Unity	100.0000%					
19	Combined Federal and State Income Tax Rate (L17)	24.8710%					
20	One Minus Combined Income Tax Rate (L18-L19)	75.1290%					
21	Property Tax Factor	0.4724%					
22	Effective Property Tax Factor (L20*L21)		0.3549%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			25.9465%			
24	Required Operating Income	\$ 1,424,708					
25	Adjusted Test Year Operating Income (Loss)	\$ 385,444					
26	Required Increase in Operating Income (L24 - L25)		\$ 1,039,264				
27	Income Taxes on Recommended Revenue (Col. (E), L52)	\$ 343,052					
28	Income Taxes on Test Year Revenue (Col. (B), L54)	\$ (990)					
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 344,042				
30	Recommended Revenue Requirement	\$ 4,403,009					
31	Uncollectible Rate	0.4366%					
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ 19,226					
33	Adjusted Test Year Uncollectible Expense	\$ 5,765					
34	Required Increase in Revenue to Provide for Uncollectible Exp.		\$ 13,460				
35	Property Tax with Recommended Revenue	\$ 49,115					
36	Property Tax on Test Year Revenue	\$ 42,486					
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		\$ 6,630				
38	Total Required Increase in Revenue (L26 + L29 + L37)		\$ 1,403,396				

	(A)	(B)	(C)	(D)	(E)	(F)
<u>Calculation of Income Tax:</u>						
39	Revenue	\$ 2,999,613	\$ 2,999,613	\$ 4,403,009	\$ 4,403,009	
40	Operating Expenses Excluding Income Taxes	\$ 2,615,159	\$ 2,615,159	\$ 2,635,249	\$ 2,635,249	
41	Synchronized Interest (L47)	\$ 388,436	\$ 388,436	\$ 388,436	\$ 388,436	
42	Arizona Taxable Income (L39 - L40 - L41)	\$ (3,982)	\$ (3,982)	\$ 1,379,324	\$ 1,379,324	
43	Arizona State Effective Income Tax Rate (see work papers)	4.9000%	4.9000%	4.9000%	4.9000%	
44	Arizona Income Tax (L42 x L43)	\$ (195)	\$ (195)	\$ 67,587	\$ 67,587	
45	Federal Taxable Income (L42- L44)	\$ (3,787)	\$ (3,787)	\$ 1,311,737	\$ 1,311,737	
46						
47	Federal Taxes at 21%	\$ (795)	\$ (795)	\$ 275,465	\$ 275,465	
48						
49						
50						
51						
52						
53	Total Federal Income Tax	\$ (795)	\$ (795)	\$ 275,465	\$ 275,465	
54	Combined Federal and State Income Tax (L35 + L42)	\$ (990)	\$ (990)	\$ 343,052	\$ 343,052	
55	COMBINED Applicable Federal Income Tax Rate [Col. (D), L53 - Col. (A), L53 / [Col. (D), L45 - Col. (A), L45]			21.0000%		
56	WASTEWATER Applicable Federal Income Tax Rate [Col. (E), L53 - Col. (B), L53] / [Col. (E), L45 - Col. (B), L45]				21.0000%	
57	WATER Applicable Federal Income Tax Rate [Col. (F), L53 - Col. (C), L53] / [Col. (F), L45 - Col. (C), L45]					0.0000%

<u>Calculation of Interest Synchronization:</u>		
58	Rate Base	\$ 18,103,990
59	Weighted Average Cost of Debt	2.1456%
60	Synchronized Interest (L45 X L46)	\$ 388,436

Exhibit
Schedule D-1
Page 1
Witness: Bourassa

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22	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>
23	D-1	A-3
24	D-2	
25	D-3	
26	D-4	
27	E-1	
28	Testimony	
29		
30		
31		

Exhibit
Schedule D-2
Page 1
Witness: Bourassa

[illegible]

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Cost of Preferred Stock

Exhibit
Schedule D-3
Page 1
Witness: Bourassa

Line No.	<u>End of Test Year</u>				<u>End of Projected Year</u>		
	Description of Issue	Shares Outstanding	Amount	Dividend Requirement	Shares Outstanding	Amount	Dividend Requirement
1							
2							
3							
4							
5							
6							
7	NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING						
8							
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21	<u>SUPPORTING SCHEDULES:</u>				<u>RECAP SCHEDULES:</u>		
22	E-1				D-1		
23							
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Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Cost of Common Equity

Exhibit
Schedule D-4
Page 1
Witness: Bourassa

Line
No.

1			
2	The Company is proposing a cost of common equity of	10.60%	.
3			
4			
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16			
17	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>	
18	E-1	D-1	
19	See Cost of Capital Testimony		
20			

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Comparative Balance Sheets

Exhibit
Schedule E-1
Page 1
Witness: Bourassa

Line No.		Test Year Ended 12/31/2025	Year Ended 12/31/2024	Year Ended 12/31/2023
1	ASSETS			
2	Plant In Service	\$ 22,398,769	\$ 23,834,939	\$ 24,058,759
3	Non-Utility Plant	-	-	-
4	Construction Work in Progress	1,841,048	1,279,234	605,406
5	Property Held for Future Use	-	-	-
6	Less: Accumulated Depreciation	(12,558,780)	(11,824,063)	(11,583,639)
7	Net Plant	<u>\$ 11,681,037</u>	<u>\$ 13,290,110</u>	<u>\$ 13,080,526</u>
8				
9	CURRENT ASSETS			
10	Cash and Equivalents	\$ (38)	\$ (3,596)	\$ 97,839
11	Restricted Cash	529,132	467,213	453,506
12	Accounts Receivable, Net	366,630	377,826	145,905
13	Inter-Company Receivable	3,893,432	799,991	4,410,060
14	Other Receivables	-	-	-
15	Notes Receivable	-	-	-
16	Materials and Supplies Inventory	-	-	-
17	Prepayments	2,333	2,333	2,333
	Accrued Utility Revenues	74,560	98,829	260,433
18	Other Current Assets	-	-	-
19	Total Current Assets	<u>\$ 4,866,048</u>	<u>\$ 1,742,597</u>	<u>\$ 5,370,075</u>
20				
21	OTHER ASSETS			
22	Deferred Regulatory Assets	\$ (519)	\$ 27,296	\$ 139,747
23	Deferred Regulatory Assets - Tax	82,557	75,540	77,502
24	Deferred Regulatory Assets - Closure	426,291	467,545	508,799
25	Deferred Regulatory Assets - Closure - Ph2	1,562,543	1,663,595	1,759,985
	Other Non-Current Assets	39,132	-	-
26	Deferred Debits	<u>\$ 2,110,004</u>	<u>\$ 2,233,975</u>	<u>\$ 2,486,032</u>
27				
28	TOTAL ASSETS	<u><u>\$ 18,657,089</u></u>	<u><u>\$ 17,266,682</u></u>	<u><u>\$ 20,936,633</u></u>
29				
30				
31	LIABILITIES AND STOCKHOLDER EQUITY			
32				
33	Stockholder's Equity	<u>\$ 4,636,402</u>	<u>\$ 4,618,574</u>	<u>\$ 4,154,354</u>
34				
35	Long-Term Debt*	<u>\$ 3,400,000</u>	<u>\$ 3,400,000</u>	<u>\$ 3,400,000</u>
36				
37	CURRENT LIABILITIES			
38	Accounts Payable	\$ 9,039	\$ 9,004	\$ 8,640
39	Current Portion of Long-Term Debt	-	-	-
40	Payables to Associated Companies	5,826,742	4,638,510	8,718,588
41	Security Deposits	22,022	9,483	37,068
42	Customer Meter Deposits, Current	-	-	-
43	Current Portion of AIAC	-	-	-
44	Accrued Taxes	2,053,516	2,033,821	1,860,820
45	Accrued Interest	524,869	467,749	410,629
46	Other Current Liabilities	490,775	441,743	574,729
47	Total Current Liabilities	<u>\$ 8,926,963</u>	<u>\$ 7,600,311</u>	<u>\$ 11,610,474</u>
48				
49	DEFERRED CREDITS			
50	Customer Meter Deposits, less current	\$ -	\$ -	\$ -
51	Advances in Aid of Construction	-	-	-
52	AIAC in-progress	240,073	198,225	188,225
53	Accumulated Deferred Investment Tax Credits	-	(58,416)	(84,215)
54	Accumulated Deferred Income Taxes	(20,238)	25,830	133,962
55	Deferred Regulatory Liabilities - Tax (EADIT)	-	-	-
56	Deferred Regulatory Liabilities - Tax Gross-up	-	-	-
57	Contributions In Aid of Construction	6,957,144	6,957,144	6,957,144
58	Accumulated Amortization	(6,058,665)	(5,993,136)	(5,927,607)
59	CIAC in-progress	7,500	7,500	7,500
60	Other Deferred Credits	567,910	510,650	496,796
61	Total Deferred Credits	<u>\$ 1,693,723</u>	<u>\$ 1,647,798</u>	<u>\$ 1,771,805</u>
62				
63	Total Liabilities & Common Equity	<u><u>\$ 18,657,089</u></u>	<u><u>\$ 17,266,682</u></u>	<u><u>\$ 20,936,633</u></u>
64				
65				
66				
67	SUPPORTING SCHEDULES:			
68	Work papers			
69				
70	* Proforma Equity and Debt for 2017 and 2018 to achieve 30% debt and 70% equity in capital structure per prior Prior Decision 75510.			
71				

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Comparative Income Statements

Exhibit
Schedule E-2
Page 1
Witness: Bourassa

Line No.		Test Year Ended <u>12/31/2025</u>	Prior Year Ended <u>12/31/2024</u>	Prior Year Ended <u>12/31/2023</u>
1	Revenues			
2	Sewer Revenues	\$ 2,926,298	\$ 2,905,885	\$ 2,892,896
3	Reclaimed Water Revenues	-	-	-
4	Other Sewer Revenues	18,420	3,948	6,774
5	Total Revenues	\$ 2,944,719	\$ 2,909,833	\$ 2,899,670
6	Operating Expenses			
7	Salaries and Wages	\$ -	\$ -	\$ -
8	Purchased Water	-	-	-
9	Purchased Wastewater Treatment	519,013	298,236	248,325
10	Sludge Removal	-	-	-
11	Purchased Power	38,860	88,442	26,792
12	Fuel for Power Production	-	-	-
13	Chemicals	173	1,124	350
14	Materials and Supplies	29,844	15,278	3,849
15	Contractual Services - Accounting	-	-	6,671
16	Contractual Services - Legal	-	-	(13,391)
17	Contractual Services - Management	903,585	796,120	840,027
18	Contractual Services - Testing	-	-	2,587
19	Contractual Services - Other	193,387	120,819	168,431
20	Equipment Rent	-	-	7,212
21	Building Rent	35,626	45,136	23,244
22	Transportation Expense	24,116	10,660	6,710
23	Insurance - Auto	1,658	1,942	(1,437)
24	Insurance - General Liability	22,621	18,220	26,312
25	Advertising Expense	202	109	2,006
26	Regulatory Commission Expense	-	-	-
27	Miscellaneous	0	1,761	34,097
28	Depreciation and Amortization	820,476	803,495	896,205
29	Depreciation Expense Other	187,379	-	-
30	Bad Debt Expense	5,765	(39,246)	32,460
31	Taxes Other Than Income	-	-	-
32	Property Taxes	44,243	42,448	41,952
33	Income Taxes	25,479	71,406	30,516
34	Customer Deposit Interest	1,832	24,561	50
35	Total Operating Expenses	\$ 2,854,259	\$ 2,300,510	\$ 2,382,966
36	Operating Income	\$ 90,460	\$ 609,323	\$ 516,704
37	Other Income (Expense)			
38	Interest and Dividend Income	-	-	6,891
39	AFUDC Income	47,633	1,069	-
40	Other Income (expense)	(5,630)	(30,061)	(23,057)
41	Interest Expense	(114,633)	(116,111)	(117,097)
42				
43	Total Other Income (Expense)	\$ (72,631)	\$ (145,103)	\$ (133,263)
44	Net Profit (Loss)	\$ 17,828	\$ 464,219	\$ 383,441

SUPPORTING SCHEDULES:
Work papers

RECAP SCHEDULES:
A-2

Liberty Utilities (Black Mountain Sewer) Corp.

Test Year Ended December 31, 2025
Comparative Statements of Cash Flows

Exhibit
Schedule E-3
Page 1
Witness: Bourassa

Line No.	Test Year Ended <u>12/31/2025</u>	Prior Year Ended <u>12/31/2024</u>	Prior Year Ended <u>12/31/2023</u>
1			
2			
3	Cash Flows from Operating Activities		
4	Net Income	\$ 17,828	\$ 464,219
5	Adjustments to reconcile net income to net cash		\$ 383,441
6	provided by operating activities:		
7	Depreciation and Amortization	820,476	803,495
8	Depreciation and Amortization Adjustments	(216,195)	(656,017)
9	Changes in Certain Assets and Liabilities:		(344,563)
10	Restricted Cash	61,918	13,708
11	Accounts Receivable	11,196	(231,921)
12	Other Receivables	-	(77,877)
13	Materials and Supplies Inventory		-
14	Prepaid Expenses	-	-
15	Deferred Regulatory Assets/Liabilities	163,104	252,057
16	Deferred Income Taxes	12,347	(82,333)
17	Receivables/Payables to Associated Co.	24,792	(175,774)
18	Accounts Payable	34	(1,188,494)
19	Interest Payable	57,120	8,970
20	Customer Meter and Security Deposits	12,539	57,120
21	Taxes Payable	19,695	(27,584)
22	Other assets and liabilities	32,498	173,001
23	Rounding	1	204,057
24	Net Cash Flow provided by Operating Activities	\$ 1,017,354	\$ 42,472
25	Cash Flow From Investing Activities:		217,573
26	Capital Expenditures	(1,055,644)	(450,008)
27	Plant Held for Future Use		(323,769)
28	Changes in Special Funds		-
29	Net Cash Flows from Investing Activities	\$ (1,055,644)	\$ (450,008)
30	Cash Flow From Financing Activities		(323,769)
31	Change in Restricted Cash		
32	Proceeds from Long-Term Debt	-	-
33	Net receipt of contributions in aid of construction	-	-
34	Net receipts of advances in aid of construction	41,848	10,000
35	Repayments of Long-Term Debt		-
36	Distributions		
37	Deferred Financing Costs		
38	Paid in Capital	-	-
39	Net Cash Flows Provided by Financing Activities	\$ 41,848	\$ 10,000
40	Increase(decrease) in Cash and Cash Equivalents	3,558	(101,435)
41	Cash and Cash Equivalents at Beginning of Year	(3,596)	97,839
42	Cash and Cash Equivalents at End of Year	\$ (38)	\$ (3,596)
43			\$ 97,839
44			
45	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>	
46	Work papers	A-5	
47	E1		
48	E-2		

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Statement of Changes in Stockholder's Equity

Exhibit
Schedule E-4
Page 1
Witness: Bourassa

Line

No.

		Stockholder's	Retained	
		<u>Equity</u>	<u>Earnings</u>	<u>Total</u>
1				
2				
3				
4	Balance, December 31, 2022	\$ 3,770,913	\$ -	\$ 3,770,913
5	Addnl Paid In Capital Adjustment	-		-
6	Distributions			-
7	Net Income		383,441	383,441
8				
9	Balance, December 31, 2023	\$ 3,770,913	\$ 383,441	\$ 4,154,354
10	Addnl Paid In Capital Adjustment	-		-
11	Distributions			-
12	Net Income		464,219	464,219
13				
14	Balance, December 31, 2024	\$ 3,770,913	\$ 847,661	\$ 4,618,574
15	Addnl Paid In Capital Adjustment	-		-
16	Distributions			-
17	Net Income		17,828	17,828
18				
19	Balance, December, 2025	\$ 3,770,913	\$ 865,489	\$ 4,636,402

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21

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26 SUPPORTING SCHEDULES:

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RECAP SCHEDULES:

E-1

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Detail of Plant in Service

Exhibit
Schedule E-5
Page 1
Witness: Bourassa

Line	Acct.		Plant	Plant	Plant
No.	No.	Plant Description	Balance	Additions, Reclass- ifications or Retirements	Balance
			at		at
			12/31/2024		12/31/2025
1					
2	106	Plant Not Classified	\$ 416,276	\$ 490,702	\$ 906,978
3	351	Organization	\$ -	-	\$ -
4	352	Franchise	\$ -	-	\$ -
5	353	Land	\$ 149,503	-	\$ 149,503
6	354	Structures & Improvements	\$ 2,128,695	-	\$ 2,128,695
7	355	Power Generation	\$ 9,000	-	\$ 9,000
8	360	Collection Sewer Forced	\$ 5,254,920	-	\$ 5,254,920
9	361	Collection Sewers Gravity	\$ 5,975,361	-	\$ 5,975,361
10	362	Special Collecting Structures	\$ 858,602	-	\$ 858,602
11	363	Customer Services	\$ 371,593	-	\$ 371,593
12	364	Flow Measuring Devices	\$ 121,801	-	\$ 121,801
13	365	Flow Measuring Installations	\$ 180,051	-	\$ 180,051
14	366	Reuse Services	\$ -	-	\$ -
15	367	Reuse Meters And Installation	\$ -	-	\$ -
16	370	Receiving Wells	\$ 773,931	-	\$ 773,931
17	371	Pumping Equipment	\$ 1,903,626	-	\$ 1,903,626
18	374	Reuse Distribution Reservoirs	\$ -	-	\$ -
19	375	Reuse Trans. and Dist. System	\$ -	-	\$ -
20	380	Treatment & Disposal Equipment	\$ 443,245	-	\$ 443,245
21	381	Plant Sewers	\$ 161,608	-	\$ 161,608
22	382	Outfall Sewer Lines	\$ -	-	\$ -
23	389	Other Sewer Plant & Equipment	\$ 1,089,404	-	\$ 1,089,404
24	390	Office Furniture & Equipment	\$ 302,820	-	\$ 302,820
25	390.1	Computers and Software	\$ -	-	\$ -
26	391	Transportation Equipment	\$ 203,599	(13,166)	\$ 190,434
27	392	Stores Equipment	\$ 5,159	-	\$ 5,159
28	393	Tools, Shop And Garage Equip	\$ 87,461	-	\$ 87,461
29	394	Laboratory Equip	\$ 15,944	-	\$ 15,944
30	395	Power Operated Equip	\$ -	-	\$ -
31	396	Communication Equip	\$ 236,950	-	\$ 236,950
32	397	Miscellaneous Equip.	\$ 31,605	-	\$ 31,605
33	398	Other Tangible Plant	\$ 3,113,786	-	\$ 3,113,786
34					
35					-
36					-
37					
38					-
39		TOTAL WATER PLANT	\$ 23,834,939	\$ 477,536	\$ 24,312,475
40					
41		<u>SUPPORTING SCHEDULES</u>		<u>RECAP SCHEDULES:</u>	
42		Work papers		A-4	
43				E-1	
44					

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Operating Statistics

Exhibit
Schedule E-7
Page 1
Witness: Bourassa

Line No.		Test Year Ended <u>12/31/2025</u>	Prior Year Ended <u>12/31/2024</u>	Prior Year Ended <u>12/31/2023</u>
1	<u>WASTEWATER STATISTICS:</u>			
2				
3				
4				
5	Total Gallons Treated (in Thousands)	84,568	111,200	94,435
6				
7				
8				
9	Wastewater Revenues from Customers:	\$ 2,944,719	\$ 2,909,833	\$ 2,899,670
10				
11				
12				
13				
14	Year End Number of Customers	2,344	2,185	2,162
15				
16				
17	Annual Gallons (in Thousands)			
18	Treated Per Year End Customer	36	51	44
19				
20				
21				
22	Annual Revenue per Year End Customer	\$ 1,256.28	\$ 1,331.73	\$ 1,341.20
23				
24	Pumping Cost Per 1,000 Gallons	\$ 0.4595	\$ 0.7953	\$ 0.2837
25	Purchased Wastewater Cost per 1,000 Gallons	\$ 6.1372	\$ 2.6820	\$ 2.6296
26				
27				
28				

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Taxes Charged to Operations

Exhibit
Schedule E-8
Page 1
Witness: Bourassa

Line		Test	Prior	Prior
No.		Year	Year	Year
		Ended	Ended	Ended
		<u>12/31/2025</u>	<u>12/31/2024</u>	<u>12/31/2023</u>
1	<u>Description</u>			
2				
3	State Income Taxes	\$ 5,088	\$ 14,261	\$ 6,094
4	Federal Income Taxes	20,391	57,146	24,422
5	Payroll Taxes			
6	Property Taxes	44,243	42,448	41,952
7				
8	Totals	<u>\$ 69,722</u>	<u>\$ 113,854</u>	<u>\$ 72,468</u>
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Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Notes To Financial Statements

Exhibit
Schedule E-9
Page 1
Witness: Bourassa

Line

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The Company does not conduct independent audits, reviews and/or compilations. Accordingly, there are no notes which are typically associated with these financial statements. Management makes the following notations to the financial statements contained herein:

Significant Accounting Policies - The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States of America and the accounting records of the are maintained in accordance with the uniform system of accounts as prescribed by the National Association of Regulatory Utility Commissioners (USOA 1996). Significant accounting policies are as follows:

Utility Plant - Property, plant and equipment is stated at cost less accumulated depreciation provided on a straight-line basis.

Depreciation rates for asset classes of utility property, plant and equipment are established by the Commission. The cost of additions, including betterments and replacements of units of utility fixed assets are charged to utility property, plant and equipment. When units of utility property are replaced, renewed or retired, their cost plus removal or disposal costs, less salvage proceeds, is charged to accumulated depreciation.

Revenue Recognition - Revenues are recognized on the accrual method. Under this method, revenue is recognized when earned rather than when collected, and expenses are recognized when incurred rather than when paid.

Contributions in Aid of Construction - Contributions in aid of construction (CIAC) are nonrefundable contributions by developers and customers for plant expansion. In addition, this amount includes the remaining balance, if any, of advances in aid of construction at the end of the repayment period. The contributions in aid of construction are being amortized at a rate equal to the rate allowed for depreciation, as a reduction of depreciation expense

Advances in Aid of Construction - Customer advances for construction are subject to refund in accordance with agreements approved by the Arizona Corporation Commission. Agreements provide for refunds which are typically equal to 10 percent of annual water revenue generated from the expansion. The repayments are for a maximum agreed upon period or until repaid in full. Any balance remaining at the end of the agreed-upon period for repayment becomes a contribution in aid of construction.

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Projected Income Statements - Present & Proposed Rates

Exhibit
Schedule F-1
Page 1
Witness: Bourassa

Line No.		Test Year Actual Results	At Present Rates Year Ended 12/31/2026	At Proposed Rates Year Ended 12/31/2026
1	Revenues			
2	Metered Water Revenues	\$ 2,926,298	\$ 2,981,192	\$ 4,384,589
3	Unmetered Water Revenues	-	-	-
4	Other Water Revenues	18,420	18,420	18,420
5		<u>\$ 2,944,719</u>	<u>\$ 2,999,613</u>	<u>\$ 4,403,009</u>
6	Operating Expenses			
7	Salaries and Wages	\$ -	\$ -	\$ -
8	Purchased Water	-	5,020	5,020
	Purchased Wastewater Treatment	519,013	479,258	479,258
	Sludge Removal	-	-	-
	Purchased Power	38,860	38,860	38,860
	Fuel for Power Production	-	-	-
	Chemicals	173	158,862	158,862
9	Materials and Supplies	29,844	29,844	29,844
10	Contractual Services - Accounting	-	-	-
11	Contractual Services - Legal	-	-	-
12	Contractual Services - Management	903,585	784,654	784,654
13	Contractual Services - Testing	-	13,000	13,000
14	Contractual Services - Other	193,387	64,552	64,552
15	Equipment Rent	-	-	-
16	Building Rent	35,626	35,626	35,626
17	Transportation Expense	24,116	24,116	24,116
18	Insurance - Auto	1,658	1,658	1,658
19	Insurance - General Liability	22,621	22,621	22,621
20	Advertising Expense	202	202	202
21	Regulatory Commission Expense	-	-	-
22	Miscellaneous	0	0	0
23	Depreciation and Amortization	1,007,855	906,802	906,802
24	Bad Debt Expense	5,765	5,765	19,226
25	Taxes Other Than Income	-	-	-
26	Property Taxes	44,243	42,486	49,115
27	Income Taxes	25,479	(990)	343,052
28	Customer Deposit Interest	1,832	1,832	1,832
29	Total Operating Expenses	<u>\$ 2,854,259</u>	<u>\$ 2,614,168</u>	<u>\$ 2,978,301</u>
30	Operating Income	<u>\$ 90,460</u>	<u>\$ 385,444</u>	<u>\$ 1,424,708</u>
31	Other Income (Expense)			
32	Interest and Dividend Income	-	-	-
33	AFUDC Income	47,633	47,633	47,633
34	Miscellaneous Non-Utility Expenses	(5,630)	(5,630)	(5,630)
35	Interest Expense	(114,633)	(388,436)	(388,436)
36				
37	Total Other Income (Expense)	<u>\$ (72,631)</u>	<u>\$ (346,434)</u>	<u>\$ (346,434)</u>
38	Net Profit (Loss)	<u>\$ 17,828</u>	<u>\$ 39,011</u>	<u>\$ 1,078,275</u>

SUPPORTING SCHEDULES:

C-1

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Projected Statements of Changes in Financial Position
Present and Proposed Rates

Exhibit
Schedule F-2
Page 1
Witness: Bourassa

Line No.		Test Year Ended 12/31/2025	At Present Rates Year Ended 12/31/2026	At Proposed Rates Year Ended 12/31/2026
5	Cash Flows from Operating Activities			
6	Net Income	\$ 17,828	\$ 39,011	\$ 1,078,275
7	Adjustments to reconcile net income to net cash			
8	provided by operating activities:			
9	Depreciation and Amortization	820,476	906,802	906,802
10	Depreciation Adjustments	(216,195)	(83,176)	(624,301)
11	Changes in Certain Assets and Liabilities:			
12	Restricted Cash	61,918		
13	Accounts Receivable	11,196		
14	Other Receivables	-		
15	Materials and Supplies Inventory	-		
16	Prepaid Expenses	-		
17	Deferred Regulatory Assets/Liabilities	163,104		
18	Deferred Income Taxes	12,347	(54,827)	(54,827)
19	Receivables/Payables to Associated Co.	24,792	(1,606,568)	(1,606,568)
20	Accounts Payable	34		
21	Interest Payable	57,120		
22	Customer Meter and Security Deposits	12,539		
23	Taxes Payable	19,695	(2,053,516)	(2,053,516)
24	Other assets and liabilities	32,498		
25	Rounding	1	1	(2)
26	Net Cash Flow provided by Operating Activities	\$ 1,017,354	\$ (2,852,274)	\$ (2,354,138)
27	Cash Flow From Investing Activities:			
28	Capital Expenditures	(1,055,644)	(5,893,075)	(5,893,075)
29	Plant Held for Future Use	-		
30	Changes in debt reserve fund	-		
31	Net Cash Flows from Investing Activities	\$ (1,055,644)	\$ (5,893,075)	\$ (5,893,075)
32	Cash Flow From Financing Activities			
33	Change in Restricted Cash	-		
34	Change in net amounts due to parent and affiliates	-		
35	Net Receipt contributions in aid of construction	-		
36	Net receipts of advances in aid of construction	41,848		
37	Long-Term Debt	-	4,754,679	5,003,598
38	Dividends Paid	-	(500,000)	(1,000,000)
39	Deferred Financing Costs	-		
40	Paid in Capital	-	4,936,483	5,228,692
41	Net Cash Flows Provided by Financing Activities	\$ 41,848	\$ 9,191,161	\$ 9,232,289
42	Increase(decrease) in Cash and Cash Equivalents	3,558	445,812	985,076
43	Cash and Cash Equivalents at Beginning of Year	(3,596)	(38)	(38)
44	Cash and Cash Equivalents at End of Year	\$ (38)	\$ 445,774	\$ 985,038

SUPPORTING SCHEDULES:

E-3

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Projected Construction Requirements

Exhibit
Schedule F-3
Page 1
Witness: Bourassa

Line
No.

	Account		Test Year	2026	2027	2028
	Number	Plant Asset:				
1	351	Organization	\$ -	\$ -	\$ -	\$ -
2	352	Franchise	-	-	-	-
3	353	Land	-	-	-	-
4	354	Structures & Improvements	-	202,400	120,000	120,000
5	355	Power Generation	-	-	-	-
6	360	Collection Sewer Forced	-	2,804,000	250,000	250,000
7	361	Collection Sewers Gravity	-	168,000	144,000	120,000
8	362	Special Collecting Structures	-	-	-	-
9	363	Customer Services	-	48,000	-	-
10	364	Flow Measuring Devices	-	60,000	-	-
11	365	Flow Measuring Installations	-	-	-	-
12	366	Reuse Services	-	-	-	-
13	367	Reuse Meters And Installation	-	-	-	-
14	370	Receiving Wells	-	909,000	-	-
15	371	Pumping Equipment	-	20,000	-	-
16	374	Reuse Distribution Reservoirs	-	-	-	-
17	375	Reuse Trans. and Dist. System	-	-	-	-
18	380	Treatment & Disposal Equipment	-	204,000	180,000	-
19	381	Plant Sewers	-	-	-	-
20	382	Outfall Sewer Lines	-	-	-	-
21	389	Other Sewer Plant & Equipment	-	10,000	-	-
22	390	Office Furniture & Equipment	-	-	-	-
23	390.1	Computers and Software	-	-	-	-
24	391	Transportation Equipment	-	-	-	-
25	392	Stores Equipment	-	-	-	-
26	393	Tools, Shop And Garage Equip	-	-	20,000	20,000
27	394	Laboratory Equip	-	-	-	-
28	395	Power Operated Equip	-	-	-	-
29	396	Communication Equip	-	-	40,000	60,000
30	397	Miscellaneous Equip.	-	43,000	-	-
31	398	Other Tangible Plant	-	-	-	-
32						
33						
34						
35						
36						
37	Total		\$ -	\$ 4,468,400	\$ 754,000	\$ 570,000
38						
39						
40						

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Assumptions Used in Rate Filing

Exhibit
Schedule F-4
Page 1
Witness: Bourassa

Line

No.

- 1 Property Taxes were computed using the method used by the Arizona Department
- 2 of Revenue modified for ratemaking.
- 3
- 4 Projected construction expenditures are shown on Schedule A-4.
- 5
- 6 Expense adjustments are shown on Schedule C2, and are explained in the testimony.
- 7
- 8 Income taxes were computed using statutory state and federal income tax rates.
- 9
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Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Cost of Service Summary
At Present Rates

LINE NO.	DESCRIPTION	Total Company	Jurisdictional Total	Residential	Residential Multi-Family	Commercial
1	<u>RATE BASE (a)</u>					
2	Gross Plant in Service	\$ 29,398,724	\$ 29,398,724	\$ 23,434,089	\$ 1,365,175	\$ 4,599,460
3	Accumulated Depreciation	<u>12,481,526</u>	<u>12,481,526</u>	<u>9,957,670</u>	<u>577,266</u>	<u>1,946,591</u>
4	Net Plant	\$ 16,917,198	\$ 16,917,198	\$ 13,476,419	\$ 787,909	\$ 2,652,869
5	Construction Work in Progress	-	-	-	-	-
6	Working Capital Assets & Misc. Other	2,035,494	2,035,494	1,621,496	94,802	319,196
7	Contributions & Advances in Aid of Construction	<u>(848,702)</u>	<u>(848,702)</u>	<u>(676,085)</u>	<u>(39,528)</u>	<u>(133,089)</u>
8	TOTAL RATE BASE [A]	\$ 18,103,990	\$ 18,103,990	\$ 14,421,830	\$ 843,184	\$ 2,838,976
9	<u>OPERATING REVENUES (c)</u>					
10	Present Rate Schedules(b)	\$ 2,981,193	\$ 2,981,193	\$ 2,285,514	\$ 158,350	\$ 537,329
11	Other Revenues	18,420	18,420	13,283	859	4,278
12	Effluent Revenues	-	-	-	-	-
13	TOTAL OPERATING REVENUES [A]	\$ 2,999,613	\$ 2,999,613	\$ 2,298,797	\$ 159,209	\$ 541,608
14	<u>OPERATING EXPENSES (c)</u>					
15	Operations and Maintenance					
16	Collection and Pumping	\$ 131,434	\$ 131,434	\$ 97,479	\$ 6,284	\$ 27,671
17	Treatment and Disposal	638,181	638,181	461,438	29,835	146,908
18	Reclaimed Water	4,954	4,954	3,753	242	960
19	Customer Accounts	20,927	20,927	19,618	63	1,245
20	Administrative and General	<u>870,375</u>	<u>870,375</u>	<u>711,683</u>	<u>28,836</u>	<u>129,856</u>
21	Total Operating and Maintenance Expense	\$ 1,665,871	\$ 1,665,871	\$ 1,293,971	\$ 65,261	\$ 306,639
22	Depreciation and Amortization	906,802	906,802	741,123	36,387	129,292
23	Taxes Other Than Income	42,486	42,486	33,844	1,979	6,662
24	Income Taxes	<u>(990)</u>	<u>(990)</u>	<u>(19,791)</u>	<u>9,324</u>	<u>9,476</u>
25	TOTAL EXPENSES [A]	\$ 2,614,169	\$ 2,614,169	\$ 2,049,148	\$ 112,951	\$ 452,070
26	OPERATING INCOME	\$ 385,445	\$ 385,445	\$ 249,649	\$ 46,258	\$ 89,538
27	EARNED RATE OF RETURN ON RATE BASE	2.13%	2.13%	1.73%	5.49%	3.15%
28	<u>COST OF SERVICE REQUIREMENT SUMMARY</u>					
29	REQUIRED RATE OF RETURN GIVEN EQUAL RATES OF RETURN	7.87%	7.87%	7.87%	7.87%	7.87%
30	REQUIRED OPERATING INCOME (L8*L27)	\$ 1,424,708	\$ 1,424,708	\$ 1,134,938	\$ 66,355	\$ 223,416
31	OPERATING INCOME DEFICIENCY/(SURPLUS) (L28-L24)	\$ 1,039,263	\$ 1,039,263	\$ 885,288	\$ 20,097	\$ 133,878
32	REVENUE CONVERSION FACTOR(d)[A]	1.3504	1.3504	1.3504	1.3504	1.3504
33	REVENUE DEFICIENCY/(SURPLUS) (L29*L30)	\$ 1,403,395	\$ 1,403,395	\$ 1,195,471	\$ 27,139	\$ 180,785
34	RATE SCHEDULE REVENUE REQUIREMENT (L10+L31)	\$ 4,384,588	\$ 4,384,588	\$ 3,480,985	\$ 185,489	\$ 718,114
35	INDICATED % INCREASE ON PRESENT RATE SCHEDULE (L33/L10)	46.79%	46.79%	52.00%	17.05%	33.38%
36	TOTAL REVENUE REQUIREMENT (L12 + L31)	\$ 4,403,008	\$ 4,403,008	\$ 3,494,268	\$ 186,348	\$ 722,393
37	<u>PROPOSED RATE SCHEDULE REVENUE REQUIREMENTS</u>					
38	REVENUE DEFICIENCY / (SURPLUS)	\$ 1,403,395	\$ 1,403,395	\$ 1,073,588	\$ 26,947	\$ 302,860
39	% INCREASE (L38/L10)	47.07%	47.07%	46.97%	17.02%	56.36%
40	COST OF SERV. RATE SCHEDULE (L10 + L38)	\$ 4,384,588	\$ 4,384,588	\$ 3,359,101	\$ 185,297	\$ 840,190
41	COST OF SERV. REV. REQUIREMENT (L11 + L12 + L40)	\$ 4,403,008	\$ 4,403,008	\$ 3,372,384	\$ 186,156	\$ 844,468
42	% INCREASE IN TOTAL REVENUES (L36/L13)	46.79%	46.79%	46.70%	16.93%	55.92%
43	EARNED RATE OF RETURN ON RATE BASE AT PROPOSED RATES(e)	7.87%	7.87%	7.23%	7.86%	11.12%

Supporting Schedules

- (a) G-3
- (b) H-1
- (c) G-4a
- (d) C-5
- (e) G-2

Recap Schedules

[A] A-1

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Cost of Service Summary
At Proposed Rates

LINE NO.	DESCRIPTION	Total Company	Jurisdictional Total	Residential	Residential Multi-Family	Commercial
1	<u>RATE BASE (a)</u>					
2	Gross Plant in Service	\$ 29,398,724	\$ 29,398,724	\$ 23,434,089	\$ 1,365,175	\$ 4,599,460
3	Accumulated Depreciation	<u>12,481,526</u>	<u>12,481,526</u>	<u>9,957,670</u>	<u>577,266</u>	<u>1,946,591</u>
4	Net Plant	\$ 16,917,198	\$ 16,917,198	\$ 13,476,419	\$ 787,909	\$ 2,652,869
5	Construction Work in Progress	-	-	-	-	-
6	Working Capital Assets & Misc. Other	2,035,494	2,035,494	1,621,496	94,802	319,196
7	Contributions & Advances in Aid of Construction	<u>(848,702)</u>	<u>(848,702)</u>	<u>(676,085)</u>	<u>(39,528)</u>	<u>(133,089)</u>
8	TOTAL RATE BASE [A]	\$ 18,103,990	\$ 18,103,990	\$ 14,421,830	\$ 843,184	\$ 2,838,976
9	<u>OPERATING REVENUES (c)</u>					
10	Proposed Rate Schedules(b)	\$ 4,384,588	\$ 4,384,588	\$ 3,359,101	\$ 185,297	\$ 840,190
11	Other Revenues	18,420	18,420	13,283	859	4,278
12	Effluent Revenues	-	-	-	-	-
13	TOTAL OPERATING REVENUES [A]	\$ 4,403,008	\$ 4,403,008	\$ 3,372,384	\$ 186,156	\$ 844,468
14	<u>OPERATING EXPENSES (c)</u>					
15	Operations and Maintenance					
16	Collection and Pumping	\$ 131,434	\$ 131,434	\$ 97,479	\$ 6,284	\$ 27,671
17	Treatment and Disposal	638,181	638,181	461,438	29,835	146,908
18	Reclaimed Water	4,954	4,954	3,753	242	960
19	Customer Accounts	34,388	34,388	32,237	104	2,046
20	Administrative and General	<u>870,375</u>	<u>870,375</u>	<u>711,683</u>	<u>28,836</u>	<u>129,856</u>
21	Total Operating and Maintenance Expense	\$ 1,679,332	\$ 1,679,332	\$ 1,306,590	\$ 65,302	\$ 307,440
22	Depreciation and Amortization	906,802	906,802	741,123	36,387	129,292
23	Taxes Other Than Income	49,116	49,116	39,126	2,288	7,702
24	Income Taxes	<u>343,051</u>	<u>343,051</u>	<u>242,769</u>	<u>15,939</u>	<u>84,343</u>
25	TOTAL EXPENSES [A]	\$ 2,978,301	\$ 2,978,301	\$ 2,329,608	\$ 119,916	\$ 528,777
26	OPERATING INCOME	\$ 1,424,707	\$ 1,424,707	\$ 1,042,776	\$ 66,240	\$ 315,691
27	RATE OF RETURN AT PROPOSED RATES	7.87%	7.87%	7.23%	7.86%	11.12%
28	Relative Ratio of Return - Proposed Rates			0.919	0.998	1.413

Supporting Schedules

- (a) G-3
- (b) H-1
- (c) G-4b
- (d) C-5

Recap Schedules

- [A] A-1
- [B] G-1

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Rate Base Allocation to Rate Schedules/Classes

Line No.	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Residential Multi-Family	Commercial	Allocation Factor (b)
RATE BASE							
GROSS PLANT IN SERVICE							
<u>Collection Plant</u>							
1	Commodity	\$ 7,850,107	\$ 7,850,107	\$ 5,660,748	\$ 366,053	\$ 1,823,306	CBC
2	Demand - Extra Cap Max Day	8,981,452	8,981,452	7,520,685	482,965	977,802	CMD
3	Customer Accounts	-	-	-	-	-	CB
4	Customer Services	360,117	360,117	325,608	12,495	22,015	CS
5	Reuse/Effluent	-	-	-	-	-	CF
6	Total Collection Plant	\$ 17,191,676	\$ 17,191,676	\$ 13,507,041	\$ 861,512	\$ 2,823,123	
<u>Pumping Plant</u>							
7	Commodity	\$ 1,508,303	\$ 1,508,303	\$ 1,087,644	\$ 70,333	\$ 350,326	CBC
8	Demand - Extra Cap Max Day	1,725,677	1,725,677	1,445,008	92,796	187,873	CMD
9	Customer Accounts	-	-	-	-	-	CB
10	Customer Services	-	-	-	-	-	CS
11	Reuse/Effluent	-	-	-	-	-	CF
12	Total Pumping Plant	\$ 3,233,979	\$ 3,233,979	\$ 2,532,652	\$ 163,128	\$ 538,199	
<u>Treatment and Disposal Plant</u>							
13	Commodity	\$ 1,990,380	\$ 1,990,380	\$ 1,435,272	\$ 92,812	\$ 462,296	CBC
14	Demand - Extra Cap Max Day	2,277,230	2,277,230	1,906,855	122,455	247,920	CMD
15	Customer Accounts	-	-	-	-	-	CB
16	Customer Services	-	-	-	-	-	CS
17	Reuse/Effluent	-	-	-	-	-	CF
18	Total Treatment and Disposal Plant	\$ 4,267,610	\$ 4,267,610	\$ 3,342,127	\$ 215,267	\$ 710,216	
<u>Reclaimed Water Plant</u>							
19	Commodity	\$ (1)	\$ (1)	\$ (0)	\$ (0)	\$ (0)	CBC
20	Demand - Extra Cap Max Day	(1)	(1)	(1)	(0)	(0)	CMD
21	Customer Accounts	-	-	-	-	-	CB
22	Customer Services	-	-	-	-	-	CS
23	Reuse/Effluent	-	-	-	-	-	CF
24	Total Reclaimed Water Plant	\$ (1)	\$ (1)	\$ (1)	\$ (0)	\$ (0)	
<u>Gross Plant In Service before Intangible and General Plant</u>							
25	Commodity	\$ 11,348,789	\$ 11,348,789	\$ 8,183,663	\$ 529,198	\$ 2,635,928	
26	Demand - Extra Cap Max Day	12,984,358	12,984,358	10,872,548	698,215	1,413,595	
27	Customer Accounts	-	-	-	-	-	
28	Customer Services	360,117	360,117	325,608	12,495	22,015	
29	Reuse/Effluent	-	-	-	-	-	
30	Gross Plant In Service	\$ 24,693,264	\$ 24,693,264	\$ 19,381,819	\$ 1,239,907	\$ 4,071,537	
<u>General Plant</u>							
31	Commodity	\$ 733,284	\$ 733,284	\$ 528,775	\$ 34,193	\$ 170,316	CBC
32	Demand - Extra Cap Max Day	838,964	838,964	702,513	45,114	91,337	CMD
33	Customer Accounts	1,595,517	1,595,517	1,495,743	4,836	94,938	CB
34	Customer Services	23,268	23,268	21,039	807	1,422	CS
35	Reuse/Effluent	-	-	-	-	-	CF
36	Total General Plant	\$ 3,191,034	\$ 3,191,034	\$ 2,748,069	\$ 84,951	\$ 358,014	

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Rate Base Allocation to Rate Schedules/Classes

Line No.	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Residential Multi-Family	Commercial	Allocation Factor (b)
<u>Intangible Plant</u>							
37	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -	CBC
38	Demand - Extra Cap Max Day	-	-	-	-	-	CMD
39	Customer Accounts	-	-	-	-	-	CB
40	Customer Services	-	-	-	-	-	CS
41	Reuse/Effluent	-	-	-	-	-	CF
42	Total Intangible Plant	\$ -	\$ -	\$ -	\$ -	\$ -	
<u>Allocated Corporate Plant</u>							
43	Commodity	\$ 348,008	\$ 348,008	\$ 250,950	\$ 16,228	\$ 80,830	CBC
44	Demand - Extra Cap Max Day	398,162	398,162	333,404	21,411	43,348	CMD
45	Customer Accounts	757,213	757,213	709,862	2,295	45,056	CB
46	Customer Services	11,043	11,043	9,985	383	675	CS
47	Reuse/Effluent	-	-	-	-	-	CF
48	Total Allocated Corporate Plant	\$ 1,514,426	\$ 1,514,426	\$ 1,304,200	\$ 40,317	\$ 169,909	
<u>Reconciling Amount</u>							
49	Commodity		\$ -	\$ -	\$ -	\$ -	CBC
50	Demand - Extra Cap Max Day		-	-	-	-	CMD
51	Customer Accounts		-	-	-	-	CB
52	Customer Services		-	-	-	-	CS
53	Fire Hydrants		-	-	-	-	CF
54	Total Reconciling Amount	\$ -	\$ -	\$ -	\$ -	\$ -	
<u>Gross Plant In Service</u>							
55	Commodity	\$ 12,430,081	\$ 12,430,081	\$ 8,963,388	\$ 579,619	\$ 2,887,074	
56	Demand - Extra Cap Max Day	14,221,485	14,221,485	11,908,465	764,740	1,548,280	
57	Customer Accounts	2,352,730	2,352,730	2,205,605	7,131	139,994	
58	Customer Services	394,429	394,429	356,631	13,685	24,112	
59	Fire Hydrants	-	-	-	-	-	
60	Total Gross Plant In Service (a)(c)	\$ 29,398,724	\$ 29,398,724	\$ 23,434,089	\$ 1,365,175	\$ 4,599,460	

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Rate Base Allocation to Rate Schedules/Classes

Line No.	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Residential Multi-Family	Commercial	Allocation Factor (b)
ACCUMULATED DEPRECIATION AND AMORTIZATION							
<u>Source of Supply Plant</u>							
61	Commodity	\$ 2,640,160	\$ 2,640,160	\$ 1,903,832	\$ 123,112	\$ 613,217	CBC
62	Demand - Extra Cap Max Day	3,020,656	3,020,656	2,529,369	162,431	328,856	CMD
63	Customer Accounts	-	-	-	-	-	CB
64	Customer Services	165,060	165,060	149,242	5,727	10,090	CS
65	Fire Hydrants	-	-	-	-	-	CF
66	Total Source of Supply Plant	\$ 5,825,876	\$ 5,825,876	\$ 4,582,443	\$ 291,270	\$ 952,164	
<u>Pumping Plant</u>							
67	Commodity	\$ 952,855	\$ 952,855	\$ 687,108	\$ 44,432	\$ 221,315	CBC
68	Demand - Extra Cap Max Day	1,090,179	1,090,179	912,870	58,623	118,687	CMD
69	Customer Accounts	-	-	-	-	-	CB
70	Customer Services	-	-	-	-	-	CS
71	Fire Hydrants	-	-	-	-	-	CF
72	Total Pumping Plant	\$ 2,043,034	\$ 2,043,034	\$ 1,599,978	\$ 103,055	\$ 340,002	
<u>Water Treatment Plant</u>							
73	Commodity	\$ 1,177,620	\$ 1,177,620	\$ 849,187	\$ 54,913	\$ 273,520	CBC
74	Demand - Extra Cap Max Day	1,347,337	1,347,337	1,128,202	72,451	146,683	CMD
75	Customer Accounts	-	-	-	-	-	CB
76	Customer Services	-	-	-	-	-	CS
77	Fire Hydrants	-	-	-	-	-	CF
78	Total Water Treatment Plant	\$ 2,524,956	\$ 2,524,956	\$ 1,977,389	\$ 127,364	\$ 420,203	
<u>Transmission and Distribution Plant</u>							
79	Commodity	\$ (1)	\$ (1)	\$ (1)	\$ (0)	\$ (0)	CBC
80	Demand - Extra Cap Max Day	(1)	(1)	(1)	(0)	(0)	CMD
81	Customer Accounts	-	-	-	-	-	CB
82	Customer Services	-	-	-	-	-	CS
83	Fire Hydrants	-	-	-	-	-	CF
84	Total Transmission and Distribution Plant	\$ (2)	\$ (2)	\$ (1)	\$ (0)	\$ (0)	
<u>General Plant</u>							
85	Commodity	\$ 417,112	\$ 417,112	\$ 300,781	\$ 19,450	\$ 96,881	CBC
86	Demand - Extra Cap Max Day	477,225	477,225	399,608	25,662	51,955	CMD
87	Customer Accounts	907,573	907,573	850,819	2,751	54,003	CB
88	Customer Services	13,236	13,236	11,967	459	809	CS
89	Fire Hydrants	-	-	-	-	-	CF
90	Total General Plant	\$ 1,815,146	\$ 1,815,146	\$ 1,563,175	\$ 48,322	\$ 203,648	

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Rate Base Allocation to Rate Schedules/Classes

Line No.	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Residential Multi-Family	Commercial	Allocation Factor (b)
<u>Allocated Corporate Plant</u>							
92	Commodity	\$ 62,623	\$ 62,623	\$ 45,158	\$ 2,920	\$ 14,545	CBC
93	Demand - Extra Cap Max Day	71,648	71,648	59,995	3,853	7,800	CMD
94	Customer Accounts	136,258	136,258	127,737	413	8,108	CB
95	Customer Services	1,987	1,987	1,797	69	121	CS
96	Fire Hydrants	-	-	-	-	-	CF
97	Total Allocated Corporate Plant	\$ 272,515	\$ 272,515	\$ 234,686	\$ 7,255	\$ 30,575	
<u>Retirement Work in Progress</u>							
98	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -	CBC
99	Demand - Extra Cap Max Day	-	-	-	-	-	CMD
100	Customer Accounts	-	-	-	-	-	CB
101	Customer Services	-	-	-	-	-	CS
102	Fire Hydrants	-	-	-	-	-	CF
103	Total Retirement Work in Progress	\$ -	\$ -	\$ -	\$ -	\$ -	
<u>Advances in Aid of Construction</u>							
104	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -	CBC
105	Demand - Extra Cap Max Day	-	-	-	-	-	CMD
106	Customer Accounts	-	-	-	-	-	CB
107	Customer Services	-	-	-	-	-	CS
108	Fire Hydrants	-	-	-	-	-	CF
109	Total Advances in Aid of Construction	\$ -	\$ -	\$ -	\$ -	\$ -	
<u>Accumulated Depreciation/Amortization</u>							
110	Commodity	\$ 5,250,369	\$ 5,250,369	\$ 3,786,065	\$ 244,826	\$ 1,219,477	
111	Demand - Extra Cap Max Day	6,007,044	6,007,044	5,030,043	323,020	653,981	
112	Customer Accounts	1,043,831	1,043,831	978,556	3,164	62,111	
113	Customer Services	180,282	180,282	163,006	6,255	11,021	
114	Fire Hydrants	-	-	-	-	-	
115	Total Accumulated Depreciation/Amortization (a)(c)	\$ 12,481,526	\$ 12,481,526	\$ 9,957,670	\$ 577,266	\$ 1,946,591	

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Rate Base Allocation to Rate Schedules/Classes

Line No.	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Residential Multi-Family	Commercial	Allocation Factor (b)
NET UTILITY PLANT IN SERVICE							
	Net Plant						
116	Commodity	\$ 7,179,712	\$ 7,179,712	\$ 5,177,323	\$ 334,792	\$ 1,667,597	
117	Demand - Extra Cap Max Day	8,214,441	8,214,441	6,878,422	441,720	894,299	
118	Customer Accounts	1,308,899	1,308,899	1,227,049	3,967	77,883	
119	Customer Services	214,146	214,146	193,625	7,430	13,091	
120	Fire Hydrants	-	-	-	-	-	
121	Net Utility Plant in Service (a)	\$ 16,917,198	\$ 16,917,198	\$ 13,476,419	\$ 787,909	\$ 2,652,869	
CONSTRUCTION WORK IN PROGRESS							
	Construction Work in Progress						
122	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -	CBC
123	Demand - Extra Cap Max Day	-	-	-	-	-	CMD
124	Customer Accounts	-	-	-	-	-	CB
125	Customer Services	-	-	-	-	-	CS
126	Fire Hydrants	-	-	-	-	-	CF
127	Total Construction Work in Progress (a)	\$ -	\$ -	\$ -	\$ -	\$ -	
WORKING CAPITAL ASSETS							
	Working Capital Assets						
128	Commodity	\$ 863,870	\$ 863,870	\$ 622,941	\$ 40,283	\$ 200,647	CBC
129	Demand - Extra Cap Max Day	988,370	988,370	827,619	53,148	107,603	CMD
130	Customer Accounts	157,488	157,488	147,640	477	9,371	CB
131	Customer Services	25,766	25,766	23,297	894	1,575	CS
132	Fire Hydrants	-	-	-	-	-	CF
133	Total Working Capital Assets (a)	\$ 2,035,494	\$ 2,035,494	\$ 1,621,496	\$ 94,802	\$ 319,196	
CONTRIBUTIONS & ADVANCES IN AID OF CONSTRUCTION, ADIT, OTHER							
	Contributions & Advances in Aid of Construction, ADIT, EADIT, Other						
134	Commodity	\$ (360,192)	\$ (360,192)	\$ (259,736)	\$ (16,796)	\$ (83,660)	CBC
135	Demand - Extra Cap Max Day	(412,102)	(412,102)	(345,077)	(22,160)	(44,865)	CMD
136	Customer Accounts	(65,665)	(65,665)	(61,559)	(199)	(3,907)	CB
137	Customer Services	(10,743)	(10,743)	(9,714)	(373)	(657)	CS
138	Fire Hydrants	-	-	-	-	-	CF
139	Total Contributions & Advances in Aid of Construction (a)	\$ (848,702)	\$ (848,702)	\$ (676,085)	\$ (39,528)	\$ (133,089)	

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Rate Base Allocation to Rate Schedules/Classes

Line No.	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Residential Multi-Family	Commercial	Allocation Factor (b)
RATE BASE							
	<u>Rate Base</u>						
140	Commodity	\$ 7,683,390	\$ 7,683,390	\$ 5,540,528	\$ 358,279	\$ 1,784,583	
141	Demand - Extra Cap Max Day	8,790,708	8,790,708	7,360,964	472,708	957,036	
142	Customer Accounts	1,400,723	1,400,723	1,313,130	4,246	83,347	
143	Customer Services	229,169	229,169	207,208	7,951	14,010	
144	Fire Hydrants	-	-	-	-	-	
145	Total Rate Base [A]	\$ 18,103,990	\$ 18,103,990	\$ 14,421,830	\$ 843,184	\$ 2,838,976	
<u>Supporting Schedules</u>				<u>Recap Schedules</u>			
(a) G-5, (b) G-7a, (c) F-1.3				[A] G-1			

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Revenue and Expense Allocation to Rate Schedules at Present Revenues

Line No.s	Description	Total Company (a)	Other Jurisdictional	Jurisdictional Total (a)	Residential	Multi-Family	Commercial	Alloc. Code (b)
REVENUES								
1	Revenue Water Service (c)	\$ 2,981,193	\$ -	\$ 2,981,193	\$ 2,285,514	\$ 158,350	\$ 537,329	Direct
2	Other Revenue	18,420	-	18,420	13,283	859	4,278	CBC
	Effluent Revenues	-	-	-	-	-	-	CBC
3	Total Revenue	\$ 2,999,613	\$ -	\$ 2,999,613	\$ 2,298,797	\$ 159,209	\$ 541,608	
EXPENSES (A)								
Collection Expenses								
<u>Operation</u>								
4	Commodity	\$ 50,798	\$ -	\$ 50,798	\$ 36,631	\$ 2,369	\$ 11,799	CBC
5	Demand	8,952	-	8,952	7,496	481	975	CMD
6	Customer Accounts	-	-	-	-	-	-	CB
7	Customer Services	359	-	359	325	12	22	CS
8	Effluent	-	-	-	-	-	-	CF
9	Total Operation	\$60,110	\$ -	\$ 60,110	\$ 44,452	\$ 2,863	\$ 12,795	
<u>Maintenance</u>								
10	Commodity	\$ 11,354	\$ -	\$ 11,354	\$ 8,187	\$ 529	\$ 2,637	CBC
11	Demand	2,195	-	2,195	1,838	118	239	CMD
12	Customer Accounts	-	-	-	-	-	-	CB
13	Customer Services	88	-	88	80	3	5	CS
14	Effluent	-	-	-	-	-	-	CF
15	Total Maintenance	\$ 13,636	\$ -	\$ 13,636	\$ 10,104	\$ 650	\$ 2,881	
<u>Total Source of Collection Expenses</u>								
16	Commodity	\$ 62,152	\$ -	\$ 62,152	\$ 44,818	\$ 2,898	\$ 14,436	
17	Demand	11,147	-	11,147	9,334	599	1,214	
18	Customer Accounts	-	-	-	-	-	-	
19	Customer Services	447	-	447	404	16	27	
20	Effluent	-	-	-	-	-	-	
21	Total Collection Expenses	\$ 73,746	\$ -	\$ 73,746	\$ 54,556	\$ 3,513	\$ 15,677	

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Revenue and Expense Allocation to Rate Schedules at Present Revenues

Line No.s	Description	Total Company (a)	Other Jurisdictional	Jurisdictional Total (a)	Residential	Multi-Family	Commercial	Alloc. Code (b)
<u>Pumping Expenses</u>								
<u>Operation</u>								
22	Commodity	\$ 42,851	\$ -	\$ 42,851	\$ 30,900	\$ 1,998	\$ 9,953	CBC
23	Demand	9,144	-	9,144	7,657	492	996	CMD
24	Customer Accounts	-	-	-	-	-	-	CB
25	Customer Services	-	-	-	-	-	-	CS
26	Effluent	-	-	-	-	-	-	CF
27	Total Operation	\$ 51,995	\$ -	\$ 51,995	\$ 38,557	\$ 2,490	\$ 10,948	
<u>Maintenance</u>								
28	Commodity	\$ 3,452	\$ -	\$ 3,452	\$ 2,489	\$ 161	\$ 802	CBC
29	Demand	2,242	-	2,242	1,877	121	244	CMD
30	Customer Accounts	-	-	-	-	-	-	CB
31	Customer Services	-	-	-	-	-	-	CS
32	Effluent	-	-	-	-	-	-	CF
33	Total Maintenance	\$ 5,693	\$ -	\$ 5,693	\$ 4,366	\$ 281	\$ 1,046	
<u>Total Pumping Expenses Expenses</u>								
34	Commodity	\$ 46,303	\$ -	\$ 46,303	\$ 33,389	\$ 2,159	\$ 10,755	
35	Demand	11,386	-	11,386	9,534	612	1,240	
36	Customer Accounts	-	-	-	-	-	-	
37	Customer Services	-	-	-	-	-	-	
38	Effluent	-	-	-	-	-	-	
39	Total Water Treatment	\$ 57,688	\$ -	\$ 57,688	\$ 42,923	\$ 2,771	\$ 11,994	
<u>Total Production Expenses</u>								
40	Commodity	\$ 108,454	\$ -	\$ 108,454	\$ 78,207	\$ 5,057	\$ 25,190	
41	Demand	22,533	-	22,533	18,868	1,212	2,453	
42	Customer Accounts	-	-	-	-	-	-	
43	Customer Services	447	-	447	404	16	27	
44	Effluent	-	-	-	-	-	-	
45	Total Production Expenses	\$ 131,434	\$ -	\$ 131,434	\$ 97,479	\$ 6,284	\$ 27,671	

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Revenue and Expense Allocation to Rate Schedules at Present Revenues

Line No.s	Description	Total Company (a)	Other Jurisdictional	Jurisdictional Total (a)	Residential	Multi-Family	Commercial	Alloc. Code (b)
<u>Treatment and Disposal Expenses</u>								
<u>Operation</u>								
46	Commodity	\$ 624,037	\$ -	\$ 624,037	\$ 449,996	\$ 29,099	\$ 144,942	CBC
47	Demand	8,450	-	8,450	7,076	454	920	CMD
48	Customer Accounts	-	-	-	-	-	-	CB
49	Customer Services	-	-	-	-	-	-	CS
50	Effluent	-	-	-	-	-	-	CF
51	Total Operation	\$ 632,488	\$ -	\$ 632,488	\$ 457,072	\$ 29,553	\$ 145,862	
<u>Maintenance</u>								
52	Commodity	\$ 3,452	\$ -	\$ 3,452	\$ 2,489	\$ 161	\$ 802	CBC
53	Demand	2,242	-	2,242	1,877	121	244	CMD
54	Customer Accounts	-	-	-	-	-	-	CB
55	Customer Services	-	-	-	-	-	-	CS
56	Effluent	-	-	-	-	-	-	CF
57	Total Maintenance	\$ 5,693	\$ -	\$ 5,693	\$ 4,366	\$ 281	\$ 1,046	
<u>Total Treatment and Disposal Expenses</u>								
58	Commodity	\$ 627,489	\$ -	\$ 627,489	\$ 452,485	\$ 29,260	\$ 145,744	
59	Demand	10,692	-	10,692	8,953	575	1,164	
60	Customer Accounts	-	-	-	-	-	-	
61	Customer Services	-	-	-	-	-	-	
62	Effluent	-	-	-	-	-	-	
63	Total Treatment and Disposal Expenses	\$ 638,181	\$ -	\$ 638,181	\$ 461,438	\$ 29,835	\$ 146,908	

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Revenue and Expense Allocation to Rate Schedules at Present Revenues

Line No.s	Description	Total Company (a)	Other Jurisdictional	Jurisdictional Total (a)	Residential	Multi-Family	Commercial	Alloc. Code (b)
<u>Reclaimed Water Expenses</u>								
<u>Operation</u>								
64	Commodity	\$ 2,598	\$ -	\$ 2,598	\$ 1,873	\$ 121	\$ 603	CBC
65	Demand	775	-	775	649	42	84	CMD
66	Customer Accounts	-	-	-	-	-	-	CB
67	Customer Services	-	-	-	-	-	-	CS
68	Effluent	-	-	-	-	-	-	CF
69	Total Operation	\$ 3,372	\$ -	\$ 3,372	\$ 2,522	\$ 163	\$ 688	
<u>Maintenance</u>								
70	Commodity	\$ 807	\$ -	\$ 807	\$ 582	\$ 38	\$ 187	CBC
71	Demand	775	-	775	649	42	84	CMD
72	Customer Accounts	-	-	-	-	-	-	CB
73	Customer Services	-	-	-	-	-	-	CS
74	Effluent	-	-	-	-	-	-	CF
75	Total Maintenance	\$ 1,582	\$ -	\$ 1,582	\$ 1,231	\$ 79	\$ 272	
<u>Total Reclaimed Water Expenses</u>								
76	Commodity	\$ 3,405	\$ -	\$ 3,405	\$ 2,455	\$ 159	\$ 791	
77	Demand	1,549	-	1,549	1,297	83	169	
78	Customer Accounts	-	-	-	-	-	-	
79	Customer Services	-	-	-	-	-	-	
80	Effluent	-	-	-	-	-	-	
81	Total Reclaimed Water Expenses	\$ 4,954	\$ -	\$ 4,954	\$ 3,753	\$ 242	\$ 960	
<u>Customer Accounts Expenses</u>								
82	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	CBC
83	Demand	-	-	-	-	-	-	CMD
84	Customer Accounts	20,927	-	20,927	19,618	63	1,245	CB
85	Customer Services	-	-	-	-	-	-	CS
86	Effluent	-	-	-	-	-	-	CF
87	Total Customer Accounts	\$ 20,927	\$ -	\$ 20,927	\$ 19,618	\$ 63	\$ 1,245	
<u>O&M w/oA&G Expenses</u>								
88	Commodity	\$ 739,348	\$ -	\$ 739,348	\$ 533,147	\$ 34,476	\$ 171,725	
89	Demand	34,774	-	34,774	29,119	1,870	3,786	
90	Customer Accounts	20,927	-	20,927	19,618	63	1,245	
91	Customer Services	447	-	447	404	16	27	
92	Effluent	-	-	-	-	-	-	
93	Total O&M w/oA&G Expenses	\$ 795,496	\$ -	\$ 795,496	\$ 582,288	\$ 36,425	\$ 176,783	

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Revenue and Expense Allocation to Rate Schedules at Present Revenues

Line No.s	Description	Total Company (a)	Other Jurisdictional	Jurisdictional Total (a)	Residential	Multi-Family	Commercial	Alloc. Code (b)
<u>Administrative and General Expenses</u>								
94	Commodity	\$ 404,366	\$ -	\$ 404,366	\$ 291,590	\$ 18,856	\$ 93,920	CBC
95	Demand	166,100	-	166,100	139,085	8,932	18,083	CMD
96	Customer Accounts	295,497	-	295,497	277,019	896	17,583	CB
97	Customer Services	4,412	-	4,412	3,989	153	270	CS
98	Effluent	-	-	-	-	-	-	CF
99	Total Administrative and General Expenses	\$ 870,375	\$ -	\$ 870,375	\$ 711,683	\$ 28,836	\$ 129,856	
<u>Total Operation and Maintenance Expenses</u>								
100	Commodity	\$ 1,143,714	\$ -	\$ 1,143,714	\$ 824,737	\$ 53,332	\$ 265,645	
101	Demand	200,874	-	200,874	168,203	10,802	21,869	
102	Customer Accounts	316,424	-	316,424	296,637	959	18,828	
103	Customer Services	4,859	-	4,859	4,394	169	297	
104	Effluent	-	-	-	-	-	-	
105	Total Operation and Maintenance Expenses	\$ 1,665,871	\$ -	\$ 1,665,871	\$ 1,293,971	\$ 65,261	\$ 306,639	
<u>Depreciation & Amort Expense</u>								
106	Commodity	\$ 328,572	\$ -	\$ 328,572	\$ 236,935	\$ 15,321	\$ 76,316	CBC
107	Demand	375,926	-	375,926	314,784	20,215	40,927	CMD
108	Customer Accounts	194,814	-	194,814	182,631	590	11,592	CB
109	Customer Services	7,490	-	7,490	6,772	260	458	CS
110	Effluent	-	-	-	-	-	-	CF
111		-	-	-	-	-	-	CF
112	Total Depreciation & Amort Expense	\$ 906,802	\$ -	\$ 906,802	\$ 741,123	\$ 36,387	\$ 129,292	
<u>Taxes Other Than Income</u>								
113	Commodity	\$ 18,031	\$ -	\$ 18,031	\$ 13,002	\$ 841	\$ 4,188	CBC
114	Demand	20,630	-	20,630	17,274	1,109	2,246	CMD
115	Customer Accounts	3,287	-	3,287	3,082	10	196	CB
116	Customer Services	538	-	538	486	19	33	CS
117	Effluent	-	-	-	-	-	-	CF
118	Total Taxes Other Than Income	\$ 42,486	\$ -	\$ 42,486	\$ 33,844	\$ 1,979	\$ 6,662	
<u>O&M, Customer, A&G and Other Taxes</u>								
119	Commodity	\$ 1,490,317	\$ -	\$ 1,490,317	\$ 1,074,675	\$ 69,494	\$ 346,149	
120	Demand	597,429	-	597,429	500,262	32,126	65,042	
121	Customer Accounts	514,525	-	514,525	482,350	1,560	30,616	
122	Customer Services	12,887	-	12,887	11,652	447	788	
123	Effluent	-	-	-	-	-	-	
124	Total O&M, Customer, A&G and Other Taxes	\$ 2,615,159	\$ -	\$ 2,615,159	\$ 2,068,938	\$ 103,627	\$ 442,594	
<u>Labor Allocator</u>								
125	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	CBC
126	Demand	-	-	-	-	-	-	CMD
127	Customer Accounts	-	-	-	-	-	-	CB
128	Customer Services	-	-	-	-	-	-	CS
129	Effluent	-	-	-	-	-	-	CF
130	Total Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Revenue and Expense Allocation to Rate Schedules at Present Revenues

Line No.s	Description	Total Company (a)	Other Jurisdictional	Jurisdictional Total (a)	Residential	Multi-Family	Commercial	Alloc. Code (b)
OPERATING INCOME								
131	Income Before Taxes	\$ 384,454	\$ -	\$ 384,454	\$ 229,858	\$ 55,582	\$ 99,014	
132	State Income Tax	(195)	-	(195)	(3,899)	1,837	1,867	
133	Federal Income Tax	(795)	-	(795)	(15,892)	7,487	7,609	
134	Total Income Taxes	\$ (990)	\$ -	\$ (990)	\$ (19,791)	\$ 9,324	\$ 9,476	
135	Net Income After Tax	\$ 385,445	\$ -	\$ 385,445	\$ 249,649	\$ 46,258	\$ 89,538	
136	Present Return Rate Of Return	2.13%	0.00%	2.13%	1.73%	5.49%	3.15%	
137	Present Relative Return Rate Of Return	1.00	-	1.00	0.81	2.58	1.48	
State Income Tax								
138	Income Before Tax	\$ 384,454	\$ -	\$ 384,454	\$ 229,858	\$ 55,582	\$ 99,014	
139	Less: Interest Expense	388,436	-	388,436	309,432	18,091	60,913	
140	State Taxable Income	\$ (3,981)	\$ -	\$ (3,981)	\$ (79,574)	\$ 37,491	\$ 38,101	
141	Pro Forma State Income Tax	\$ (195)	\$ -	\$ (195)	\$ (3,899)	\$ 1,837	\$ 1,867	
142	Amortization of Flow Through Tax	0	0	0	0	0	0	
143	Subtotal State Income Tax	\$ (195)	\$ -	\$ (195)	\$ (3,899)	\$ 1,837	\$ 1,867	
144	Deferred State Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
145	Total State Income Tax	\$ (195)	\$ -	\$ (195)	\$ (3,899)	\$ 1,837	\$ 1,867	
Federal Income Tax								
146	Income Before Tax	\$ 384,454	\$ -	\$ 384,454	\$ 229,858	\$ 55,582	\$ 99,014	
147	Less: Interest Expense	388,436	-	388,436	309,432	18,091	60,913	
148	Less: State Income Tax	(195)	-	(195)	(3,899)	1,837	1,867	
149		-	-	-	-	-	-	
150	Federal Taxable Income	\$ (3,786)	\$ -	\$ (3,786)	\$ (75,674)	\$ 35,654	\$ 36,234	
151	Pro Forma Federal Income Tax	\$ (795)	\$ -	\$ (795)	\$ (15,892)	\$ 7,487	\$ 7,609	
152	ITC Amortization	-	-	-	-	-	-	
153	Subtotal Federal Income Tax	\$ (795)	\$ -	\$ (795)	\$ (15,892)	\$ 7,487	\$ 7,609	
154	Deferred Federal Income Tax	-	-	-	-	-	-	
155	Total Federal Income Tax	(795)	-	(795)	(15,892)	7,487	7,609	
156	Total Income Tax	(990)	-	(990)	(19,791)	9,324	9,476	

CRB

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Revenue and Expense Allocation to Rate Schedules at Present Revenues

Line No.s	Description	Total Company (a)	Other Jurisdictional	Jurisdictional Total (a)	Residential	Multi-Family	Commercial	Alloc. Code (b)
PRESENT REVENUES TAXES & ROR								
Present Revenues								
157	Revenues	\$ 2,981,193		\$ 2,981,193	\$ 2,285,514	\$ 158,350	\$ 537,329	
158	Other Revenue	18,420	-	18,420	13,283	859	4,278	
159	Effluent Revenues	-	-	-	-	-	-	
160	Total Present Revenue	\$ 2,999,613	\$ -	\$ 2,999,613	\$ 2,298,797	\$ 159,209	\$ 541,608	
161	O&M, Customer, A&G and Other Taxes	\$ 2,615,159	\$ -	\$ 2,615,159	\$ 2,068,938	\$ 103,627	\$ 442,594	
162	Income Before Tax	\$ 384,454	\$ -	\$ 384,454	\$ 229,858	\$ 55,582	\$ 99,014	
163	Less: Interest Expense	388,436	-	388,436	309,432	18,091	60,913	
164	State Taxable Income	\$ (3,981)	\$ -	\$ (3,981)	\$ (79,574)	\$ 37,491	\$ 38,101	
165	Pro Forma State Income Tax	\$ (195)	\$ -	\$ (195)	\$ (3,899)	\$ 1,837	\$ 1,867	
166	Amortization of Flow Through Tax	-	-	-	-	-	-	
167	Subtotal State Income Tax	\$ (195)	\$ -	\$ (195.08)	\$ (3,899.11)	\$ 1,837.05	\$ 1,866.97	
168	Deferred State Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
169	Total State Income Tax	\$ (195)	\$ -	\$ (195)	\$ (3,899)	\$ 1,837	\$ 1,867	
170	Income Before Tax	\$ 384,454	\$ -	\$ 384,454	\$ 229,858	\$ 55,582	\$ 99,014	
171	Less: Interest Expense	388,436	-	388,436	309,432	18,091	60,913	
172	Less: State Income Tax	(195)	-	(195)	(3,899)	1,837	1,867	
173		-	-	-	-	-	-	
174	Federal Taxable Income	(\$3,786)	0	(3,786)	(75,674)	35,654	36,234	
175	Pro Forma Federal Income Tax	\$ (795)	0	(795)	(15,892)	7,487	7,609	
176	ITC Amortization	-	0	0	0	0	0	CRB
177	Subtotal Federal Income Tax	(\$795)	0	(795)	(15,892)	7,487	7,609	
178	Total Federal Income Tax	(\$795)	0	(795)	(15,892)	7,487	7,609	
179	Total Income Tax	(\$990)	0	(990)	(19,791)	9,324	9,476	
180	Income After Tax	\$385,445	\$0	\$385,445	\$249,649	\$46,258	\$89,538	
Present Revenues								
181	Return Rate Of Return	2.13%	0.00%	2.13%	1.73%	5.49%	3.15%	
182	Realtive Rate Of Return	1.00	-	1.00	0.81	2.58	1.48	

Supporting Schedules
(a) C-1, (b) G-7a, (c) H-1

Recap Schedules
[A] G-1

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Revenue and Expense Allocation to Rate Schedules at Proposed Revenues

Line No.s	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Residential Multi-Family	Commercial	Allocation Code (b)
REVENUES							
1	Revenue Water Service (c)	\$ 4,384,588	\$ 4,384,588	\$ 3,359,101	\$ 185,297	\$ 840,190	Direct
2	Other Revenue	18,420	18,420	13,283	859	4,278	CBC
	Effluent Revenues	-	-	-	-	-	CBC
3	Total Revenue	\$ 4,403,008	\$ 4,403,008	\$ 3,372,384	\$ 186,156	\$ 844,468	
EXPENSES (A)							
Collection Expenses							
<u>Operation</u>							
4	Commodity	\$ 50,798	\$ 50,798	\$ 36,631	\$ 2,369	\$ 11,799	CBC
5	Demand	8,952	8,952	7,496	481	975	CMD
6	Customer Accounts	-	-	-	-	-	CB
7	Customer Services	359	359	325	12	22	CS
8	Effluent	-	-	-	-	-	CF
9	Total Operation	\$60,110	\$ 60,110	\$ 44,452	\$ 2,863	\$ 12,795	
<u>Maintenance</u>							
10	Commodity	\$ 11,354	\$ 11,354	\$ 8,187	\$ 529	\$ 2,637	CBC
11	Demand	2,195	2,195	1,838	118	239	CMD
12	Customer Accounts	-	-	-	-	-	CB
13	Customer Services	88	88	80	3	5	CS
14	Effluent	-	-	-	-	-	CF
15	Total Maintenance	\$ 13,636	\$ 13,636	\$ 10,104	\$ 650	\$ 2,881	
<u>Total Collection Expenses</u>							
16	Commodity	\$ 62,152	\$ 62,152	\$ 44,818	\$ 2,898	\$ 14,436	
17	Demand	11,147	11,147	9,334	599	1,214	
18	Customer Accounts	-	-	-	-	-	
19	Customer Services	447	447	404	16	27	
20	Effluent	-	-	-	-	-	
21	Total Collection Expenses	\$ 73,746	\$ 73,746	\$ 54,556	\$ 3,513	\$ 15,677	

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Revenue and Expense Allocation to Rate Schedules at Proposed Revenues

Line No.s	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Residential Multi-Family	Commercial	Allocation Code (b)
<u>Pumping Expenses</u>							
<u>Operation</u>							
22	Commodity	\$ 42,851	\$ 42,851	\$ 30,900	\$ 1,998	\$ 9,953	CBC
23	Demand	9,144	9,144	7,657	492	996	CMD
24	Customer Accounts	-	-	-	-	-	CB
25	Customer Services	-	-	-	-	-	CS
26	Effluent	-	-	-	-	-	CF
27	Total Operation	\$ 51,995	\$ 51,995	\$ 38,557	\$ 2,490	\$ 10,948	
<u>Maintenance</u>							
28	Commodity	\$ 3,452	\$ 3,452	\$ 2,489	\$ 161	\$ 802	CBC
29	Demand	2,242	2,242	1,877	121	244	CMD
30	Customer Accounts	-	-	-	-	-	CB
31	Customer Services	-	-	-	-	-	CS
32	Effluent	-	-	-	-	-	CF
33	Total Maintenance	\$ 5,693	\$ 5,693	\$ 4,366	\$ 281	\$ 1,046	
<u>Total Pumping Expenses</u>							
34	Commodity	\$ 46,303	\$ 46,303	\$ 33,389	\$ 2,159	\$ 10,755	
35	Demand	11,386	11,386	9,534	612	1,240	
36	Customer Accounts	-	-	-	-	-	
37	Customer Services	-	-	-	-	-	
38	Effluent	-	-	-	-	-	
39	Total Pumping Expense	\$ 57,688	\$ 57,688	\$ 42,923	\$ 2,771	\$ 11,994	
<u>Total Production Expenses</u>							
40	Commodity	\$ 108,454	\$ 108,454	\$ 78,207	\$ 5,057	\$ 25,190	
41	Demand	22,533	22,533	18,868	1,212	2,453	
42	Customer Accounts	-	-	-	-	-	
43	Customer Services	447	447	404	16	27	
44	Effluent	-	-	-	-	-	
45	Total Production Expenses	\$ 131,434	\$ 131,434	\$ 97,479	\$ 6,284	\$ 27,671	

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Revenue and Expense Allocation to Rate Schedules at Proposed Revenues

Line No.s	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Residential Multi-Family	Commercial	Allocation Code (b)
<u>Treatment and Disposal Expenses</u>							
<u>Operation</u>							
46	Commodity	\$ 624,037	\$ 624,037	\$ 449,996	\$ 29,099	\$ 144,942	CBC
47	Demand	8,450	8,450	7,076	454	920	CMD
48	Customer Accounts	-	-	-	-	-	CB
49	Customer Services	-	-	-	-	-	CS
50	Effluent	-	-	-	-	-	CF
51	Total Operation	\$ 632,488	\$ 632,488	\$ 457,072	\$ 29,553	\$ 145,862	
<u>Maintenance</u>							
52	Commodity	\$ 3,452	\$ 3,452	\$ 2,489	\$ 161	\$ 802	CBC
53	Demand	2,242	2,242	1,877	121	244	CMD
54	Customer Accounts	-	-	-	-	-	CB
55	Customer Services	-	-	-	-	-	CS
56	Effluent	-	-	-	-	-	CF
57	Total Maintenance	\$ 5,693	\$ 5,693	\$ 4,366	\$ 281	\$ 1,046	
<u>Total Treatment and Disposal Expenses</u>							
58	Commodity	\$ 627,489	\$ 627,489	\$ 452,485	\$ 29,260	\$ 145,744	
59	Demand	10,692	10,692	8,953	575	1,164	
60	Customer Accounts	-	-	-	-	-	
61	Customer Services	-	-	-	-	-	
62	Effluent	-	-	-	-	-	
63	Total Treatment and Disposal Expenses	\$ 638,181	\$ 638,181	\$ 461,438	\$ 29,835	\$ 146,908	
<u>Reclaimed Water Expenses</u>							
<u>Operation</u>							
64	Commodity	\$ 2,598	\$ 2,598	\$ 1,873	\$ 121	\$ 603	CBC
65	Demand	775	775	649	42	84	CMD
66	Customer Accounts	-	-	-	-	-	CB
67	Customer Services	-	-	-	-	-	CS
68	Effluent	-	-	-	-	-	CF
69	Total Operation	\$ 3,372	\$ 3,372	\$ 2,522	\$ 163	\$ 688	
<u>Maintenance</u>							
70	Commodity	\$ 807	\$ 807	\$ 582	\$ 38	\$ 187	CBC
71	Demand	775	775	649	42	84	CMD
72	Customer Accounts	-	-	-	-	-	CB
73	Customer Services	-	-	-	-	-	CS
74	Effluent	-	-	-	-	-	CF
75	Total Maintenance	\$ 1,582	\$ 1,582	\$ 1,231	\$ 79	\$ 272	
<u>Total Reclaimed Water Expenses</u>							
76	Commodity	\$ 3,405	\$ 3,405	\$ 2,455	\$ 159	\$ 791	
77	Demand	1,549	1,549	1,297	83	169	
78	Customer Accounts	-	-	-	-	-	
79	Customer Services	-	-	-	-	-	
80	Effluent	-	-	-	-	-	
81	Total Reclaimed Water Expenses	\$ 4,954	\$ 4,954	\$ 3,753	\$ 242	\$ 960	

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Revenue and Expense Allocation to Rate Schedules at Proposed Revenues

Line No.s	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Residential Multi-Family	Commercial	Allocation Code (b)
<u>Customer Accounts Expenses</u>							
82	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -	CBC
83	Demand	-	-	-	-	-	CMD
84	Customer Accounts	34,388	34,388	32,237	104	2,046	CB
85	Customer Services	-	-	-	-	-	CS
86	Effluent	-	-	-	-	-	CF
87	Total Customer Accounts	\$ 34,388	\$ 34,388	\$ 32,237	\$ 104	\$ 2,046	
<u>O&M w/oA&G Expenses</u>							
88	Commodity	\$ 739,348	\$ 739,348	\$ 533,147	\$ 34,476	\$ 171,725	
89	Demand	34,774	34,774	29,119	1,870	3,786	
90	Customer Accounts	34,388	34,388	32,237	104	2,046	
91	Customer Services	447	447	404	16	27	
92	Effluent	-	-	-	-	-	
93	Total O&M w/oA&G Expenses	\$ 808,957	\$ 808,957	\$ 594,907	\$ 36,466	\$ 177,584	

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Revenue and Expense Allocation to Rate Schedules at Proposed Revenues

Line No.s	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Residential Multi-Family	Commercial	Allocation Code (b)
<u>Administrative and General Expenses</u>							
94	Commodity	\$ 404,366	\$ 404,366	\$ 291,590	\$ 18,856	\$ 93,920	CBC
95	Demand	166,100	166,100	139,085	8,932	18,083	CMD
96	Customer Accounts	295,497	295,497	277,019	896	17,583	CB
97	Customer Services	4,412	4,412	3,989	153	270	CS
98	Effluent	-	-	-	-	-	CF
99	Total Administrative and General Expenses	\$ 870,375	\$ 870,375	\$ 711,683	\$ 28,836	\$ 129,856	
<u>Total Operation and Maintenance Expenses</u>							
100	Commodity	\$ 1,143,714	\$ 1,143,714	\$ 824,737	\$ 53,332	\$ 265,645	
101	Demand	200,874	200,874	168,203	10,802	21,869	
102	Customer Accounts	329,885	329,885	309,256	1,000	19,629	
103	Customer Services	4,859	4,859	4,394	169	297	
104	Effluent	-	-	-	-	-	
105	Total Operation and Maintenance Expenses	\$ 1,679,332	\$ 1,679,332	\$ 1,306,590	\$ 65,302	\$ 307,440	
<u>Depreciation & Amort Expense</u>							
106	Commodity	\$ 328,572	\$ 328,572	\$ 236,935	\$ 15,321	\$ 76,316	CBC
107	Demand	375,926	375,926	314,784	20,215	40,927	CMD
108	Customer Accounts	194,814	194,814	182,631	590	11,592	CB
109	Customer Services	7,490	7,490	6,772	260	458	CS
110	Effluent	-	-	-	-	-	CF
111		-	-	-	-	-	CF
112	Total Depreciation & Amort Expense	\$ 906,802	\$ 906,802	\$ 741,123	\$ 36,387	\$ 129,292	
<u>Taxes Other Than Income</u>							
113	Commodity	\$ 20,845	\$ 20,845	\$ 15,031	\$ 972	\$ 4,842	CBC
114	Demand	23,849	23,849	19,970	1,282	2,596	CMD
115	Customer Accounts	3,800	3,800	3,562	12	226	CB
116	Customer Services	622	622	562	22	38	CS
117	Effluent	-	-	-	-	-	CF
118	Total Taxes Other Than Income	\$ 49,116	\$ 49,116	\$ 39,126	\$ 2,288	\$ 7,702	
<u>O&M, Customer, A&G and Other Taxes</u>							
119	Commodity	\$ 1,493,131	\$ 1,493,131	\$ 1,076,704	\$ 69,625	\$ 346,802	
120	Demand	600,649	600,649	502,958	32,299	65,392	
121	Customer Accounts	528,499	528,499	495,450	1,602	31,447	
122	Customer Services	12,971	12,971	11,728	450	793	
123	Effluent	-	-	-	-	-	
124	Total O&M, Customer, A&G and Other Taxes	\$ 2,635,250	\$ 2,635,250	\$ 2,086,839	\$ 103,976	\$ 444,434	
<u>Labor Allocator</u>							
125	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -	CBC
126	Demand	-	-	-	-	-	CMD
127	Customer Accounts	-	-	-	-	-	CB
128	Customer Services	-	-	-	-	-	CS
129	Effluent	-	-	-	-	-	CF
130	Total Labor	\$ -	\$ -	\$ -	\$ -	\$ -	

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Revenue and Expense Allocation to Rate Schedules at Proposed Revenues

Line No.s	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Residential Multi-Family	Commercial	Allocation Code (b)
OPERATING INCOME							
131	Income Before Taxes	\$ 1,767,759	\$ 1,767,759	\$ 1,285,545	\$ 82,180	\$ 400,034	
132	State Income Tax	67,587	67,587	47,830	3,140	16,617	
133	Federal Income Tax	275,465	275,465	194,940	12,799	67,726	
134	Total Income Taxes	\$ 343,051	\$ 343,051	\$ 242,769	\$ 15,939	\$ 84,343	
135	Net Income After Tax	\$ 1,424,707	\$ 1,424,707	\$ 1,042,776	\$ 66,240	\$ 315,691	
136	Present Return Rate Of Return	7.87%	7.87%	7.23%	7.86%	11.12%	
137	Present Relative Return Rate Of Return	1.00	1.00	0.92	1.00	1.41	
State Income Tax							
138	Income Before Tax	\$ 1,767,759	\$ 1,767,759	\$ 1,285,545	\$ 82,180	\$ 400,034	
139	Less: Interest Expense	388,436	388,436	309,432	18,091	60,913	
140	State Taxable Income	\$ 1,379,323	\$ 1,379,323	\$ 976,113	\$ 64,088	\$ 339,121	
141	Pro Forma State Income Tax	\$ 67,587	\$ 67,587	\$ 47,830	\$ 3,140	\$ 16,617	
142	Amortization of Flow Through Tax	0	0	0	0	0	
143	Subtotal State Income Tax	\$ 67,587	\$ 67,587	\$ 47,830	\$ 3,140	\$ 16,617	
144	Deferred State Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -	
145	Total State Income Tax	\$ 67,587	\$ 67,587	\$ 47,830	\$ 3,140	\$ 16,617	
Federal Income Tax							
146	Income Before Tax	\$ 1,767,759	\$ 1,767,759	\$ 1,285,545	\$ 82,180	\$ 400,034	
147	Less: Interest Expense	388,436	388,436	309,432	18,091	60,913	
148	Less: State Income Tax	67,587	67,587	47,830	3,140	16,617	
149		-	-	-	-	-	
150	Federal Taxable Income	\$ 1,311,736	\$ 1,311,736	\$ 928,284	\$ 60,948	\$ 322,504	
151	Pro Forma Federal Income Tax	\$ 275,465	\$ 275,465	\$ 194,940	\$ 12,799	\$ 67,726	
152	ITC Amortization	-	-	-	-	-	
153	Subtotal Federal Income Tax	\$ 275,465	\$ 275,465	\$ 194,940	\$ 12,799	\$ 67,726	
154	Deferred Federal Income Tax	-	-	-	-	-	
155	Total Federal Income Tax	275,465	275,465	194,940	12,799	67,726	
156	Total Income Tax	343,051	343,051	242,769	15,939	84,343	

CRB

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Revenue and Expense Allocation to Rate Schedules at Proposed Revenues

Line No.s	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Residential Multi-Family	Commercial	Allocation Code (b)
PRESENT REVENUES TAXES & ROR							
Proposed Revenues							
157	Revenues	\$ 4,384,588	\$ 4,384,588	\$ 3,359,101	\$ 185,297	\$ 840,190	
158	Other Revenue	18,420	18,420	13,283	859	4,278	
159	Total Present Revenue	\$ 4,403,008	\$ 4,403,008	\$ 3,372,384	\$ 186,156	\$ 844,468	
160	O&M, Customer, A&G and Other Taxes	\$ 2,635,250	\$ 2,635,250	\$ 2,086,839	\$ 103,976	\$ 444,434	
161	Income Before Tax	\$ 1,767,759	\$ 1,767,759	\$ 1,285,545	\$ 82,180	\$ 400,034	
162	Less: Interest Expense	388,436	388,436	309,432	18,091	60,913	
163	State Taxable Income	\$ 1,379,323	\$ 1,379,323	\$ 976,113	\$ 64,088	\$ 339,121	
164	Pro Forma State Income Tax	\$ 67,587	\$ 67,587	\$ 47,830	\$ 3,140	\$ 16,617	
165	Amortization of Flow Through Tax	-	-	-	-	-	
166	Subtotal State Income Tax	\$ 67,587	\$ 67,586.83	\$ 47,829.56	\$ 3,140.33	\$ 16,616.94	
167	Deferred State Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -	
168	Total State Income Tax	\$ 67,587	\$ 67,587	\$ 47,830	\$ 3,140	\$ 16,617	
169	Income Before Tax	\$ 1,767,759	\$ 1,767,759	\$ 1,285,545	\$ 82,180	\$ 400,034	
170	Less: Interest Expense	388,436	388,436	309,432	18,091	60,913	
171	Less: State Income Tax	67,587	67,587	47,830	3,140	16,617	
172		-	-	-	-	-	
173	Federal Taxable Income	\$1,311,736	1,311,736	928,284	60,948	322,504	
174	Pro Forma Federal Income Tax	\$ 275,465	275,465	194,940	12,799	67,726	
175	ITC Amortization	-	0	0	0	0	CRB
176	Subtotal Federal Income Tax	\$275,465	275,465	194,940	12,799	67,726	
177	Total Federal Income Tax	\$275,465	275,465	194,940	12,799	67,726	
178	Total Income Tax	\$343,051	343,051	242,769	15,939	84,343	
179	Income After Tax	\$1,424,707	\$1,424,707	\$1,042,776	\$66,240	\$315,691	
Present Revenues							
180	Return Rate Of Return	7.87%	7.87%	7.23%	7.86%	11.12%	
181	Realtive Rate Of Return	1.00	1.00	0.92	1.00	1.41	

Supporting Schedules
(a) C-1, (b) G-7a, (c) H-1

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Rate Base and Plant Functionalization

Line No.	Acct No.	Description	Jurisdictional Total (a)	Commodity Cost[A]	Demand[A]	Customer Accounts [A]	Customer Services[A]	Allocation Code(b)
PLANT IN SERVICE								
1		<u>Collection Plant</u>						
2	35310	Land and Land Rights	\$ 14,880	\$ 6,940	\$ 7,940	\$ -	\$ -	FCS
3	35420	Structures and Improvements	1,343,210	626,463	716,748	-	-	FCS
4	36000	Collection Mains - Force	7,736,408	3,608,200	4,128,208	-	-	FCS
5	36100	Collection Mains - Gravity	6,219,736	2,900,836	3,318,900	-	-	FCS
6	36200	Special Collection Structures	1,216,313	567,279	649,034	-	-	FCS
7	36300	Cutomer Services	360,117	-	-	-	360,117	FCSS
8	36400	Flow Measuring Devices	120,961	56,415	64,546	-	-	FCS
9	36500	Flow Measuring Installations	180,051	83,975	96,077	-	-	FCS
10		Total Collection Plant	\$ 17,191,676	\$ 7,850,107	\$ 8,981,452	\$ -	\$ 360,117	
		<u>Pumping Plant</u>						
11	35500	Power Generation Equipment	\$ 8,976	\$ 4,186	\$ 4,790	\$ -	\$ -	FPU
12	37000	Receiving Wells	1,711,684	798,316	913,368	-	-	FPU
13	37100	Pumping Equipment	1,513,319	705,800	807,519	-	-	FPU
14	31130	Other Pumping Equipment	-	-	-	-	-	FPU
15		Total Pumping Plant	\$ 3,233,979	\$ 1,508,303	\$ 1,725,677	\$ -	\$ -	
		<u>Treatment and Disposal Plant</u>						
16	35150	Land and Land Rights	\$ 119,036	\$ 55,518	\$ 63,519	\$ -	\$ -	FTD
17	35430	Structures and Improvements	2,238,684	1,044,105	1,194,579	-	-	FTD
18	38000	Treatment and Disposal Equipment	665,059	310,178	354,881	-	-	FTD
19	38001	Nogales WWTP	-	-	-	-	-	FTD
19	38100	Plant Sewers	155,494	72,521	82,973	-	-	FTD
20	38200	Outfall Sewer Lines	-	-	-	-	-	FTD
21	38930	Other Sewer Olant and Equipment	1,089,336	508,058	581,278	-	-	FTD
22		Total Treatment and Disposal Plant	\$ 4,267,610	\$ 1,990,380	\$ 2,277,230	\$ -	\$ -	
		<u>Relaimed Water Plant</u>						
23	35190	Land and Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	FRW
24	35440	Structures and Improvements	-	-	-	-	-	FRW
25	36600	Reuse Services	-	-	-	-	-	FRW
26	36700	Reuse Meters and Installation	-	-	-	-	-	FRW
27	37400	Reuse Distribution Reservoirs	(1)	(1)	(1)	-	-	FRW
28	37500	Reuse Trans and Distribution System	-	-	-	-	-	FRW
29		Total Relcained Water Plant	\$ (1)	\$ (1)	\$ (1)	\$ -	\$ -	
30		Gross Plant In Service before Intangible and Gen.	\$ 24,693,264	\$ 11,348,789	\$ 12,984,358	\$ -	\$ 360,117	

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Rate Base and Plant Functionalization

Line No.	Acct No.	Description	Jurisdictional Total (a)	Commodity Cost[A]	Demand[A]	Customer Accounts [A]	Customer Services[A]	Allocation Code(b)
General Plant								
31	35380	Land and Land Rights	\$ 14,880	\$ 3,419	\$ 3,912	\$ 7,440	\$ 108	FGPCC
32	35450	Structures and Improvements	895,474	205,776	235,432	447,737	6,530	FGPCC
33	39000	Furniture and Equipment	74,452	17,109	19,574	37,226	543	FGPCC
34	39010	Computer Hardware	75,458	17,340	19,839	37,729	550	FGPCC
35	39020	Computer Software	-	-	-	-	-	FGPCC
36	39100	Transportation Equipment	479,062	110,086	125,952	239,531	3,493	FGPCC
37	39110	Transportation Equipment Leased	-	-	-	-	-	FGPCC
38	39200	Stores Equipment	-	-	-	-	-	FGPCC
39	39300	Tools, Shop and Garage Equipment	56,846	13,063	14,945	28,423	415	FGPCC
40	39400	Laboratory Equipment	7,964	1,830	2,094	3,982	58	FGPCC
41	39500	Power Operated Equipment	-	-	-	-	-	FGPCC
42	39600	Communication Equipment	233,538	53,666	61,400	116,769	1,703	FGPCC
43	39700	Miscellaneous Equipment	73,927	16,988	19,436	36,963	539	FGPCC
44	39710	Miscellaneous Equipment CNG	-	-	-	-	-	FGPCC
45	39800	Other Tangible Property	1,279,436	294,008	336,380	639,718	9,329	FGPCC
46		Total General Plant	\$ 3,191,034	\$ 733,284	\$ 838,964	\$ 1,595,517	\$ 23,268	
Intangible Plant								
47	35110	Organization	\$ -	\$ -	\$ -	\$ -	\$ -	FGPIS
48	35210	Franchise and Consents	-	-	-	-	-	FGPIS
49	38910	Miscellaneous Intangible Plant	-	-	-	-	-	FGPIS
50		Total Intangible Plant	\$ -	\$ -	\$ -	\$ -	\$ -	
51		Reconciling Amount						
52		Subtotal Gross Plant In Service(c)	\$ 27,884,298	\$ 12,082,073	\$ 13,823,322	\$ 1,595,517	\$ 383,386	
Allocated Corporate Plant								
53	95300	Land and Land Rights	\$ 4,848	\$ 1,114	\$ 1,274	\$ 2,424	\$ 35	FGPCC
54	95400	Structures and Improvements	158,549	36,434	41,685	79,275	1,156	FGPCC
55	99000	Office Furniture and Fixtures	35,912	8,252	9,442	17,956	262	FGPCC
56	99010	Computers and Software	332,598	76,430	87,444	166,299	2,425	FGPCC
57	99020	Customer First	963,379	221,380	253,285	481,690	7,025	FGPCC
58	95500	Power Generation	115	26	30	58	1	FGPCC
59	99500	Power Operated Equipment	19,024	4,372	5,002	9,512	139	FGPCC
60		Subtotal Allocated Corporate Plant	\$ 1,514,426	\$ 348,008	\$ 398,162	\$ 757,213	\$ 11,043	
53		Total Gross Plant In Service(c)	\$ 29,398,724	\$ 12,430,081	\$ 14,221,485	\$ 2,352,730	\$ 394,429	

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Rate Base and Plant Functionalization

Line No.	Acct No.	Description	Jurisdictional Total (a)	Commodity Cost[A]	Demand[A]	Customer Accounts [A]	Customer Services[A]	Allocation Code(b)
ACCUMULATED DEPRECIATION AND AMORTIZATION								
<u>Collection Plant</u>								
62	35310	Land and Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	FCS
63	35420	Structures and Improvements	672,021	313,425	358,596	-	-	FCS
64	36000	Collection Mains - Gravity	716,647	334,239	382,409	-	-	FCS
65	36100	Collection Mains - Force	4,037,472	1,883,045	2,154,427	-	-	FCS
66	36200	Special Collection Structures	41,467	19,340	22,127	-	-	FCS
67	36300	Cutomer Services	165,060	-	-	-	165,060	FCSS
68	36400	Flow Measuring Devices	13,158	6,137	7,021	-	-	FCS
69	36500	Flow Measuring Devices	180,051	83,975	96,077	-	-	FCS
70		Total Collection Plant	\$ 5,825,876	\$ 2,640,160	\$ 3,020,656	\$ -	\$ 165,060	
<u>Pumping Plant</u>								
71	35500	Power Generation Equipment	\$ 5,288	\$ 2,466	\$ 2,822	\$ -	\$ -	FPU
72	35501.0	Solar Generation	-	-	-	-	-	FPU
73	37000	Receiving Wells	748,657	349,168	399,489	-	-	FPU
74	37100	Pumping Equipment	1,289,089	601,221	687,868	-	-	FPU
75	31130	Other Pumping Equipment	-	-	-	-	-	FPU
76		Total Pumping Plant	\$ 2,043,034	\$ 952,855	\$ 1,090,179	\$ -	\$ -	
<u>Treatment and Disposal Plant</u>								
77	35350	Land and Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	FTD
78	35430	Structures and Improvements	1,120,035	522,375	597,659	-	-	FTD
79	38000	Treatment and Disposal Equipment	304,932	142,218	162,714	-	-	FTD
80	38001	Nogales WWTP	-	-	-	-	-	FTD
80	38100	Plant Sewers	123,375	57,541	65,834	-	-	FTD
	38200	Outfall Sewer Lines	-	-	-	-	-	FTD
81	38930	Other Sewer Olant and Equipment	976,615	455,485	521,129	-	-	FTD
82		Total Treatment and Disposal Plant	\$ 2,524,956	\$ 1,177,620	\$ 1,347,337	\$ -	\$ -	
<u>Relaimed Water Plant</u>								
83	35390	Land and Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	FRW
84	35440	Structures and Improvements	-	-	-	-	-	FRW
85	36600	Reuse Services	-	-	-	-	-	FRW
86	36700	Reuse Meters and Installation	-	-	-	-	-	FRW
87	37400	Reuse Distribution Reservoirs	(2)	(1)	(1)	-	-	FRW
88	37500	Reuse Trans and Distribution System	-	-	-	-	-	FRW
89		Total Relcained Water Plant	\$ (2)	\$ (1)	\$ (1)	\$ -	\$ -	

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Rate Base and Plant Functionalization

Line No.	Acct No.	Description	Jurisdictional Total (a)	Commodity Cost[A]	Demand[A]	Customer Accounts [A]	Customer Services[A]	Allocation Code(b)
General Plant								
90	35380	Land and Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	FGPCC
91	35450	Structures and Improvements	448,014	102,951	117,789	224,007	3,267	FGPCC
92	39000	Furniture and Equipment	69,705	16,018	18,326	34,853	508	FGPCC
93	39010	Computer Hardware	75,312	17,306	19,801	37,656	549	FGPCC
94	39020	Computer Software	-	-	-	-	-	FGPCC
95	39100	Transportation Equipment	173,688	39,913	45,665	86,844	1,266	FGPCC
96	39110	Transportation Equipment Leased	-	-	-	-	-	FGPCC
97	39200	Stores Equipment	-	-	-	-	-	FGPCC
98	39300	Tools, Shop and Garage Equipment	(2,112)	(485)	(555)	(1,056)	(15)	FGPCC
99	39400	Laboratory Equipment	4,402	1,011	1,157	2,201	32	FGPCC
100	39500	Power Operated Equipment	-	-	-	-	-	FGPCC
101	39600	Communication Equipment	98,729	22,687	25,957	49,365	720	FGPCC
102	39700	Miscellaneous Equipment	19,825	4,556	5,212	9,913	145	FGPCC
103	39710	Miscellaneous Equipment CNG	-	-	-	-	-	FGPCC
104	39800	Other Tangible Property	927,582	213,154	243,873	463,791	6,764	FGPCC
105		Total General Plant	\$ 1,815,146	\$ 417,112	\$ 477,225	\$ 907,573	\$ 13,236	
106		Retirement Work in Progress	\$ -	\$ -	\$ -	\$ -	\$ -	FPIS
107		Advances in Aid of Construction	-	-	-	-	-	FPIS
108		Subtotal Accumulated Depreciation/Amortization(c)	\$ 12,209,010	\$ 5,187,746	\$ 5,935,396	\$ 907,573	\$ 178,295	
109		Allocated Corporate Accumulated Depreciation						
110	95300	Land and Land Rights	-	-	-	-	-	FGPCC
111	95400	Structures and Improvements	30,939	7,110	8,134	15,470	226	FGPCC
112	99000	Office Furniture and Fixtures	30,794	7,076	8,096	15,397	225	FGPCC
113	99010	Computers and Software	85,792	19,715	22,556	42,896	626	FGPCC
114	99020	Customer First	120,367	27,660	31,646	60,184	878	FGPCC
115	95500	Power Generation	26	6	7	13	0	FGPCC
116	99500	Power Operated Equipment	4,597	1,056	1,209	2,299	34	FGPCC
117		Subtotal Allocated Corporate Accumulated Depreciation	\$ 272,515	\$ 62,623	\$ 71,648	\$ 136,258	\$ 1,987	
118		Accumulated Depreciation/Amortization(c)	\$ 12,481,526	\$ 5,250,369	\$ 6,007,044	\$ 1,043,831	\$ 180,282	
119		Net Plant	\$ 16,917,198	\$ 7,179,712	\$ 8,214,441	\$ 1,308,899	\$ 214,146	
120	10500	Construction Work In Progress	\$ -	\$ -	\$ -	\$ -	\$ -	FNP
121		Plus: Regulatory Assets/Working Capital Assets/Other (net)	\$ 2,035,494	\$ 863,870	\$ 988,370	\$ 157,488	\$ 25,766	FNPCA
122		Less: Contributions & Advances in Aid of Construction	\$ (901,746)	\$ (382,704)	\$ (437,858)	\$ (69,769)	\$ (11,415)	FNP
123		Less: ADIT, EADIT, and IITC	\$ 75,066	\$ 31,858	\$ 36,449	\$ 5,808	\$ 950	FNPCA
124		Less: Other	\$ (22,022)	\$ (9,346)	\$ (10,693)	\$ (1,704)	\$ (279)	FNP
125								
126		Total Rate Base	\$ 18,103,990	\$ 7,683,390	\$ 8,790,708	\$ 1,400,723	\$ 229,169	

Supporting Schedules
(a) B-1, (b) G-7b, (c) B-2

Recap Schedules
[A] G-2

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
O&M Expenses, Depreciation Expenses and Income Functionalization at Present Revenues

Line No.	Acct No.	Description	Adjusted Test Year(a)	Commodity Cos(A)	Demand(A)	Customer Accounts (A)	Customer Services(A)	Alloc. Code(b)	Labor
INCOME STATEMENT									
Collection Expenses									
		<u>Operation</u>							
1	715.1	Purchased Power	5,829	5,829	-	-	-	FBC	
2	718.1	Chemicals	31,772	31,772	-	-	-	FBC	
3	720.1	Materials and Supplies	5,372	5,372	-	-	-	FBC	
4	735.1	Contractual Services - Testing	1,300	594	679	-	-	27 FCSP	
	742.1	Rental of Equipment	-	-	-	-	-	FCSP	
6	750.1	Transportation Expenses	4,341	1,982	2,268	-	-	91 FCSP	
7	756.1	Insurance - Vehicle	298	136	156	-	-	6 FCSP	
8	757.1	Insurance - General Liability	4,072	1,859	2,127	-	-	85 FCSP	
9		Total Operation	\$ 60,110	\$ 50,798	\$ 8,952	\$ -	\$ 359		
Maintenance									
10	718.2	Chemicals	7,943	7,943	-	-	-	FBC	
11	720.2	Materials and Supplies	1,492	1,492	-	-	-	FBC	
	742.2	Rental of Equipment	-	-	-	-	-	FCSP	
13	750.2	Transportation Expenses	1,206	551	630	-	-	25 FCSP	
14	756.2	Insurance - Vehicle	83	38	43	-	-	2 FCSP	
15	757.2	Insurance - General Liability	1,131	516	591	-	-	24 FCSP	
16		Total Maintenance	\$ 13,636	\$ 11,354	\$ 2,195	\$ -	\$ 88		
17		Total Collection Expenses	\$ 73,746	\$ 62,152	\$ 11,147	\$ -	\$ 447		
Pumping Expense									
		<u>Operation</u>							
18	715.3	Purchased Power	13,601	13,601	-	-	-	FBC	
19	718.3	Chemicals	15,886	15,886	-	-	-	FBC	
20	720.3	Materials and Supplies	5,372	5,372	-	-	-	FBC	
21	735.3	Contractual Services - Testing	1,300	606	694	-	-	FPP	
	742.3	Rental of Equipment	-	-	-	-	-	FPP	
23	750.3	Transportation Expenses	4,341	2,025	2,316	-	-	FPP	
24	756.3	Insurance - Vehicle	298	139	159	-	-	FPP	
25	757.3	Insurance - General Liability	4,072	1,899	2,173	-	-	FPP	
26		Total Operation	\$ 51,995	\$ 42,851	\$ 9,144	\$ -	\$ -		

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
O&M Expenses, Depreciation Expenses and Income Functionalization at Present Revenues

Line No.	Acct No.	Description	Adjusted Test Year(a)	Commodity Cost(A)	Demand(A)	Customer Accounts (A)	Customer Services(A)	Alloc. Code(b)	Labor
		<u>Maintenance</u>							
27	720.4	Materials and Supplies	1,492	1,492	-	-	-	-	FBC
	742.4	Rental of Equipment	-	-	-	-	-	-	FPP
29	750.4	Transportation Expenses	1,206	562	643	-	-	-	FPP
30	756.4	Insurance - Vehicle	83	39	44	-	-	-	FPP
31	757.4	Insurance - General Liability	1,131	528	604	-	-	-	FPP
32		Total Maintenance	\$ 5,693	\$ 3,452	\$ 2,242	\$ -	\$ -	-	
33		Total Pumping Plant	\$ 57,688	\$ 46,303	\$ 11,386	\$ -	\$ -	-	
34		Total Production Expenses	\$ 131,434	\$ 108,454	\$ 22,533	\$ -	\$ 447		
		<u>Treatment and Disposal Expenses</u>							
		<u>Operation</u>							
35	710.5	Purchase WW Treatment	484,278	484,278	-	-	-	-	FBC
	711.5	Sludge Removal	-	-	-	-	-	-	FBC
36	715.5	Purchased Power	13,601	13,601	-	-	-	-	FBC
37	718.5	Chemicals	103,260	103,260	-	-	-	-	FBC
38	720.5	Materials and Supplies	5,372	5,372	-	-	-	-	FBC
39	735.5	Contractual Services - Testing	10,140	10,140	-	-	-	-	FBC
	742.5	Rental of Equipment	-	-	-	-	-	-	FTDP
41	750.5	Transportation Expenses	4,341	2,025	2,316	-	-	-	FTDP
42	756.5	Insurance - Vehicle	298	139	159	-	-	-	FTDP
43	757.5	Insurance - General Liability	4,072	1,899	2,173	-	-	-	FTDP
44		Total Operation	\$632,488	\$24,037	\$ 8,450	\$ 0	\$ 0	-	
		<u>Maintenance</u>							
45	720.6	Materials and Supplies	1,492	1,492	-	-	-	-	FBC
	742.6	Rental of Equipment	-	-	-	-	-	-	FTDP
47	750.6	Transportation Expenses	1,206	562	643	-	-	-	FTDP
48	756.6	Insurance - Vehicle	83	39	44	-	-	-	FTDP
49	757.6	Insurance - General Liability	1,131	528	604	-	-	-	FTDP
50		Total Maintenance	\$ 5,693	\$ 3,452	\$ 2,242	\$ -	\$ -	-	
51		Total Treatment and Disposal Expenses	\$ 638,181	\$ 627,489	\$ 10,692	\$ -	\$ -	-	
		<u>Reclaimed Water Expenses</u>							
		<u>Operation</u>							
52	720.9	Materials and Supplies	1,791	1,791	-	-	-	-	FBC
53	735.9	Contractual Services - Testing	130	130	-	-	-	-	FBC
54	750.9	Transportation Expenses	723	337	386	-	-	-	FRWP
55	756.9	Insurance - Vehicle	50	23	27	-	-	-	FRWP
56	757.9	Insurance - General Liability	679	317	362	-	-	-	FRWP
57		Total Operation	\$3,372	\$ 2,598	\$ 775	\$ 0	\$ 0	-	
		<u>Maintenance</u>							
58	735.10	Contractual Services - Testing	130	130	-	-	-	-	FBC
59	750.10x	Transportation Expenses	723	337	386	-	-	-	FRWP
60	756.10	Insurance - Vehicle	50	23	27	-	-	-	FRWP
61	757.10	Insurance - General Liability	679	317	362	-	-	-	FRWP
62		Total Maintenance	\$ 1,582	\$ 807	\$ 775	\$ -	\$ -	-	
63		Total Reclaimed Water Expenses	\$ 4,954	\$ 3,405	\$ 1,549	\$ -	\$ -	-	

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
O&M Expenses, Depreciation Expenses and Income Functionalization at Present Revenues

Line No.	Acct No.	Description	Adjusted Test Year(a)	Commodity Cos(A)	Demand(A)	Customer Accounts (A)	Customer Services(A)	Alloc. Code(b)	Labor
		<u>Customer Accounts Expenses</u>							
		<u>Operation</u>							
64	715.7	Purchased Power	1,943	-	-	1,943	-	FCC	
65	720.7	Materials and Supplies	2,984	-	-	2,984	-	FCC	
	742.7	Rental of Equipment	-	-	-	-	-	FCC	
67	750.7	Transportation Expenses	2,412	-	-	2,412	-	FCC	
68	756.7	Insurance - Vehicle	166	-	-	166	-	FCC	
69	757.7	Insurance - General Liability	2,262	-	-	2,262	-	FCC	
70	770.7	Bad Debt Expense	5,765	-	-	5,765	-	FCC	
72		Total Customer Accounts Expenses	\$ 20,927	\$ -	\$ -	\$ 20,927	\$ -		
73		Total O&M w/oA&G Expenses	\$ 795,496	\$ 739,348	\$ 34,774	\$ 20,927	\$ 447		
		<u>Administrative and General Expenses</u>							
		<u>Operation</u>							
74	715.8	Purchased Power	3,886	3,605	174	105	2	FTOMWPC	
75	720.8	Materials and Supplies	4,477	2,070	852	1,532	23	FTOMPISCC	
	733.8	Contractual Services - Legal	-	-	-	-	-	FTOMPISCC	
76	734.8	Contractual Services - Professional	784,654	362,835	149,250	268,604	3,965	FTOMPISCC	
77	736.8	Contractual Services - Other	64,552	29,850	12,279	22,098	326	FTOMPISCC	
	742.8	Rental of Equipment	-	-	-	-	-	FTOMPISCC	
79	750.8	Transportation Expenses	3,617	1,673	688	1,238	18	FTOMPISCC	
80	756.8	Insurance - Vehicle	249	115	47	85	1	FTOMPISCC	
81	757.8	Insurance - General Liability	3,393	1,559	1,784	-	49	FGPIS	
82	760.8	Advertising	202	188	9	5	0	FTOMWPC	
83	775.8	Miscellaneous Expenses	0	0	0	0	0	FTOMPISCC	
84		Total Admin and General Expenses	\$ 870,375	\$ 404,366	\$ 166,100	\$ 295,497	\$ 4,412		
85		Total Administrative and General Expenses	\$ 870,375	\$ 404,366	\$ 166,100	\$ 295,497	\$ 4,412		
86		Total Operation and Maintenance Expenses	\$ 1,665,871	\$ 1,142,907	\$ 200,099	\$ 316,424	\$ 4,859		
87		Depreciation & Amort Expense	\$ 906,802	\$ 328,572	\$ 375,926	\$ 194,814	\$ 7,490		
88		Taxes Other Than Income	\$ 42,486	\$ 18,031	\$ 20,630	\$ 3,287	\$ 538	FNP	
89		Total Operating Expenses Before Income Taxes	\$ 2,615,159	\$ 1,489,510	\$ 596,655	\$ 514,525	\$ 12,887		
		Total Labor	\$ -	\$ -	\$ -	\$ -	\$ -		L

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
O&M Expenses, Depreciation Expenses and Income Functionalization at Present Revenues

Line No.	Acct No.	Description	Adjusted Test Year(a)	Commodity Cos(a)	Demand(A)	Customer Accounts (A)	Customer Services(A)	Alloc. Code(b)	Labor
Depreciation Expense									
Collection Plant									
	35320	Land and Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	FCS	
90	35420	Structures and Improvements	44,729	20,861	23,868	-	-	FCS	
91	36000	Collection Mains - Gravity	154,728	72,164	82,564	-	-	FCS	
92		Total Collection Plant	\$ 290,178	\$ 133,335	\$ 152,551	\$ -	\$ 4,293		
Pumping Plant									
93	35500	Power Generation Equipment	449	209	239	-	-	FPU	
94	37000	Receiving Wells	34,391	16,040	18,351	-	-	FPU	
95	37100	Pumping Equipment	42,203	19,683	22,520	-	-	FPU	
96		Total Pumping Plant	\$ 77,043	\$ 35,932	\$ 41,111	\$ -	\$ -		
Treatment and Disposal Plant									
97	35430	Structures and Improvements	74,548	34,769	39,779	-	-	FTD	
98	38000	Treatment and Disposal Equipment	30,998	14,457	16,541	-	-	FTD	
99	38100	Plant Sewers	2,464	1,149	1,315	-	-	FTD	
	38200	Outfall Sewer Lines	-	-	-	-	-	FTD	
100	38930	Other Sewer Plant and Equipment	15,817	7,377	8,440	-	-	FTD	
101		Total Treatment and Disposal Plant	\$ 123,827	\$ 57,752	\$ 66,075	\$ -	\$ -		
Relaimed Water Plant									
	36600	Reuse Services	-	-	-	-	-	FRW	
	36700	Reuse Meters and Installation	-	-	-	-	-	FRW	
	37400	Reuse Distribution Reservoirs	-	-	-	-	-	FRW	
	37500	Reuse Trans and Distribution System	-	-	-	-	-	FRW	
		Total Relaimed Water Plant	\$ -	\$ -	\$ -	\$ -	\$ -		
General Plant									
102	35450	Structures and Improvements	29,819	6,852	7,840	14,910	217	FGPCC	
103	39000	Furniture and Equipment	568	131	149	284	4	FGPCC	
104	39010	Computer Hardware	(38)	(9)	(10)	(19)	(0)	FGPCC	
105	39100	Transportation Equipment	71,945	16,533	18,915	35,973	525	FGPCC	
	39200	Stores Equipment	-	-	-	-	-	FGPCC	
106	39300	Tools, Shop and Garage Equipment	2,842	653	747	1,421	21	FGPCC	
107	39400	Laboratory Equipment	536	123	141	268	4	FGPCC	
	39500	Power Operated Equipment	-	-	-	-	-	FGPCC	
108	39600	Communication Equipment	20,880	4,798	5,490	10,440	152	FGPCC	
109	39700	Miscellaneous Equipment	6,709	1,542	1,764	3,355	49	FGPCC	
	39710	Miscellaneous Equipment CNG	-	-	-	-	-	FGPCC	
110	39800	Other Tangible Property	127,944	29,401	33,638	63,972	933	FGPCC	
111		Total General Plant	\$ 261,206	\$ 60,024	\$ 68,674	\$ 130,603	\$ 1,905		
112		Subtotal Direct Depreciation Expense	\$ 752,254	\$ 287,043	\$ 328,411	\$ 130,603	\$ 6,197		
		Amortization of Property Losses	\$ -	\$ -	\$ -	\$ -	\$ -		
113	95400	Structures and Improvements	\$ 5,280	1,213	1,388	2,640	38	FGPCC	
114	99000	Office Furniture and Fixtures	2,395	550	630	1,198	17	FGPCC	
115	99010	Computers and Software	66,520	15,286	17,489	33,260	485	FGPCC	
116	99020	Customer First	48,169	11,069	12,664	24,084	351	FGPCC	
117	95500	Power Generation	6	1	2	3	0	FGPCC	
118	99500	Power Operated Equipment	1,269	292	334	634	9	FGPCC	
119		Subtotal Allocated Depreciation Expense	\$ 123,638	\$ 28,412	\$ 32,506	\$ 61,819	\$ 902		
120		CIAC/AIAC Amortization - General	30,910	\$ 13,118	\$ 15,009	\$ 2,392	391	FNP	
		Excess Deferred Depreciation	-	\$ -	\$ -	\$ -	-	FNP	
121		Total Depreciation & Amortization	\$ 906,802	\$ 328,572	\$ 375,926	\$ 194,814	\$ 7,490		

Supporting Schedules
(a) B-2 ; (b) G-7b

Recap Schedules
[A] G-3

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
O&M Expenses, Depreciation Expenses and Income Functionalization at Proposed Revenues

Line No.	Acct No.	Description	Adjusted Test Year(a)	Commodity Cost[A]	Demand[A]	Customer Accounts [A]	Customer Services[A]	Allocation Code(b)	Labor
INCOME STATEMENT									
Collection Expenses									
		<u>Operation</u>							
1	715.1	Purchased Power	5,829	5,829	-	-	-	FBC	
2	718.1	Chemicals	31,772	31,772	-	-	-	FBC	
3	720.1	Materials and Supplies	5,372	5,372	-	-	-	FBC	
4	735.1	Contractual Services - Testing	1,300	594	679	-	27	FCSP	
	742.1	Rental of Equipment	-	-	-	-	-	FCSP	
6	750.1	Transportation Expenses	4,341	1,982	2,268	-	91	FCSP	
7	756.1	Insurance - Vehicle	298	136	156	-	6	FCSP	
8	757.1	Insurance - General Liability	4,072	1,859	2,127	-	85	FCSP	
9		Total Operation	\$ 60,110	\$ 50,798	\$ 8,952	\$ -	\$ 359		
		<u>Maintenance</u>							
10	718.2	Chemicals	7,943	7,943	-	-	-	FBC	
11	720.2	Materials and Supplies	1,492	1,492	-	-	-	FBC	
	742.2	Rental of Equipment	-	-	-	-	-	FCSP	
13	750.2	Transportation Expenses	1,206	551	630	-	25	FCSP	
14	756.2	Insurance - Vehicle	83	38	43	-	2	FCSP	
15	757.2	Insurance - General Liability	1,131	516	591	-	24	FCSP	
16		Total Maintenance	\$ 13,636	\$ 11,354	\$ 2,195	\$ -	\$ 88		
17		Total Collection Expenses	\$ 73,746	\$ 62,152	\$ 11,147	\$ -	\$ 447		
Pumping Expense									
		<u>Operation</u>							
18	715.3	Purchased Power	13,601	13,601	-	-	-	FBC	
19	718.3	Chemicals	15,886	15,886	-	-	-	FBC	
20	720.3	Materials and Supplies	5,372	5,372	-	-	-	FBC	
21	735.3	Contractual Services - Testing	1,300	606	694	-	-	FPP	
	742.3	Rental of Equipment	-	-	-	-	-	FPP	
23	750.3	Transportation Expenses	4,341	2,025	2,316	-	-	FPP	
24	756.3	Insurance - Vehicle	298	139	159	-	-	FPP	
25	757.3	Insurance - General Liability	4,072	1,899	2,173	-	-	FPP	
26		Total Operation	\$ 51,995	\$ 42,851	\$ 9,144	\$ -	\$ -		
		<u>Maintenance</u>							
27	720.4	Materials and Supplies	1,492	1,492	-	-	-	FBC	
	742.4	Rental of Equipment	-	-	-	-	-	FPP	
29	750.4	Transportation Expenses	1,206	562	643	-	-	FPP	
30	756.4	Insurance - Vehicle	83	39	44	-	-	FPP	
31	757.4	Insurance - General Liability	1,131	528	604	-	-	FPP	
32		Total Maintenance	\$ 5,693	\$ 3,452	\$ 2,242	\$ -	\$ -		
33		Total Water Treatment	\$ 57,688	\$ 46,303	\$ 11,386	\$ -	\$ -		
34		Total Production Expenses	\$ 131,434	\$ 108,454	\$ 22,533	\$ -	\$ 447		
Treatment and Disposal Expenses									
		<u>Operation</u>							
35	710.5	Purchase WW Treatment	484,278	484,278	-	-	-	FBC	
	711.5	Sludge Removal Expense	-	-	-	-	-	FBC	
36	715.5	Purchased Power	13,601	13,601	-	-	-	FBC	
37	718.5	Chemicals	103,260	103,260	-	-	-	FBC	
38	720.5	Materials and Supplies	5,372	5,372	-	-	-	FBC	
39	735.5	Contractual Services - Testing	10,140	10,140	-	-	-	FBC	
	742.5	Rental of Equipment	-	-	-	-	-	FTDP	
41	750.5	Transportation Expenses	4,341	2,025	2,316	-	-	FTDP	
42	756.5	Insurance - Vehicle	298	139	159	-	-	FTDP	
43	757.5	Insurance - General Liability	4,072	1,899	2,173	-	-	FTDP	
44		Total Operation	\$632,488	624,037	8,450	0	0		
		<u>Maintenance</u>							
45	720.6	Materials and Supplies	1,492	1,492	-	-	-	FBC	
	742.6	Rental of Equipment	-	-	-	-	-	FTDP	

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
O&M Expenses, Depreciation Expenses and Income Functionalization at Proposed Revenues

Line No.	Acct No.	Description	Adjusted Test Year(a)	Commodity Cost[A]	Demand[A]	Customer Accounts [A]	Customer Services[A]	Allocation Code(b)	Labor
47	750.6	Transportation Expenses	1,206	562	643	-	-	FTDP	
48	756.6	Insurance - Vehicle	83	39	44	-	-	FTDP	
49	757.6	Insurance - General Liability	1,131	528	604	-	-	FTDP	
50		Total Maintenance	\$ 5,693	\$ 3,452	\$ 2,242	\$ -	\$ -		
51		Total Treatment and Disposal Expenses	\$ 638,181	\$ 627,489	\$ 10,692	\$ -	\$ -		
		Reclaimed Water Expenses							
		<u>Operation</u>							
52	720.9	Materials and Supplies	1,791	1,791	-	-	-	FBC	
53	735.9	Contractual Services - Testing	130	130	-	-	-	FBC	
54	750.9	Transportation Expenses	723	337	386	-	-	FRWP	
55	756.9	Insurance - Vehicle	50	23	27	-	-	FRWP	
56	757.9	Insurance - General Liability	679	317	362	-	-	FRWP	
57		Total Operation	\$3,372	2,598	775	0	0		
		<u>Maintenance</u>							
58	735.10	Contractual Services - Testing	130	130	-	-	-	FBC	
59	750.10	Transportation Expenses	723	337	386	-	-	FRWP	
60	756.10	Insurance - Vehicle	50	23	27	-	-	FRWP	
61	757.10	Insurance - General Liability	679	317	362	-	-	FRWP	
62		Total Maintenance	\$ 1,582	\$ 807	\$ 775	\$ -	\$ -		
63		Total Reclaimed Water Expenses	\$ 4,954	\$ 3,405	\$ 1,549	\$ -	\$ -		

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
O&M Expenses, Depreciation Expenses and Income Functionalization at Proposed Revenues

Line No.	Acct No.	Description	Adjusted Test Year(a)	Commodity Cost[A]	Demand[A]	Customer Accounts [A]	Customer Services[A]	Allocation Code(b)	Labor
Customer Accounts Expenses									
<u>Operation</u>									
64	615.7	Purchased Power	1,943	-	-	1,943	-	FCC	
65	720.7	Materials and Supplies	2,984	-	-	2,984	-	FCC	
	742.7	Rental of Equipment	-	-	-	-	-	FCC	
67	750.7	Transportation Expenses	2,412	-	-	2,412	-	FCC	
68	756.7	Insurance - Vehicle	166	-	-	166	-	FCC	
69	757.7	Insurance - General Liability	2,262	-	-	2,262	-	FCC	
70	770.7	Bad Debt Expense	19,226	-	-	19,226	-	FCC	
72		Total Customer Accounts Expenses	\$ 34,388	\$ -	\$ -	\$ 34,388	\$ -		
73		Total O&M w/oA&G Expenses	\$ 808,957	\$ 739,348	\$ 34,774	\$ 34,388	\$ 447		
Administrative and General Expenses									
<u>Operation</u>									
74	715.8	Purchased Power	3,886	3,605	174	105	2	FTOMWPC	
75	720.8	Materials and Supplies	4,477	2,070	852	1,532	23	FTOMPISCC	
	733.8	Contractual Services - Legal	-	-	-	-	-	FTOMPISCC	
76	734.8	Contractual Services - Management Fees	784,654	362,835	149,250	268,604	3,965	FTOMPISCC	
77	736.8	Contractual Services - Other	64,552	29,850	12,279	22,098	326	FTOMPISCC	
	742.8	Rental of Equipment	-	-	-	-	-	FTOMPISCC	
79	750.8	Transportation Expenses	3,617	1,673	688	1,238	18	FTOMPISCC	
80	756.8	Insurance - Vehicle	249	115	47	85	1	FTOMPISCC	
81	757.8	Insurance - General Liability	3,393	1,559	1,784	-	49	FGPIS	
82	760.8	Advertising	202	188	9	5	0	FTOMWPC	
83	775.8	Miscellaneous Expenses	0	0	0	0	0	FTOMPISCC	
84		Total Operation	\$ 870,375	\$ 404,366	\$ 166,100	\$ 295,497	\$ 4,412		
85		Total Administrative and General Expenses	\$ 870,375	\$ 404,366	\$ 166,100	\$ 295,497	\$ 4,412		
86		Total Operation and Maintenance Expenses	\$ 1,679,332	\$ 1,143,714	\$ 200,874	\$ 329,885	\$ 4,859		
87		Depreciation & Amort Expense	\$ 906,802	\$ 328,572	\$ 375,926	\$ 194,814	\$ 7,490		
88		Taxes Other Than Income	\$ 49,116	\$ 20,845	\$ 23,849	\$ 3,800	\$ 622	FNP	
89		Total Operating Expenses Before Income Taxes	\$ 2,635,250	\$ 1,493,131	\$ 600,649	\$ 528,499	\$ 12,971		
		Total Labor	\$ -	\$ -	\$ -	\$ -	\$ -		L

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
O&M Expenses, Depreciation Expenses and Income Functionalization at Proposed Revenues

Line No.	Acct No.	Description	Adjusted Test Year(a)	Commodity Cost[A]	Demand[A]	Customer Accounts [A]	Customer Services[A]	Allocation Code(b)	Labor
Depreciation Expense									
Collection Plant									
90	35420	Structures and Improvements	44,729	20,861	23,868	-	-	FCS	
91	36000	Collection Mains - Gravity	154,728	72,164	82,564	-	-	FCS	
92		Total Collection Plant	\$ 290,178	\$ 133,335	\$ 152,551	\$ -	\$ 4,293		
Pumping Plant									
93	35500	Power Generation Equipment	449	209	239	-	-	FPU	
94	37000	Receiving Wells	34,391	16,040	18,351	-	-	FPU	
95	37100	Pumping Equipment	42,203	19,683	22,520	-	-	FPU	
96		Total Pumping Plant	\$ 77,043	\$ 35,932	\$ 41,111	\$ -	\$ -		
Treatment and Disposal Plant									
97	35430	Structures and Improvements	74,548	34,769	39,779	-	-	FTD	
98	38000	Treatment and Disposal Equipment	30,998	14,457	16,541	-	-	FTD	
99	38100	Plant Sewers	2,464	1,149	1,315	-	-	FTD	
	38200	Outfall Sewer Lines	-	-	-	-	-	FTD	
100	38930	Other Sewer Olant and Equipment	15,817	7,377	8,440	-	-	FTD	
101		Total Treatment and Disposal Plant	\$ 123,827	\$ 57,752	\$ 66,075	\$ -	\$ -		
Relaimed Water Plant									
	36600	Reuse Services	-	-	-	-	-	FRW	
	36700	Reuse Meters and Installation	-	-	-	-	-	FRW	
	37400	Reuse Distribution Reservoirs	-	-	-	-	-	FRW	
	37500	Reuse Trans and Distribution System	-	-	-	-	-	FRW	
		Total Relaimed Water Plant	\$ -	\$ -	\$ -	\$ -	\$ -		
General Plant									
102	35450	Structures and Improvements	29,819	6,852	7,840	14,910	217	FGPCC	
103	39000	Furniture and Equipment	568	131	149	284	4	FGPCC	
104	39010	Computer Hardware	(38)	(9)	(10)	(19)	(0)	FGPCC	
105	39100	Transportation Equipment	71,945	16,533	18,915	35,973	525	FGPCC	
	39200	Stores Equipment	-	-	-	-	-	FGPCC	
106	39300	Tools, Shop and Garage Equipment	2,842	653	747	1,421	21	FGPCC	
107	39400	Laboratory Equipment	536	123	141	268	4	FGPCC	
	39500	Power Operated Equipment	-	-	-	-	-	FGPCC	
108	39600	Communication Equipment	20,880	4,798	5,490	10,440	152	FGPCC	
109	39700	Miscellaneous Equipment	6,709	1,542	1,764	3,355	49	FGPCC	
	39710	Miscellaneous Equipment CNG	-	-	-	-	-	FGPCC	
110	39800	Other Tangible Property	127,944	29,401	33,638	63,972	933	FGPCC	
111		Total General Plant	\$ 261,206	\$ 60,024	\$ 68,674	\$ 130,603	\$ 1,905		
112		Subtotal Direct Depreciation Expense	\$ 752,254	\$ 287,043	\$ 328,411	\$ 130,603	\$ 6,197		
		Amortization of Property Losses	\$ -	\$ -	\$ -	\$ -	\$ -		
113	95400	Structures and Improvments	\$ 5,280	1,213	1,388	2,640	38	FGPCC	
114	99000	Office Furniture and Fixtures	2,395	550	630	1,198	17	FGPCC	
115	99010	Computers and Software	66,520	15,286	17,489	33,260	485	FGPCC	
116	99020	Customer First	48,169	11,069	12,664	24,084	351	FGPCC	
117	95500	Power Generation	6	1	2	3	0	FGPCC	
118	99500	Power Operated Equipment	1,269	292	334	634	9	FGPCC	
119		Subtotal Allocated Depreciation Expense	\$ 123,638	\$ 28,412	\$ 32,506	\$ 61,819	\$ 902		
120		CIAC/AIAC Amortization - General	30,910	13,118	15,009	2,392	391	FNFP	
		Excess Deferred Depreciation	-	-	-	-	-	FNPCA	
121		Total Depreciation & Amortization	\$ 906,802	\$ 328,572	\$ 375,926	\$ 194,814	\$ 7,490		
<u>Supporting Schedules</u>				<u>Recap Schedules</u>					
(a) B-2 ; (b) G-7b				[A] G-3					

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Development of Allocation Factors by Function

Line No	Allocation Factor	Total (1)	Commodity (2)	Demand (3)	Customer Accounts (5)	Customer Services (6)
1						
2	ALLOCATION RATIOS					
3						
4	EXTERNAL FACTORS					
5						
6	DEMAND					
7						
8	Commodity	FBC	100.0000%	100.0000%	0.0000%	0.0000%
9	Demand	FECMD	100.0000%	46.6392%	53.3608%	0.0000%
10						
11						
12	Pumping Plant	FPU	100.0000%	46.6392%	53.3608%	0.0000%
13	Treatment and Disposal	FTD	100.0000%	46.6392%	53.3608%	0.0000%
14	Collection System	FCS	100.0000%	46.6392%	53.3608%	0.0000%
15	Reclaimed Water System	FRW	100.0000%	46.6392%	53.3608%	0.0000%
16						
17	CUSTOMER					
18						
19	Customer Accounts	FCC	100.0000%	0.0000%	0.0000%	100.0000%
20						
21	Customer Services	FCSS	100.0000%	0.0000%	0.0000%	0.0000%
22						
23	Effluent					
24	Effluent	EFF	100.0000%	46.6392%	53.3608%	0.0000%
25						
26	Purchased Power					
27	Purchased Power	FPP	100.0000%	46.6392%	53.3608%	0.0000%
28						
29	INTERNAL FACTORS					
30						
31	Net Plant	FNP	100.0000%	42.4403%	48.5567%	7.7371%
32	Net Plant w/CIAC	FNPCA	100.0000%	42.4403%	48.5567%	7.7371%
33	Gross Plant In Service (excl Intangible and Gen.)	FGPIS	100.0000%	45.9590%	52.5826%	0.0000%
34	Total O&M w/oA&G Expenses	FTOM	100.0000%	92.9418%	4.3714%	2.6307%
35	Labor	FLA	0.0000%	0.0000%	0.0000%	0.0000%
36	Collection System Plant	FCSP	100.0000%	45.6623%	52.2430%	0.0000%
37	Pumping Plant	FPP	100.0000%	46.6392%	53.3608%	0.0000%
38	Treatment and Disposal Plant	FTDP	100.0000%	46.6392%	53.3608%	0.0000%
39	Reclaimed Water System	FRWP	100.0000%	46.6392%	53.3608%	0.0000%
40	General & Admin. Plant (See Note 1)	FGPCC	100.0000%	22.9795%	26.2913%	50.0000%
41	General & Admin Expenses (See Note 2)	FTOMPISCC	100.0000%	46.2414%	19.0211%	34.2322%
42	Plant In Service	FPIS	100.0000%	42.2810%	48.3745%	8.0028%
43	Total O&M w/oA&G Expenses w/o power & chemicals	FTOMWPC	100.0000%	92.7650%	4.4808%	2.6965%
44						

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Development of Allocation Factors by Function

Line No	Allocation Factor	Total (1)	Commodity (2)	Demand (3)	Customer Accounts (5)	Customer Services (6)
45	INPUTS FOR RATIOS					
46						
47	EXTERNAL INPUTS					
48						
49	DEMAND					
50						
51	Peak Day WW Flows (MGD)	0.434				
52	Annual Inflows (MG)	84.568				
53						
54						
55						
56						
57						
58						
59						
60						
61						
62	Purchased Power	FPP	100.0	100.0	46.6	53.4
63	Treatment and Disposal	FTD	100.0	100.0	46.6	53.4
64						
65	INTERNAL INPUTS					
66						
67						
68						
69	Gross Plant In Service (excludes intangibles & Gen)	FGPIS	\$ 24,693,264	\$ 24,693,264	\$ 11,348,789	\$ 12,984,358
70	Plant In Service	FPIS	\$ 29,398,724	\$ 29,398,724	\$ 12,430,081	\$ 14,221,485
71	Net Plant w/CIAC	FNPCA	\$ 16,917,198	\$ 16,917,198	\$ 7,179,712	\$ 8,214,441
72	Net Plant	FNP	\$ 16,917,198	\$ 16,917,198	\$ 7,179,712	\$ 8,214,441
73	Total O&M w/oA&G Expenses	FTOM	\$ 795,496	\$ 795,496	\$ 739,348	\$ 34,774
74	Labor	FLA	\$ -	\$ -	\$ -	\$ -
75	Collection System Plant	FCSP	\$ 17,191,676	\$ 17,191,676	\$ 7,850,107	\$ 8,981,452
76	Pumping Plant	FPP	\$ 3,233,979	\$ 3,233,979	\$ 1,508,303	\$ 1,725,677
77	Treatment and Disposal Plant	FTDP	\$ 4,267,610	\$ 4,267,610	\$ 1,990,380	\$ 2,277,230
78	Reclaimed Water System	FRWP	\$ (1)	\$ (1)	\$ (1)	\$ -
79	Total O&M w/oA&G Expenses w/o power & chemicals	FTOMWPC	\$ 776,066	\$ 776,066	\$ 719,918	\$ 34,774

Note 1: Based upon a two-factor formula equal weighting FCC allocation factor and the FGPIS allocation factor.

Note 2: Based upon a three-factor formula equal weighting FCC allocation factor, FGPIS, and the FTOMWPC allocation factor.

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Development of Allocation Factors by Customer Class

Line No	Allocation Factor	Total (1)	Residential (2)	Residential Multi-Family (3)	Commercial (3)	
1	ALLOCATION RATIOS					
2						
3	EXTERNAL FACTORS					
4						
5	COMMODITY					
6	Commodity	CBC	100.0000%	72.1105%	4.6630%	23.2265%
7						
8	DEMAND					
9	Demand	CMD	100.0000%	83.7357%	5.3774%	10.8869%
10						
11	CUSTOMER					
12	Bills	CB	100.0000%	93.7466%	0.3031%	5.9503%
13	Services	CS	100.0000%	90.4172%	3.4696%	6.1132%
14						
15	REVENUES					
16	Sewer Sales	CRWC	100.0000%	76.6644%	5.3116%	18.0240%
17	Sewer Sales excluding effluent	CRWXEFF	100.0000%	76.6644%	5.3116%	18.0240%
18						
19	INTERNAL FACTORS					
20						
21	Effluent	CF	100.0000%	93.7466%	0.3031%	5.9503%
22	Rate Base	CRB	100.0000%	79.6611%	4.6574%	15.6815%
23						
24	INPUTS FOR RATIOS					
25						

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Development of Allocation Factors by Customer Class

Line No	Allocation Factor		Total (1)	Residential (2)	Residential Multi-Family (3)	Commercial (3)	
26	EXTERNAL INPUTS						
27	DEMAND AND COMMODITY		100.00%	72.11%	4.66%	23.23%	
28	Annual Flows (MG)	84.568	84.568	60.983	3.943	19.642	
29	Average Daily Flows (mgd)	0.630	0.630	0.455	0.029	0.146	
30	Max Day Capacity Factor			1.50	1.50	1.20	
31	Maximum Day Flows (mgd)	0.902	0.902	0.682	0.044	0.176	
32	Maximum Day Excess	0.272	0.272	0.227	0.015	0.030	
33							
34							
35	CUSTOMER			93.75%	0.30%	5.95%	
36	Bills	27,713	27,713	25,980	84	1,649	
37	Services			2,189	84	148	
38	Cost Factor			1.00	1.00	1.00	
39	Equivalent Services	2,421	2,421	2,189	84	148	
40							
41	REVENUES						
42	Test Year Sewer Sales	\$ 2,981,193	\$ 2,981,193	\$ 2,285,514	\$ 158,350	\$ 537,329	
43	Test Year Sewer Sales excluding effluent	\$ 2,981,193	\$ 2,981,193	\$ 2,285,514	\$ 158,350	\$ 537,329	
44							
45							
46	Rate of Return (ROR)	7.87%					
47	Revenue Conversion Factor	1.3504					
48							
49	TAX FACTORS						
50	Wtd Cost of Debt	2.1456%					
51	State Tax Rate	4.90%					
52	Federal Tax Rate	21.00%					
53							
54							
55	INTERNAL INPUTS						
56							
57	Rate Base	CRB	\$18,103,990	18,103,990	14,421,830	843,184	2,838,976

Liberty Utilities (Black Mountain Sewer) Corp.
Revenue Summary
With Annualized Revenues to Year End Number of Customers
Test Year Ended December 31, 2025

Exhibit
Schedule H-1
Witness: Bourassa

Line No.	Customer Classification	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Sewer Revenues	Percent of Proposed Sewer Revenues
1	Residential	\$ 2,285,980	\$ 3,359,248	\$ 1,073,267.70	46.95%	76.21%	76.29%
2							
3	Residential MF HOA (11 units)	\$ 11,615	\$ 13,589	\$ 1,974	17.00%	0.39%	0.31%
4	Residential MF HOA (12 units)	12,671	14,825	2,154	17.00%	0.42%	0.34%
5	Residential MF HOA (18 units)	19,006	22,237	3,231	17.00%	0.63%	0.51%
6	Residential MF HOA (25 units)	26,397	30,884	4,487	17.00%	0.88%	0.70%
7	Subtotal	\$ 69,688	\$ 81,535	\$ 11,847	17.00%	2.32%	1.85%
8							
9	Residential MF Appartment (8 units)	\$ 8,447	\$ 9,883	\$ 1,436	17.00%	0.28%	0.22%
10	Residential MF Appartment (10 units)	10,559	12,354	1,795	17.00%	0.35%	0.28%
11	Residential MF Appartment (66 units)	69,688	81,535	11,847	17.00%	2.32%	1.85%
12	Subtotal	\$ 88,694	\$ 103,772	\$ 15,078	17.00%	2.96%	2.36%
13							
14	Commercial	\$ 506,539	\$ 791,923	\$ 285,384	56.34%	16.89%	17.99%
15							
16							
17	Subtotal Before Annualization	\$ 2,950,901	\$ 4,336,477	\$ 1,385,577	46.95%	98.38%	102.70%
18							
19	<u>Revenue Annualization</u>						
20	Residential	\$ 0	\$ (0)	\$ (0)	-490.48%	0.00%	0.00%
21	Commercial	30,894	48,300	17,406	56.34%	1.03%	1.10%
22	Total Revenue Annualization	\$ 30,894	\$ 48,300	\$ 17,406	56.34%	1.03%	1.10%
23							
24	<u>Misc Service Revenues</u>						
25	Misc Revenues	\$ 18,420	\$ 18,420	\$ -	0.00%	0.61%	0.42%
26	Effluent Revenues	-	-	-	0.00%	0.00%	0.00%
27	Reconciling Amount to C-1	(602)	(189)	413	-68.60%	-0.02%	0.00%
28	Totals	\$ 2,999,613	\$ 4,403,008	\$ 1,403,395	46.79%	100.00%	100.00%
29							
30							
31	Sewer Revenues per GL excluding effluent	\$ 2,926,298					
32	Adjusting Items:						
33	Unbilled Revenues	24,000					
34							
35							
36	Adjusted GL Revenues	\$ 2,950,298					
37							
38	Adjusted Bill Count Revenues (before annualization)	2,950,901					
39							
40	Difference to Bill Count Revenue	\$ (602)					
41							
42	Difference as %	-0.02%					
43							
44	Tolerance (+/- 1/2 percent)	14,751					

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Bill Comparison by Class

Schedule H-2
Page 1
Witness: Bourassa

Line No.	Customer Classification	Average Number of Customers at <u>12/31/2025</u>	Average Usage <u>Gallons (1,000's)</u>	Present <u>Rates</u>	<u>Average Bill</u>		<u>Proposed Increase</u>	
					Present <u>Rates</u>	Proposed <u>Rates</u>	Dollar <u>Amount</u>	Percent <u>Amount</u>
1	Residential	2,189	N/A	\$ 87.99	\$ 87.99	\$ 129.30	\$ 41.31	46.95%
2	Residential MF HOA (11 units)	1	N/A	967.89	967.89	1,132.43	164.54	17.00%
3	Residential MF HOA (12 units)	1	N/A	1,055.88	1,055.88	1,235.38	179.50	17.00%
4	Residential MF HOA (18 units)	1	N/A	1,583.82	1,583.82	1,853.07	269.25	17.00%
5	Residential MF HOA (25 units)	1	N/A	2,199.75	2,199.75	2,573.71	373.96	17.00%
6	Residential MF Appartment (8 units)	1	N/A	703.92	703.92	823.59	119.67	17.00%
7	Residential MF Appartment (10 units)	1	N/A	879.90	879.90	1,029.48	149.58	17.00%
8	Residential MF Appartment (66 units)	1	N/A	5,807.34	5,807.34	6,794.59	987.25	17.00%
9								
10	Commercial	137	37,612	307.18	307.18	480.24	173.06	56.34%
11								
12								
13								
14								
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16								
17								
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21								
22								
23								
24	Total	<u>2,333</u>						
25								
26								
27								
28								
29								
30								

Schedule H-2
Page 2
Witness: Bourassa

Schedule H-2
Page 2
Witness: Bourassa

Liberty Utilities (Black Mountain Sewer) Corp.
Present and Proposed Rates
Test Year Ended December 31, 2025

Exhibit
Schedule H-3
Page 1
Witness: Bourassa

Line
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<u>Customer Classification</u>	<u>Present Rates</u>	<u>Proposed Rates [1]</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<u>Monthly Service Charge:</u>				
Residential, per single family unit	\$ 87.99	\$ 129.30	\$ 41.31	46.95%
Residential - Multi-Family per unit	NT	\$ 102.95	NM	NM
Commercial	\$ 94.07	\$ 147.07	\$ 53.00	56.34%
<u>Commodity Rate:</u>				
Commercial, per 1,000 gals[2]	\$ 5.666	\$ 8.858	\$ 3.192	56.34%
	\$ 870.31	\$ 1,360.65		

NT = no tariff

[1] Customer Assistance Tariff ("CAT") - A 15% discount is available on monthly minimum and commodity charges to qualified residential customers meeting the CAT qualifications.

[2] Monthly water usage provided by Town of Carfree and City of Scottsdale.

Liberty Utilities (Black Mountain Sewer) Corp.
Present and Proposed Rates
Test Year Ended December 31, 2025

Exhibit
Schedule H-3
Page 2
Witness: Bourassa

Line No.	Present <u>Other Service Charges</u>	Present <u>Rates</u>	Proposed <u>Other Service Charges</u>	Proposed <u>Rates</u>
1	Establishment	\$ 25.00	Establishment per A.A.C. R14-2-603(D)(1)	\$ 30.00
2	Re-establishment	*	Re-Establishment of Service per (within 12 months) per A.A.C. R14-2-603(D)(1)	(a)
3	Re-connection, Delinquent	**	Disconnection	At Cost (b)
4	Disconnection	Cost*****	Reconnection (Delinquent) per A.A.C. R14-2-603(D)(1)	(b)
5	After hours service (d)	\$ 50.00	NSF Check A.A.C. R14-2-608(E)(1)	\$25.00 (c)
6	Min Deposit Requirement (Residential)	***	Deferred Payment finance charge, per month	1.50%
7	Min Deposit Requirement (Non-Residential)	***	Late Payment Charge, per month	(d)
8	Deposit Interest	6%	Service Calls – After Hours	\$125 (e)
9	NSF Check	25.00	Deposit Requirement	(f)
10	Deferred Payment finance charge, Per Month	1.50%	Deposit Interest per A.A.C. R14-2-603(B)	6.00%
11	Late Payment Charge, Per Month	Greater of \$5.00 or 1.50% per month	Service Lateral Connection Charge – All Sizes	(g)
12		on unpaid balance.	Main Extension Tariff Per A.A.C R14-2-606(B)	(h)
13	Main Extension Tariff	Cost*****	Wastewater Hook-up Fee	(j)
14	Off-Site Facilities Hook-up Fee	per Tariff	Influent Meter and Metering System Installation	At Cost (i)
15	Influent Meter and Metering System	NT	Failed Final Inspection Fee	\$75
16	Failed Inspection Fee	NT		
17				
18				
19	* Per A.A.C. R14-2-603.D, Within 12 months. Residential and non-residential customers shall pay the applicable minimum charge times the number of months disconnected.		(a) Minimum charge times the number of full months off the system, per A.A.C. R14-2-603(D). For partial months of service, the minimum charge will be billed on a prorated basis.	
20	** Customer shall pay the actual cost of physical disconnection and establishment (if same customer) and there shall be no charge for disconnection if no physical work is performed.		(b) Customer shall pay the actual cost including costs for excavation and trenching, pipeline modification, sewer block, backfill and grading, road repairs and permitting. Customer will be provided copies of invoices for actual costs incurred. There shall be no charge if no work is performed, per A.A.C. R14-2-603(D)(1)	
21	*** Per A.A.C. R14-2-603.B Residential - two times the average bill. Non-residential - two and one-half times the average bill.		(c) Liberty Black Mountain may only charge one NSF fee when customers are billed for water and sewer services on one bill.	
22	**** After Hours Service Charge applies to all services performed after regular business hours at the customer's request or for the customer's convenience.		(d) Greater of \$5.00 or 1.50% of unpaid balance.	
23	***** Per A.A.C. R14-2-606.B		(e) Customer shall be charged for after-hours service calls outside of normal working hours for work performed at customer's request or convenience.	
24	***** See Tariff conditions.		(f) Per A.A.C. R14-2-603(B)(7): Residential – two times the average bill by class; Non-residential – two and one-half times the customer's estimated maximum monthly bill.	
25			(g) At cost. Customer/Developer shall install or cause to be installed all Service Laterals as refundable advance in aid of construction.	
			(h) All Main Extensions shall be completed at cost and shall be treated as refundable advances-in-aid of construction.	
			(i) The cost of the influent meter and metering system installation shall be at the sole expense of the commercial and industrial user and not subject to refund.	
			(j) Residential and non-residential – Customers/Developers shall pay the applicable Wastewater Hook-up Fees tariff	
26				
27	IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM			
28	ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE			
29	TAX. PER COMMISSION RULE (14-2-608.D 5).			
30	ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS,			
31	AND ALL APPLICABLE TAXES, INCLUDING ALL GROSS-UP TAXES FOR INCOME TAXES.			
32	COST TO INCLUDE LABOR, MATERIALS AND PARTS, OVERHEADS AND ALL APPLICABLE TAXES.			
33				
34	*The presentation of current rates reflects the format used in Decision No. 78017, as amended by Decision No. 78244.			

Liberty Utilities (Black Mountain Sewer) Corp.
Bill Comparison
Customer Classification
Residential

Exhibit
Schedule H-4
Page 1
Witness: Bourassa

Present	Proposed	Dollar	Percent
<u>Bill</u>	<u>Bill</u>	<u>Increase</u>	<u>Increase</u>
\$ 87.99	\$ 129.30	\$ 41.31	46.95%

Present Rates:

Monthly Charge: \$ 87.99

Proposed Rates:

Monthly Charge: \$ 129.30

Liberty Utilities (Black Mountain Sewer) Corp.
Bill Comparison
Customer Classification
Residential MF - HOA 11 Units

Exhibit
Schedule H-4
Page 2
Witness: Bourassa

Present	Proposed	Dollar	Percent
<u>Bill</u>	<u>Bill</u>	<u>Increase</u>	<u>Increase</u>
\$ 967.89	\$ 1,132.43	\$ 164.54	17.00%

# of Units	11
Rate Per Units	\$ 87.99
Present Rates:	
Monthly Charge:	\$ 967.89

# of Units	11
Rate Per Units	\$ 102.95
Proposed Rates:	
Monthly Charge:	\$ 1,132.43

Liberty Utilities (Black Mountain Sewer) Corp.
Bill Comparison
Customer Classification
Residential MF - HOA 12 Units

Exhibit
Schedule H-4
Page 3
Witness: Bourassa

Present <u>Bill</u>	Proposed <u>Bill</u>	Dollar <u>Increase</u>	Percent <u>Increase</u>
\$ 1,055.88	\$ 1,235.38	\$ 179.50	17.00%

# of Units	12
Rate Per Units	\$ 87.99
Present Rates:	
Monthly Charge:	\$ 1,055.88

# of Units	12
Rate Per Units	\$ 102.95
Proposed Rates:	
Monthly Charge:	\$ 1,235.38

Liberty Utilities (Black Mountain Sewer) Corp.
Bill Comparison
Customer Classification
Residential MF - HOA 18 Units

Exhibit
Schedule H-4
Page 4
Witness: Bourassa

Present <u>Bill</u>	Proposed <u>Bill</u>	Dollar <u>Increase</u>	Percent <u>Increase</u>
\$ 1,583.82	\$ 1,853.07	\$ 269.25	17.00%

# of Units	18
Rate Per Units	\$ 87.99
Present Rates:	
Monthly Charge:	\$ 1,583.82

# of Units	18
Rate Per Units	\$ 102.95
Proposed Rates:	
Monthly Charge:	\$ 1,853.07

Liberty Utilities (Black Mountain Sewer) Corp.
Bill Comparison
Customer Classification
Residential MF - HOA 25 Units

Exhibit
Schedule H-4
Page 5
Witness: Bourassa

Present <u>Bill</u>	Proposed <u>Bill</u>	Dollar <u>Increase</u>	Percent <u>Increase</u>
\$ 2,199.75	\$ 2,573.71	\$ 373.96	17.00%

# of Units	25
Rate Per Units	\$ 87.99
Present Rates:	
Monthly Charge:	\$ 2,199.75

# of Units	25
Rate Per Units	\$ 102.95
Proposed Rates:	
Monthly Charge:	\$ 2,573.71

Liberty Utilities (Black Mountain Sewer) Corp.
Bill Comparison
Customer Classification
Residential MF - Apartment 8 Units

Exhibit
Schedule H-4
Page 6
Witness: Bourassa

Present <u>Bill</u>	Proposed <u>Bill</u>	Dollar <u>Increase</u>	Percent <u>Increase</u>
\$ 703.92	\$ 823.59	\$ 119.67	17.00%

# of Units	8
Rate Per Units	\$ 87.99
Present Rates:	
Monthly Charge:	\$ 703.92

# of Units	8
Rate Per Units	\$ 102.95
Proposed Rates:	
Monthly Charge:	\$ 823.59

Liberty Utilities (Black Mountain Sewer) Corp.
Bill Comparison
Customer Classification
Residential MF - Apartments 10 Units

Exhibit
Schedule H-4
Page 7
Witness: Bourassa

Present <u>Bill</u>	Proposed <u>Bill</u>	Dollar <u>Increase</u>	Percent <u>Increase</u>
\$ 879.90	\$ 1,029.48	\$ 149.58	17.00%

# of Units	10
Rate Per Units	\$ 87.99
Present Rates:	
Monthly Charge:	\$ 879.90

# of Units	10
Rate Per Units	\$ 102.95
Proposed Rates:	
Monthly Charge:	\$ 1,029.48

Liberty Utilities (Black Mountain Sewer) Corp.
Bill Comparison
Customer Classification
Residential MF - Apartments 66 Units

Exhibit
Schedule H-4
Page 8
Witness: Bourassa

Present <u>Bill</u>	Proposed <u>Bill</u>	Dollar <u>Increase</u>	Percent <u>Increase</u>
\$ 5,807.34	\$ 6,794.59	\$ 987.25	17.00%

# of Units	66
Rate Per Units	\$ 87.99
Present Rates:	
Monthly Charge:	\$ 5,807.34

# of Units	66
Rate Per Units	\$ 102.95
Proposed Rates:	
Monthly Charge:	\$ 6,794.59

Liberty Utilities (Black Mountain Sewer) Corp.
Bill Comparison
Customer Classification
Commercial

Exhibit
Schedule H-4
Page 9
Witness: Bourassa

	Present	Proposed	Dollar	Percent		
	<u>Bill</u>	<u>Bill</u>	<u>Increase</u>	<u>Increase</u>		
-	\$ 94.07	\$ 147.07	\$ 53.00	56.34%		
1,000	\$ 99.74	\$ 155.93	\$ 56.19	56.34%	Present Rates:	
2,000	\$ 105.40	\$ 164.79	\$ 59.38	56.34%		
3,000	\$ 111.07	\$ 173.64	\$ 62.58	56.34%	Monthly Charge:	\$ 94.07
4,000	\$ 116.73	\$ 182.50	\$ 65.77	56.34%		
5,000	\$ 122.40	\$ 191.36	\$ 68.96	56.34%		
6,000	\$ 128.07	\$ 200.22	\$ 72.15	56.34%	Charger per	\$ 5.666
7,000	\$ 133.73	\$ 209.08	\$ 75.34	56.34%		
8,000	\$ 139.40	\$ 217.93	\$ 78.54	56.34%		
9,000	\$ 145.06	\$ 226.79	\$ 81.73	56.34%		
10,000	\$ 150.73	\$ 235.65	\$ 84.92	56.34%		
12,000	\$ 162.06	\$ 253.37	\$ 91.31	56.34%		
14,000	\$ 173.39	\$ 271.08	\$ 97.69	56.34%	Proposed Rates:	
16,000	\$ 184.73	\$ 288.80	\$ 104.07	56.34%	Monthly Charge:	\$ 147.07
18,000	\$ 196.06	\$ 306.52	\$ 110.46	56.34%		
20,000	\$ 207.39	\$ 324.23	\$ 116.84	56.34%		
25,000	\$ 235.72	\$ 368.52	\$ 132.80	56.34%	Charger per	\$ 8.858
30,000	\$ 264.05	\$ 412.82	\$ 148.77	56.34%		
35,000	\$ 292.38	\$ 457.11	\$ 164.73	56.34%		
40,000	\$ 320.71	\$ 501.40	\$ 180.69	56.34%		
45,000	\$ 349.04	\$ 545.69	\$ 196.65	56.34%		
50,000	\$ 377.37	\$ 589.98	\$ 212.61	56.34%		
60,000	\$ 434.03	\$ 678.56	\$ 244.53	56.34%		
70,000	\$ 490.69	\$ 767.14	\$ 276.45	56.34%		
80,000	\$ 547.35	\$ 855.73	\$ 308.38	56.34%		
90,000	\$ 604.01	\$ 944.31	\$ 340.30	56.34%		
100,000	\$ 660.67	\$ 1,032.89	\$ 372.22	56.34%		
Average Usage						
37,612	\$ 307.18	\$ 480.24	\$ 173.06	56.34%		
Median Usage						
5,500	\$ 125.23	\$ 195.79	\$ 70.56	56.34%		

Exhibit
Schedule H-5
Page 1
Witness: Bourassa

	Month												Total	Cumul-
	<u>Jan-25</u>	<u>Feb-25</u>	<u>Mar-25</u>	<u>Apr-25</u>	<u>May-25</u>	<u>Jun-25</u>	<u>Jul-25</u>	<u>Aug-25</u>	<u>Sep-25</u>	<u>Oct-25</u>	<u>Nov-25</u>	<u>Dec-25</u>	<u>Year</u>	<u>Billing</u>
	2,071	2,049	2,088	2,071	198	4,148	2,305	2,212	2,220	83	4,346	2,189	25,980	25,980
													-	25,980
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Liberty Utilities (Black Mountain Sewer) Corp.
 Test Year Ended December 31, 2025
 Customer Classification
 Residential MF - HOA 11 Units

Exhibit
 Schedule H-5
 Page 2
 Witness: Bourassa

Month	<u>Jan-25</u>	<u>Feb-25</u>	<u>Mar-25</u>	<u>Apr-25</u>	<u>May-25</u>	<u>Jun-25</u>	<u>Jul-25</u>	<u>Aug-25</u>	<u>Sep-25</u>	<u>Oct-25</u>	<u>Nov-25</u>	<u>Dec-25</u>	Total Year	Cumul- ative Billing
	1	1	1	1	1	1	1	1	1	1	1	1	12	12
													-	12
													-	12
													-	12
													-	12
													-	12
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													-	12
													-	12
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													-	12
													-	12
Totals	1	1	1	1	1	1	1	1	1	1	1	1	12	
													Average Flow	N/A
													Median Flow	N/A
													Average # Customers	1

Liberty Utilities (Black Mountain Sewer) Corp.
 Test Year Ended December 31, 2025
 Customer Classification
 Residential MF - HOA 12 Units

Exhibit
 Schedule H-5
 Page 3
 Witness: Bourassa

Month	<u>Jan-25</u>	<u>Feb-25</u>	<u>Mar-25</u>	<u>Apr-25</u>	<u>May-25</u>	<u>Jun-25</u>	<u>Jul-25</u>	<u>Aug-25</u>	<u>Sep-25</u>	<u>Oct-25</u>	<u>Nov-25</u>	<u>Dec-25</u>	Total Year	Cumul- ative Billing
	1	1	1	1	1	1	1	1	1	1	1	1	12	12
													-	12
													-	12
													-	12
													-	12
													-	12
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													-	12
													-	12
													-	12
													-	12
Totals	1	1	1	1	1	1	1	1	1	1	1	1	12	
													Average Flow	N/A
													Median Flow	N/A
													Average # Customers	1

Liberty Utilities (Black Mountain Sewer) Corp.
Test Year Ended December 31, 2025
Customer Classification
Residential MF - HOA 18 Units

Exhibit
Schedule H-5
Page 4
Witness: Bourassa

Month	<u>Jan-25</u>	<u>Feb-25</u>	<u>Mar-25</u>	<u>Apr-25</u>	<u>May-25</u>	<u>Jun-25</u>	<u>Jul-25</u>	<u>Aug-25</u>	<u>Sep-25</u>	<u>Oct-25</u>	<u>Nov-25</u>	<u>Dec-25</u>	Total Year	Cumul- ative Billing
	1	1	1	1	1	1	1	1	1	1	1	1	12	12
													-	12
													-	12
													-	12
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													-	12
													-	12
													-	12
													-	12
													-	12
													-	12
													-	12
													-	12
Totals	1	1	1	1	1	1	1	1	1	1	1	1	12	
													Average Flow	N/A
													Median Flow	N/A
													Average # Customers	1

Exhibit
Schedule H5
Page 5
Witness: Bourassa

	Month												Total	Cumul-
	<u>Jan-25</u>	<u>Feb-25</u>	<u>Mar-25</u>	<u>Apr-25</u>	<u>May-25</u>	<u>Jun-25</u>	<u>Jul-25</u>	<u>Aug-25</u>	<u>Sep-25</u>	<u>Oct-25</u>	<u>Nov-25</u>	<u>Dec-25</u>	<u>Year</u>	<u>Billing</u>
	1	1	1	1	1	1	1	1	1	1	1	1	12	12
													-	12
													-	12
													-	12
													-	12
													-	12
													-	12
													-	12
													-	12
													-	12
													-	12
													-	12
Totals	1	1	1	1	1	1	1	1	1	1	1	1	12	
								Average Flow				N/A		
								Median Flow				N/A		
								Average # Customers					1	

Exhibit
Schedule H-5
Page 6
Witness: Bourassa

	Month												Total	Cumul-
	<u>Jan-25</u>	<u>Feb-25</u>	<u>Mar-25</u>	<u>Apr-25</u>	<u>May-25</u>	<u>Jun-25</u>	<u>Jul-25</u>	<u>Aug-25</u>	<u>Sep-25</u>	<u>Oct-25</u>	<u>Nov-25</u>	<u>Dec-25</u>	<u>Year</u>	<u>Billing</u>
	1	1	1	1	1	1	1	1	1	1	1	1	12	12
													-	12
													-	12
													-	12
													-	12
													-	12
													-	12
													-	12
													-	12
													-	12
													-	12
													-	12
Totals	1	1	1	1	1	1	1	1	1	1	1	1	12	
											Average Flow	N/A		
											Median Flow	N/A		
											Average # Customers		1	

Residential MF - Apartments 10 Units

Witness: Bourassa

Month	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Total Year	Cumulative Billing
	1	1	1	1	1	1	1	1	1	1	1	1	12	12
													-	12
													-	12
													-	12
													-	12
													-	12
													-	12
													-	12
													-	12
													-	12
													-	12
													-	12
													-	12
Totals	1	1	1	1	1	1	1	1	1	1	1	1	12	12
	Average Flow												N/A	
	Median Flow												N/A	
	Average # Customers												1	

Residential MF - Apartments 66 Units

Witness: Bourassa

Average Flow	N/A	
Median Flow	N/A	
Average # Customers		1

Liberty Utilities (Black Mountain Sewer) Corp.

Test Year Ended December 31, 2025

Customer Classification

Commercial

Water Usage

Exhibit

Schedule H-5

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Witness: Bourassa

Usage From:	Usage To:	Month Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Total Year	Cumulative Billing	Cumulative Usage (1000's)
-	-	6	6	8	6	4	5	4	6	4	6	8	9	72	72	-
-	1,000	27	24	27	27	24	30	28	26	31	29	28	27	328	400	200
1,001	2,000	17	15	15	18	14	16	13	16	9	10	13	17	173	573	1,060
2,001	3,000	9	8	8	11	12	7	10	9	8	9	8	11	110	683	2,768
3,001	4,000	3	5	6	4	9	6	4	5	5	3	4	5	59	742	5,365
4,001	5,000	3	6	6	3	3	4	4	3	8	9	3	4	56	798	8,956
5,001	6,000	2	6	6	1	4	6	8	6	6	2	3	5	55	853	13,648
6,001	7,000	4	4	6	6	4	4	5	4	4	5	6	8	60	913	19,583
7,001	8,000	9	7	3	4	3	7	2	4	1	5	1	4	50	963	26,806
8,001	9,000	6	1	1	2	1	2	1	-	2	2	2	4	24	987	35,196
9,001	10,000	5	4	1	4	2	3	3	2	2	5	-	1	32	1,019	44,877
10,001	11,000	5	2	4	1	3	-	3	1	1	1	2	4	27	1,046	55,861
11,001	12,000	1	-	2	-	-	1	4	5	3	1	-	1	18	1,064	68,097
12,001	13,000	1	1	-	2	3	3	2	2	3	2	1	3	23	1,087	81,685
13,001	14,000	1	1	1	1	4	1	1	1	3	2	1	1	18	1,105	96,603
14,001	15,000	1	3	1	3	2	1	1	2	2	2	2	3	23	1,128	112,960
15,001	16,000	1	3	3	1	2	-	-	2	2	1	1	-	16	1,144	130,693
16,001	17,000	1	-	4	1	-	1	4	1	-	1	1	-	14	1,158	149,800
17,001	18,000	2	2	-	-	-	-	-	1	-	1	-	2	8	1,166	170,206
18,001	19,000	2	-	2	1	2	1	-	1	4	-	1	2	16	1,182	192,073
19,001	20,000	2	1	4	-	1	1	1	2	-	-	2	-	14	1,196	215,396
20,001	21,000	1	2	1	-	1	1	1	-	-	1	2	3	13	1,209	240,181
21,001	22,000	4	3	4	3	-	3	2	1	2	3	-	1	26	1,235	266,734
22,001	23,000	1	1	-	2	3	1	2	-	3	2	2	-	17	1,252	294,905
23,001	24,000	3	-	2	1	-	3	1	1	1	1	1	1	15	1,267	324,680
24,001	25,000	1	4	3	-	5	1	-	3	1	2	1	3	24	1,291	356,310
25,001	26,000	3	2	2	1	1	-	-	-	-	1	-	1	11	1,302	389,512
26,001	27,000	1	2	-	2	3	2	-	1	-	4	2	-	17	1,319	424,466
27,001	28,000	2	-	-	1	2	-	1	1	-	-	-	1	8	1,327	460,959
28,001	29,000	1	-	2	-	-	1	-	-	1	1	-	-	6	1,333	498,950
29,001	30,000	1	-	-	-	1	1	1	-	-	1	3	-	8	1,341	538,510
30,001	31,000	-	2	-	-	-	4	-	1	1	1	-	-	9	1,350	579,686
31,001	32,000	2	-	-	-	-	1	-	-	-	-	-	-	3	1,353	622,306
32,001	33,000	-	-	1	2	-	-	-	-	-	1	-	-	4	1,357	666,409
33,001	34,000	-	-	-	-	1	-	-	-	-	-	-	-	1	1,358	711,903
34,001	35,000	-	-	-	-	-	-	1	1	-	-	1	1	4	1,362	758,893
35,001	36,000	1	-	-	-	-	2	-	-	1	-	-	-	4	1,366	807,386
36,001	37,000	1	-	-	-	-	2	1	1	-	1	1	-	7	1,373	857,502
37,001	38,000	-	-	-	-	1	-	1	-	-	-	1	-	3	1,376	909,102
38,001	39,000	-	-	1	1	1	-	-	1	-	-	-	-	4	1,380	962,233

Liberty Utilities (Black Mountain Sewer) Corp.

Test Year Ended December 31, 2025

Customer Classification

Commercial

Water Usage

Exhibit

Schedule H-5

Page 9

Witness: Bourassa

Usage From:	Usage To:	Month Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Total Year	Cumulative Billing	Cumulative Usage (1000's)
39,001	40,000	-	1	-	1	-	-	2	-	-	-	1	-	5	1,385	1,016,941
40,001	41,000	1	-	-	-	-	-	-	-	1	1	-	1	4	1,389	1,073,196
41,001	42,000	-	-	-	-	1	-	-	-	-	-	-	-	1	1,390	1,130,882
42,001	43,000	-	-	1	-	-	-	1	-	-	1	-	-	3	1,393	1,190,085
43,001	44,000	-	1	-	-	-	-	1	-	-	-	-	-	2	1,395	1,250,768
44,001	45,000	-	-	-	-	1	-	1	-	2	-	1	2	7	1,402	1,313,158
45,001	46,000	1	1	-	-	-	-	-	-	-	1	-	1	4	1,406	1,377,132
46,001	47,000	-	-	-	1	-	-	-	-	-	1	-	-	2	1,408	1,442,605
47,001	48,000	-	-	-	-	-	-	-	2	-	-	-	-	2	1,410	1,509,580
48,001	49,000	-	-	-	-	-	-	-	-	-	-	-	1	1	1,411	1,578,014
49,001	50,000	1	-	2	1	-	-	-	1	1	-	-	-	6	1,417	1,648,157
50,001	51,000	-	-	-	-	1	-	-	1	-	1	-	-	3	1,420	1,719,867
51,001	52,000	-	1	-	-	-	-	1	1	1	-	-	-	4	1,424	1,793,204
52,001	53,000	1	-	2	1	-	-	-	-	-	-	-	-	4	1,428	1,868,175
53,001	54,000	-	-	-	-	-	-	1	1	1	-	-	-	3	1,431	1,944,734
54,001	55,000	-	-	-	-	-	-	-	-	-	1	-	1	2	1,433	2,022,833
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,433	2,102,365
56,001	57,000	-	-	-	-	-	-	1	-	-	-	-	-	1	1,434	2,183,387
57,001	58,000	-	-	-	-	-	-	1	-	-	-	-	-	1	1,435	2,265,900
58,001	59,000	-	-	-	1	-	-	-	-	-	-	-	-	1	1,436	2,349,907
59,001	60,000	-	-	-	-	-	-	-	-	-	1	1	-	2	1,438	2,435,469
60,001	61,000	-	-	-	-	-	-	1	-	-	1	-	-	2	1,440	2,522,590
61,001	62,000	-	-	-	-	1	1	-	-	-	-	-	-	2	1,442	2,611,273
62,001	63,000	1	-	-	-	-	-	-	-	-	-	-	-	1	1,443	2,701,462
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,443	2,793,093
64,001	65,000	(1)	-	-	-	1	-	-	1	-	-	-	-	1	1,444	2,886,231
65,001	66,000	-	-	-	-	-	-	-	-	-	-	1	-	1	1,445	2,980,880
66,001	67,000	(1)	-	-	-	-	-	-	-	-	-	-	1	-	1,445	3,076,973
67,001	68,000	-	-	-	-	-	-	-	-	1	-	1	-	2	1,447	3,174,646
68,001	69,000	-	-	-	1	-	-	-	-	-	-	-	-	1	1,448	3,273,835
69,001	70,000	-	-	1	-	-	-	-	-	-	-	-	-	1	1,449	3,374,541
70,001	71,000	-	-	-	-	-	-	-	1	-	1	-	-	2	1,451	3,476,837
71,001	72,000	(1)	-	-	-	-	1	-	-	-	-	-	-	-	1,451	3,580,585
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,451	3,685,783
73,001	74,000	-	-	-	-	-	1	-	-	-	-	-	-	1	1,452	3,792,505
74,001	75,000	-	-	-	-	-	-	2	-	-	-	1	1	4	1,456	3,900,978
75,001	76,000	-	-	1	-	-	-	-	1	-	-	-	-	2	1,458	4,011,058
76,001	77,000	(1)	-	-	1	-	1	-	-	-	-	-	-	1	1,459	4,122,672
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,459	4,235,745
78,001	79,000	-	-	-	-	-	-	1	-	-	-	-	-	1	1,460	4,350,356

Liberty Utilities (Black Mountain Sewer) Corp.

Test Year Ended December 31, 2025

Customer Classification

Commercial

Water Usage

Exhibit

Schedule H-5

Page 9

Witness: Bourassa

Usage	Usage	Month												Total	Cumul-	Cumul-
<u>From:</u>	<u>To:</u>	<u>Jan-25</u>	<u>Feb-25</u>	<u>Mar-25</u>	<u>Apr-25</u>	<u>May-25</u>	<u>Jun-25</u>	<u>Jul-25</u>	<u>Aug-25</u>	<u>Sep-25</u>	<u>Oct-25</u>	<u>Nov-25</u>	<u>Dec-25</u>	<u>Year</u>	<u>Billing</u>	<u>Usage (1000's)</u>
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,460	4,466,427
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,460	4,583,958
81,001	82,000	(1)	-	-	-	-	-	1	1	1	-	-	1	3	1,463	4,703,193
82,001	83,000	-	2	-	-	-	-	-	-	-	-	-	1	3	1,466	4,824,139
83,001	84,000	-	-	-	-	1	-	-	-	-	-	-	-	1	1,467	4,946,634
84,001	85,000	1	-	-	-	-	-	-	-	-	-	1	-	2	1,469	5,070,765
85,001	86,000	(2)	-	-	-	-	-	-	-	-	-	-	-	(2)	1,467	5,196,194
86,001	87,000	-	-	-	1	-	-	-	-	1	1	-	-	3	1,470	5,323,350
87,001	88,000	-	-	1	-	-	-	-	-	-	1	-	-	2	1,472	5,452,151
88,001	89,000	-	1	1	-	-	-	-	-	-	-	-	-	2	1,474	5,582,600
89,001	90,000	-	-	-	-	-	-	1	-	-	-	-	-	1	1,475	5,714,614
90,001	91,000	-	-	-	-	-	1	-	-	-	-	-	2	3	1,478	5,848,373
91,001	92,000	(1)	-	-	-	1	-	-	1	-	-	-	-	1	1,479	5,983,703
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,479	6,120,511
93,001	94,000	1	-	-	-	-	-	-	-	-	-	-	-	1	1,480	6,258,892
94,001	95,000	-	-	-	-	-	1	-	-	-	-	-	-	1	1,481	6,398,847
95,001	96,000	(1)	-	-	-	-	-	-	-	-	-	-	-	(1)	1,480	6,540,188
96,001	97,000	-	2	-	-	-	-	1	1	-	-	-	-	4	1,484	6,683,394
97,001	98,000	(1)	-	-	-	-	-	-	-	-	-	-	-	(1)	1,483	6,827,988
98,001	99,000	-	1	-	1	1	-	-	-	-	-	-	-	3	1,486	6,974,359
99,001	100,000	(1)	-	-	-	-	-	-	-	1	-	-	-	-	1,486	7,122,217
107,050	107,050	1	-	-	-	-	-	-	-	-	-	-	-	1	1,487	7,281,400
103,920	103,920	1	-	-	-	-	-	-	-	-	-	-	-	1	1,488	7,436,033
146,600	146,600	1	-	-	-	-	-	-	-	-	-	-	-	1	1,489	7,654,321
222,420	222,420	(1)	-	-	-	-	-	-	-	-	-	-	-	(1)	1,488	7,985,282
402,437	402,437	(1)	-	-	-	-	-	-	-	-	-	-	-	(1)	1,487	8,583,706
259,376	259,376	(1)	-	-	-	-	-	-	-	-	-	-	-	(1)	1,486	8,969,138
255,283	255,283	(1)	-	-	-	-	-	-	-	-	-	-	-	(1)	1,485	9,348,234
277,242	277,242	(1)	-	-	-	-	-	-	-	-	-	-	-	(1)	1,484	9,759,661
268,823	268,823	(1)	-	-	-	-	-	-	-	-	-	-	-	(1)	1,483	10,158,325
106,316	106,316	(1)	-	-	-	-	-	-	-	-	-	-	-	(1)	1,482	10,315,886
101,335	101,335	(1)	-	-	-	-	-	-	-	-	-	-	-	(1)	1,481	10,465,963
156,790	156,790	1	-	-	-	-	-	-	-	-	-	-	-	1	1,482	10,698,325
207,900	207,900	1	-	-	-	-	-	-	-	-	-	-	-	1	1,483	11,006,641
166,600	166,600	1	-	-	-	-	-	-	-	-	-	-	-	1	1,484	11,253,876
188,100	188,100	1	-	-	-	-	-	-	-	-	-	-	-	1	1,485	11,533,204
252,889	252,889	1	-	-	-	-	-	-	-	-	-	-	-	1	1,486	11,908,997
356,336	356,336	1	-	-	-	-	-	-	-	-	-	-	-	1	1,487	12,438,869
716,992	716,992	1	-	-	-	-	-	-	-	-	-	-	-	1	1,488	13,505,753
115,770	115,770	1	-	-	-	-	-	-	-	-	-	-	-	1	1,489	13,678,134

Liberty Utilities (Black Mountain Sewer) Corp.

Test Year Ended December 31, 2025

Customer Classification

Commercial

Water Usage

Exhibit

Schedule H-5

Page 9

Witness: Bourassa

Usage	Usage	Month													Total	Cumul- ative	Cumul- ative
From:	To:	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Year	Billing	Usage (1000's)	
154,500	154,500	1	-	-	-	-	-	-	-	-	-	-	-	1	1,490	13,908,339	
550,465	550,465	1	-	-	-	-	-	-	-	-	-	-	-	1	1,491	14,729,083	
140,146	140,146	1	-	-	-	-	-	-	-	-	-	-	-	1	1,492	14,938,180	
111,696	111,696	1	-	-	-	-	-	-	-	-	-	-	-	1	1,493	15,104,943	
103,460	103,460	-	1	-	-	-	-	-	-	-	-	-	-	1	1,494	15,259,512	
121,740	121,740	-	1	-	-	-	-	-	-	-	-	-	-	1	1,495	15,441,513	
136,800	136,800	-	1	-	-	-	-	-	-	-	-	-	-	1	1,496	15,646,166	
250,500	250,500	-	1	-	-	-	-	-	-	-	-	-	-	1	1,497	16,021,164	
205,600	205,600	-	1	-	-	-	-	-	-	-	-	-	-	1	1,498	16,329,153	
805,527	805,527	-	1	-	-	-	-	-	-	-	-	-	-	1	1,499	17,536,638	
145,300	145,300	-	1	-	-	-	-	-	-	-	-	-	-	1	1,500	17,754,588	
283,416	283,416	-	1	-	-	-	-	-	-	-	-	-	-	1	1,501	18,179,996	
322,490	322,490	-	1	-	-	-	-	-	-	-	-	-	-	1	1,502	18,664,376	
120,035	120,035	-	1	-	-	-	-	-	-	-	-	-	-	1	1,503	18,844,788	
146,150	146,150	-	1	-	-	-	-	-	-	-	-	-	-	1	1,504	19,064,598	
130,130	130,130	-	1	-	-	-	-	-	-	-	-	-	-	1	1,505	19,260,443	
630,049	630,049	-	1	-	-	-	-	-	-	-	-	-	-	1	1,506	20,209,297	
136,416	136,416	-	1	-	-	-	-	-	-	-	-	-	-	1	1,507	20,414,876	
132,570	132,570	-	-	1	-	-	-	-	-	-	-	-	-	1	1,508	20,614,792	
117,290	117,290	-	-	1	-	-	-	-	-	-	-	-	-	1	1,509	20,791,782	
104,940	104,940	-	-	1	-	-	-	-	-	-	-	-	-	1	1,510	20,950,242	
105,100	105,100	-	-	1	-	-	-	-	-	-	-	-	-	1	1,511	21,109,048	
135,000	135,000	-	-	1	-	-	-	-	-	-	-	-	-	1	1,512	21,313,168	
102,900	102,900	-	-	1	-	-	-	-	-	-	-	-	-	1	1,513	21,468,856	
171,200	171,200	-	-	1	-	-	-	-	-	-	-	-	-	1	1,514	21,728,052	
128,800	128,800	-	-	1	-	-	-	-	-	-	-	-	-	1	1,515	21,923,184	
121,700	121,700	-	-	1	-	-	-	-	-	-	-	-	-	1	1,516	22,107,682	
233,626	233,626	-	-	1	-	-	-	-	-	-	-	-	-	1	1,517	22,462,092	
408,872	408,872	-	-	1	-	-	-	-	-	-	-	-	-	1	1,518	23,082,760	
754,865	754,865	-	-	1	-	-	-	-	-	-	-	-	-	1	1,519	24,229,400	
162,100	162,100	-	-	1	-	-	-	-	-	-	-	-	-	1	1,520	24,475,792	
274,207	274,207	-	-	1	-	-	-	-	-	-	-	-	-	1	1,521	24,892,861	
385,737	385,737	-	-	1	-	-	-	-	-	-	-	-	-	1	1,522	25,479,952	
767,183	767,183	-	-	1	-	-	-	-	-	-	-	-	-	1	1,523	26,648,372	
109,070	109,070	-	-	1	-	-	-	-	-	-	-	-	-	1	1,524	26,814,595	
573,430	573,430	-	-	1	-	-	-	-	-	-	-	-	-	1	1,525	27,689,076	
130,898	130,898	-	-	1	-	-	-	-	-	-	-	-	-	1	1,526	27,888,826	
107,390	107,390	-	-	-	1	-	-	-	-	-	-	-	-	1	1,527	28,052,810	
108,570	108,570	-	-	-	1	-	-	-	-	-	-	-	-	1	1,528	28,218,705	
100,600	100,600	-	-	-	1	-	-	-	-	-	-	-	-	1	1,529	28,372,523	

Liberty Utilities (Black Mountain Sewer) Corp.

Test Year Ended December 31, 2025

Customer Classification

Commercial

Water Usage

Exhibit

Schedule H-5

Page 9

Witness: Bourassa

Usage	Usage	Month												Total	Cumulative	Cumulative
From:	To:	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Year	Billing	Usage (1000's)
125,400	125,400	-	-	-	1	-	-	-	-	-	-	-	-	1	1,530	28,564,385
639,427	639,427	-	-	-	1	-	-	-	-	-	-	-	-	1	1,531	29,543,348
154,680	154,680	-	-	-	1	-	-	-	-	-	-	-	-	1	1,532	29,780,317
148,180	148,180	-	-	-	-	1	-	-	-	-	-	-	-	1	1,533	30,007,477
128,370	128,370	-	-	-	-	1	-	-	-	-	-	-	-	1	1,534	30,204,397
152,500	152,500	-	-	-	-	1	-	-	-	-	-	-	-	1	1,535	30,438,484
142,500	142,500	-	-	-	-	1	-	-	-	-	-	-	-	1	1,536	30,657,364
126,600	126,600	-	-	-	-	1	-	-	-	-	-	-	-	1	1,537	30,851,948
167,700	167,700	-	-	-	-	1	-	-	-	-	-	-	-	1	1,538	31,109,871
764,212	764,212	-	-	-	-	1	-	-	-	-	-	-	-	1	1,539	32,285,993
157,900	157,900	-	-	-	-	1	-	-	-	-	-	-	-	1	1,540	32,529,159
264,641	264,641	-	-	-	-	1	-	-	-	-	-	-	-	1	1,541	32,936,971
355,025	355,025	-	-	-	-	1	-	-	-	-	-	-	-	1	1,542	33,484,420
127,910	127,910	-	-	-	-	1	-	-	-	-	-	-	-	1	1,543	33,681,785
787,297	787,297	-	-	-	-	1	-	-	-	-	-	-	-	1	1,544	34,897,371
124,154	124,154	-	-	-	-	1	-	-	-	-	-	-	-	1	1,545	35,089,189
158,020	158,020	-	-	-	-	1	-	-	-	-	-	-	-	1	1,546	35,333,488
199,450	199,450	-	-	-	-	-	1	-	-	-	-	-	-	1	1,547	35,642,037
222,880	222,880	-	-	-	-	-	1	-	-	-	-	-	-	1	1,548	35,987,056
146,100	146,100	-	-	-	-	-	1	-	-	-	-	-	-	1	1,549	36,213,365
219,938	219,938	-	-	-	-	-	1	-	-	-	-	-	-	1	1,550	36,554,268
178,500	178,500	-	-	-	-	-	1	-	-	-	-	-	-	1	1,551	36,831,122
132,100	132,100	-	-	-	-	-	1	-	-	-	-	-	-	1	1,552	37,036,141
190,000	190,000	-	-	-	-	-	1	-	-	-	-	-	-	1	1,553	37,331,211
333,249	333,249	-	-	-	-	-	1	-	-	-	-	-	-	1	1,554	37,849,080
420,506	420,506	-	-	-	-	-	1	-	-	-	-	-	-	1	1,555	38,502,967
840,726	840,726	-	-	-	-	-	1	-	-	-	-	-	-	1	1,556	39,811,137
133,090	133,090	-	-	-	-	-	1	-	-	-	-	-	-	1	1,557	40,018,358
780,332	780,332	-	-	-	-	-	1	-	-	-	-	-	-	1	1,558	41,234,115
209,799	209,799	-	-	-	-	-	1	-	-	-	-	-	-	1	1,559	41,561,192
148,169	148,169	-	-	-	-	-	1	-	-	-	-	-	-	1	1,560	41,792,335
183,330	183,330	-	-	-	-	-	-	1	-	-	-	-	-	1	1,561	42,078,513
154,220	154,220	-	-	-	-	-	-	1	-	-	-	-	-	1	1,562	42,319,405
143,200	143,200	-	-	-	-	-	-	1	-	-	-	-	-	1	1,563	42,543,227
161,400	161,400	-	-	-	-	-	-	1	-	-	-	-	-	1	1,564	42,795,656
117,100	117,100	-	-	-	-	-	-	1	-	-	-	-	-	1	1,565	42,978,918
186,800	186,800	-	-	-	-	-	-	1	-	-	-	-	-	1	1,566	43,271,446
139,900	139,900	-	-	-	-	-	-	1	-	-	-	-	-	1	1,567	43,490,670
134,800	134,800	-	-	-	-	-	-	1	-	-	-	-	-	1	1,568	43,702,036
336,359	336,359	-	-	-	-	-	-	1	-	-	-	-	-	1	1,569	44,229,783

Liberty Utilities (Black Mountain Sewer) Corp.

Test Year Ended December 31, 2025

Customer Classification

Commercial

Water Usage

Exhibit

Schedule H-5

Page 9

Witness: Bourassa

Usage	Usage	Month												Total	Cumulative	Cumulative
<u>From:</u>	<u>To:</u>	<u>Jan-25</u>	<u>Feb-25</u>	<u>Mar-25</u>	<u>Apr-25</u>	<u>May-25</u>	<u>Jun-25</u>	<u>Jul-25</u>	<u>Aug-25</u>	<u>Sep-25</u>	<u>Oct-25</u>	<u>Nov-25</u>	<u>Dec-25</u>	<u>Year</u>	<u>Billing</u>	<u>Usage (1000's)</u>
470,716	470,716	-	-	-	-	-	-	1	-	-	-	-	-	1	1,570	44,968,808
791,020	791,020	-	-	-	-	-	-	1	-	-	-	-	-	1	1,571	46,211,500
164,000	164,000	-	-	-	-	-	-	1	-	-	-	-	-	1	1,572	46,469,308
423,325	423,325	-	-	-	-	-	-	1	-	-	-	-	-	1	1,573	47,135,198
762,160	762,160	-	-	-	-	-	-	1	-	-	-	-	-	1	1,574	48,334,838
908,432	908,432	-	-	-	-	-	-	1	-	-	-	-	-	1	1,575	49,765,618
150,730	150,730	-	-	-	-	-	-	1	-	-	-	-	-	1	1,576	50,003,169
840,755	840,755	-	-	-	-	-	-	1	-	-	-	-	-	1	1,577	51,329,040
279,027	279,027	-	-	-	-	-	-	1	-	-	-	-	-	1	1,578	51,769,344
126,864	126,864	-	-	-	-	-	-	1	-	-	-	-	-	1	1,579	51,969,662
181,460	181,460	-	-	-	-	-	-	-	1	-	-	-	-	1	1,580	52,256,369
213,890	213,890	-	-	-	-	-	-	-	1	-	-	-	-	1	1,581	52,594,529
181,700	181,700	-	-	-	-	-	-	-	1	-	-	-	-	1	1,582	52,881,979
165,900	165,900	-	-	-	-	-	-	-	1	-	-	-	-	1	1,583	53,144,598
172,780	172,780	-	-	-	-	-	-	-	1	-	-	-	-	1	1,584	53,418,282
804,700	804,700	-	-	-	-	-	-	-	1	-	-	-	-	1	1,585	54,693,731
229,616	229,616	-	-	-	-	-	-	-	1	-	-	-	-	1	1,586	55,057,902
106,937	106,937	-	-	-	-	-	-	-	1	-	-	-	-	1	1,587	55,227,611
117,789	117,789	-	-	-	-	-	-	-	1	-	-	-	-	1	1,588	55,414,660
163,620	163,620	-	-	-	-	-	-	-	-	1	-	-	-	1	1,589	55,674,653
165,940	165,940	-	-	-	-	-	-	-	-	1	-	-	-	1	1,590	55,938,497
179,600	179,600	-	-	-	-	-	-	-	-	1	-	-	-	1	1,591	56,224,241
117,474	117,474	-	-	-	-	-	-	-	-	1	-	-	-	1	1,592	56,411,259
191,400	191,400	-	-	-	-	-	-	-	-	1	-	-	-	1	1,593	56,716,160
143,700	143,700	-	-	-	-	-	-	-	-	1	-	-	-	1	1,594	56,945,217
174,500	174,500	-	-	-	-	-	-	-	-	1	-	-	-	1	1,595	57,223,545
402,181	402,181	-	-	-	-	-	-	-	-	1	-	-	-	1	1,596	57,865,426
761,360	761,360	-	-	-	-	-	-	-	-	1	-	-	-	1	1,597	59,081,318
836,929	836,929	-	-	-	-	-	-	-	-	1	-	-	-	1	1,598	60,418,730
159,030	159,030	-	-	-	-	-	-	-	-	1	-	-	-	1	1,599	60,673,019
101,750	101,750	-	-	-	-	-	-	-	-	1	-	-	-	1	1,600	60,835,819
209,300	209,300	-	-	-	-	-	-	-	-	1	-	-	-	1	1,601	61,170,908
676,397	676,397	-	-	-	-	-	-	-	-	1	-	-	-	1	1,602	62,254,496
273,155	273,155	-	-	-	-	-	-	-	-	1	-	-	-	1	1,603	62,692,364
144,302	144,302	-	-	-	-	-	-	-	-	1	-	-	-	1	1,604	62,923,824
127,821	127,821	-	-	-	-	-	-	-	-	1	-	-	-	1	1,605	63,128,977
142,440	142,440	-	-	-	-	-	-	-	-	-	1	-	-	1	1,606	63,357,736
142,800	142,800	-	-	-	-	-	-	-	-	-	1	-	-	1	1,607	63,587,215
150,500	150,500	-	-	-	-	-	-	-	-	-	1	-	-	1	1,608	63,829,219
113,460	113,460	-	-	-	-	-	-	-	-	-	1	-	-	1	1,609	64,011,776

Liberty Utilities (Black Mountain Sewer) Corp.

Test Year Ended December 31, 2025

Customer Classification

Commercial

Water Usage

Exhibit

Schedule H-5

Page 9

Witness: Bourassa

Usage	Usage	Month													Total	Cumul- ative	Cumul- ative
From:	To:	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Year	Billing	Usage (1000's)	
194,000	194,000	-	-	-	-	-	-	-	-	-	1	-	-	1	1,610	64,324,116	
147,300	147,300	-	-	-	-	-	-	-	-	-	1	-	-	1	1,611	64,561,417	
198,600	198,600	-	-	-	-	-	-	-	-	-	1	-	-	1	1,612	64,881,560	
148,000	148,000	-	-	-	-	-	-	-	-	-	1	-	-	1	1,613	65,120,284	
160,000	160,000	-	-	-	-	-	-	-	-	-	1	-	-	1	1,614	65,378,524	
280,935	280,935	-	-	-	-	-	-	-	-	-	1	-	-	1	1,615	65,832,234	
721,662	721,662	-	-	-	-	-	-	-	-	-	1	-	-	1	1,616	66,998,440	
841,017	841,017	-	-	-	-	-	-	-	-	-	1	-	-	1	1,617	68,358,364	
149,300	149,300	-	-	-	-	-	-	-	-	-	1	-	-	1	1,618	68,599,932	
302,832	302,832	-	-	-	-	-	-	-	-	-	1	-	-	1	1,619	69,090,217	
767,896	767,896	-	-	-	-	-	-	-	-	-	1	-	-	1	1,620	70,334,208	
863,052	863,052	-	-	-	-	-	-	-	-	-	1	-	-	1	1,621	71,733,215	
156,550	156,550	-	-	-	-	-	-	-	-	-	1	-	-	1	1,622	71,987,140	
187,950	187,950	-	-	-	-	-	-	-	-	-	1	-	-	1	1,623	72,292,182	
704,744	704,744	-	-	-	-	-	-	-	-	-	1	-	-	1	1,624	73,436,687	
106,805	106,805	-	-	-	-	-	-	-	-	-	1	-	-	1	1,625	73,610,245	
128,736	128,736	-	-	-	-	-	-	-	-	-	1	-	-	1	1,626	73,819,570	
108,050	108,050	-	-	-	-	-	-	-	-	-	-	1	-	1	1,627	73,995,367	
133,300	133,300	-	-	-	-	-	-	-	-	-	-	1	-	1	1,628	74,212,379	
111,990	111,990	-	-	-	-	-	-	-	-	-	-	1	-	1	1,629	74,394,811	
153,640	153,640	-	-	-	-	-	-	-	-	-	-	1	-	1	1,630	74,645,244	
206,370	206,370	-	-	-	-	-	-	-	-	-	-	1	-	1	1,631	74,981,834	
718,068	718,068	-	-	-	-	-	-	-	-	-	-	1	-	1	1,632	76,153,721	
146,740	146,740	-	-	-	-	-	-	-	-	-	-	1	-	1	1,633	76,393,347	
115,349	115,349	-	-	-	-	-	-	-	-	-	-	1	-	1	1,634	76,581,827	
138,917	138,917	-	-	-	-	-	-	-	-	-	-	1	-	1	1,635	76,808,957	
105,179	105,179	-	-	-	-	-	-	-	-	-	-	-	1	1	1,636	76,981,029	
150,651	150,651	-	-	-	-	-	-	-	-	-	-	-	1	1	1,637	77,227,645	
108,377	108,377	-	-	-	-	-	-	-	-	-	-	-	1	1	1,638	77,405,167	
226,800	226,800	-	-	-	-	-	-	-	-	-	-	-	1	1	1,639	77,776,892	
178,700	178,700	-	-	-	-	-	-	-	-	-	-	-	1	1	1,640	78,069,960	
159,600	159,600	-	-	-	-	-	-	-	-	-	-	-	1	1	1,641	78,331,863	
347,535	347,535	-	-	-	-	-	-	-	-	-	-	-	1	1	1,642	78,902,516	
721,858	721,858	-	-	-	-	-	-	-	-	-	-	-	1	1	1,643	80,088,529	
840,965	840,965	-	-	-	-	-	-	-	-	-	-	-	1	1	1,644	81,471,075	
122,146	122,146	-	-	-	-	-	-	-	-	-	-	-	1	1	1,645	81,672,005	

Liberty Utilities (Black Mountain Sewer) Corp.

Test Year Ended December 31, 2025

Customer Classification

Commercial

Water Usage

Exhibit

Schedule H-5

Page 9

Witness: Bourassa

Usage	Usage	Month												Total	Cumul-	Cumul-	
From:	To:	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Year	ative	ative	
															Billing	Usage (1000's)	
157,711	157,711	-	-	-	-	-	-	-	-	-	-	-	1	1	1,646	81,931,598	
776,511	776,511	-	-	-	-	-	-	-	-	-	-	-	1	1	1,647	83,210,511	
318,213	318,213	-	-	-	-	-	-	-	-	-	-	-	1	1	1,648	83,734,926	
124,403	124,403	-	-	-	-	-	-	-	-	-	-	-	1	1	1,649	83,940,067	
	-													-	1,649	83,940,067	
	-													-	1,649	83,940,067	
	-													-	1,649	83,940,067	
Totals		133	139	152	124	138	141	144	131	135	147	117	148	1,649			
														Average Usage	37,612		
														Median Usage	5,500		
														Average # Customers	137		

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**DIRECT TESTIMONY OF
THOMAS J. BOURASSA
ON BEHALF OF
LIBERTY UTILITIES (BLACK MOUNTAIN SEWER) CORP.
AND
LIBERTY UTILITIES (GOLD CANYON SEWER) CORP.**

COST OF CAPITAL

June 30, 2026

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1 **I. INTRODUCTION.**

2 **Q. Please state your name and business address.**

3 A. My name is Thomas J. Bourassa. My business address is 139 W. Wood Drive,
4 Phoenix, Arizona 85029.

5 **Q. What is the purpose of this volume of direct testimony?**

6 A. In this volume of my testimony, I will testify in support of the proposed capital
7 structure and rate of return for Applicants Liberty Utilities (Gold Canyon Sewer)
8 Corp. (“Liberty Gold Canyon”) and Liberty Utilities (Black Mountain Sewer) Corp.
9 (“Liberty Black Mountain”) (collectively, the “Applicants”). In connection with this
10 testimony, I am sponsoring the attached D schedules, along with 11 tables and three
11 exhibits, TJB-COC-DT1, TJB-COC-DT2, and TJB-COC-DT3. TJB-COC-DT2
12 contains my size premium study. TJB-COC-DT3 contains my comparative risk
13 study.

14 **Q. Please describe how your testimony is organized.**

15 A. My testimony is organized as follows:

- 16 • Section I – introduction and summary of my analysis and my approach.
- 17 • Section II – discussion on the meaning of just and reasonable rates.
- 18 • Section III – overview of the risk and expected return on investment.
- 19 • Section IV – discussion on the sample of regulated public utilities consisting
20 of fourteen publicly traded water and gas utilities in my sample group, a
21 comparison of the sample group to the Applicants.
- 22 • Section V – overview of each of the methods (Discounted Cash Flow and
23 Risk Premium including the Capital Asset Pricing Model) that I employ in
24 my analysis.
- 25 • Section VI – discussion of the additional business risks faced by the
26 Applicants, my comparative risk study, and my recommended risk premium

1 for the Applicants.

- 2 • Section VII – summarization of my testimony and the equity costs of the
- 3 proxy group and the Applicants.

4 **Q. Briefly summarize your findings concerning the Applicants' cost of common**

5 **equity and cost of capital.**

6 A. I have determined that the cost of equity for the publicly traded water and gas utilities

7 falls in the range of 10.52% to 10.80% with an average of 10.60%. After considering

8 differences in financial risk and business risk between the Applicants and the

9 publicly traded water and gas utilities, I am recommending the adoption of a return

10 on equity ("ROE") of 10.60% for the Applicants.

11 My recommendation is based on consideration of (i) cost of equity estimates

12 using a Discounted Cash Flow ("DCF") and three risk premium (or "RP") methods

13 (Capital Asset Pricing Model ("CAPM") is one of the RP methods) using a sample

14 group of publicly traded water and gas utilities, (ii) my review of the economic

15 conditions expected to prevail during the period in which new rates will be in effect,

16 (iii) my experience and judgments about the risks associated with relatively small

17 utilities like the Applicants that are not captured by typical cost of capital analyses

18 and market data of publicly traded water and gas utilities, (iv) the financial risk

19 associated with the level of debt in the Applicants' proposed recommended capital

20 structures, and (v) additional, specific business and operational risks faced by the

21 Applicants.

22 The 10.60% does not reflect the indicated risk premium from my comparative

23 risk study which suggests a risk premium of 50 to 70 bps over the results of the proxy

24 group. While I believe a higher cost of equity can be justified based on the

25 comparative risk study, the Company has elected to use the lower figure of 10.60%

26 consistent with the industry's average cost of equity.

1 **Q. What is the recommended capital structure for the Applicants?**

2 A. I have used a capital structure consisting of 46% debt and 54% equity for setting
3 base rates for the Applicants in the instant case.

4 **Q. Whas are the Applicants' proposed weighted costs of debt?**

5 A. Liberty Gold Canyon's revenue requirement calculations are based on a debt cost
6 rate of 5.60%.¹ Liberty Black Mountain's revenue requirement calculations are
7 based on a debt cost rate of 4.66%.²

8 **Q. What is your recommendation for the weighted average cost of capital for the**
9 **Applicants?**

10 A. Based upon Liberty Gold Canyon's proposed capital structure of 46% debt and 54%
11 equity, a cost of debt of 5.60%, and a cost of equity of 10.60%, the WACC for
12 Liberty Gold Canyon is 8.30% (rounded) as shown in Figure 1.

13
14 **Figure 1**

	Ratio	Rate	Weighted Cost
Debt	46%	5.60%	2.57%
Equity	54%	10.60%	5.72%
Weighted Average			<u>8.30%</u>

15
16
17
18
19
20 Based upon Liberty Black Mountain's proposed capital structure of 46% debt
21 and 54% equity, a cost of debt of 4.66%, and a cost of equity of 10.60%, the WACC
22 for Liberty Gold Canyon is 7.87% (rounded) as shown in Figure 2.

23
24
25
26 ¹ See Liberty Gold Canyon Schedule D-2.

² See Liberty Black Mountain Schedule D-2.

Figure 2

	Ratio	Rate	Weighted Cost
Debt	46%	4.66%	2.15%
Equity	54%	10.60%	5.72%
Weighted Average			7.87%

Q. Please summarize the approach you used to estimate the cost of equity for the Applicants.

A. The cost of equity for the Applicants cannot be estimated directly because there's no market data for an entity whose equity is not in the form of a publicly traded security. Consequently, I have assessed the market-based common equity cost rates of other utilities or utility holding companies for insight into a recommended common equity cost rate applicable to the Applicants.

II. THE MEANING OF "JUST AND REASONABLE" RATES OF RETURN.

Q. Have the courts set forth any criteria that govern the rate of return that a utility's rates should produce?

A. Yes. In 1923, the U.S. Supreme Court set forth the following criteria for determining whether a rate of return is reasonable in *Bluefield Water Works and Improvement Co. v. Public Service Commission of West Virginia*, 262 U.S. 679, 692-93 (1923):

A public utility is entitled to such rates as will permit it to earn a return on the value of the property which it employs for the convenience of the public equal to that generally being made at the same time and in the same general part of the country on investments in other business undertakings which are attended by corresponding risks and uncertainties ... The return should be reasonably sufficient to assure confidence in the financial soundness of the utility, and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties. A rate of return may be reasonable at one time and become too high or too low by

1 changes affecting opportunities for investment, the money
2 market, and business conditions generally.

3 Then, in *Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 591, 603
4 (1944), the U.S. Supreme Court stated the following regarding the return to owners
5 of an entity:

6 [T]he return to the equity owner should be commensurate with
7 returns on investments in other enterprises having
8 corresponding risks. That return, moreover, should be
sufficient to assure confidence in the financial integrity of the
enterprise, so as to maintain its credit and to attract capital.

9 In summary, under *Hope* and *Bluefield*:

- 10 (1) The rate of return should be similar to the return in businesses with
11 similar or comparable risks;
12 (2) The return should be sufficient to ensure the confidence in the financial
integrity of the utility; and
13 (3) The return should be sufficient to maintain and support the utility's
14 credit.

15 **Q. Have these criteria been applied in regulatory proceedings?**

16 A. Yes, but the application of the “reasonableness” criteria laid down by the Supreme
17 Court has resulted in controversy. The typical method of computing the overall cost
18 of capital is straightforward; it is the composite, weighted cost of the various classes
19 of capital (debt, preferred stock, and common equity) used by the utility. Calculating
20 the proportion that each class of capital bears to total capital does the weighting. The
21 controversy exists because there is no consensus on the best method of estimating
22 cost of equity capital. For the past three decades roughly, market-based finance
23 models have been the primary means of estimating equity returns. This has done
24 little to reduce controversy and there is still no universally accepted means of
25 estimating the ROE.
26

1 The cost of capital is based on the concept of opportunity cost, *i.e.*,
2 the prospective return to investors must be comparable to investments of similar risk.
3 If a utility's return is less than the returns on investments with similar risk, investors
4 can and will invest elsewhere. This simply makes common sense. Nevertheless, as
5 explained by Dr. Roger Morin in his book, *Modern Regulatory Finance*:

6 The concept of cost of capital is firmly anchored in the
7 opportunity cost notion of economics and is basically
8 determined by the risk of that investment in light of alternate
9 opportunities and equals the investors' current opportunity cost
10 of investing in the securities of that utility. A rational investor
11 is maximizing the performance of his or her portfolio only if
12 returns expected on investor investments of comparable risk
 are the same. If not, the investor will switch out of those
 investments yielding low returns at a given risk level in favor
 of those investments offering higher returns for the same
 degree of risk. This implies that a utility will be unable to
 attract capital unless it can offer returns to capital suppliers
 comparable to those achieved on alternate competing
 investments of similar risk.³

13 **Q. How does the *Bluefield* decision support adjustments to the proxy group results**
14 **in order to reach a fair ROE for the Applicants?**

15 A. The *Bluefield* decision suggests that opportunity cost is an appropriate measure of
16 the actual cost of common equity for a utility. This necessarily involves the direct
17 observation of returns on equity earned by entities with comparable risk to ensure
18 that the authorized rate of return is equivalent to the returns those entities are earning.
19 The proxy group entities are not directly comparable to the Applicants which is why
20 adjustments are needed.

21 **III. OVERVIEW OF THE RELATIONSHIP BETWEEN RISK AND THE**
22 **EXPECTED RETURN ON AN INVESTMENT.**

23 **Q. How is the cost of equity analyzed?**

24 A. The cost of equity is the rate of return that equity investors expect to receive on their
25

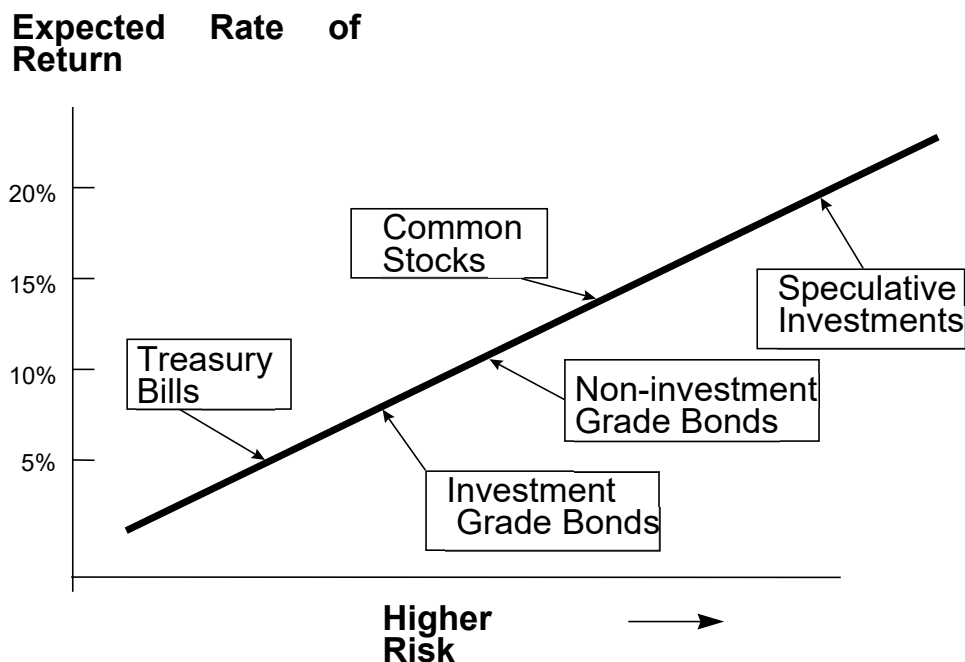
26 ³ Morin, Roger A., *Modern Regulatory Finance*, (PUR Books, LLC, Inc. 2021) ("Morin"), pp. 28.

investment. Investors can choose from numerous investment options, not simply publicly traded stocks. Investments have varying degrees of risk, ranging from relatively low risk assets such as Treasury securities, to somewhat higher risk corporate bonds to even higher risk common stocks. As the level of risk increases, investors require higher returns on their investment. Finance models used to estimate the cost of equity often rely on this basic concept.

Q. Can you illustrate the capital market risk-return concept?

A. Yes. The following graph depicts generally the risk-return relationship that has become widely known as the Capital Market Line (“CML”).

The Capital Market Line (CML)



The CML can be viewed as a continuum of the available investment opportunities for investors. Investment risk increases as you move upward and to the right along the CML. Again, the return required by investors increases with the risk.

1 **Q. How does the risk-return trade off concept work in the capital market?**

2 A. As shown by the CML, the allocation of capital in a free-market economy is based
3 upon the relative risk of, and expected return from, an investment. In general,
4 investors rank investment opportunities in the order of their relative risks.
5 Investment alternatives in which the expected return is commensurate with the
6 perceived risk become viable investment options. If all other factors remain equal,
7 the greater the risk, the higher the rate of return investors will require to compensate
8 them for the possibility of loss of either the principal amount invested or the expected
9 annual income from such investment.

10 Short-term Treasury bills provide a high degree of certainty and in nominal
11 terms (before considering inflation) are considered virtually risk-free. Long-term
12 bonds and preferred stocks, having priority claims to assets and fixed income
13 payments, are relatively low risk, but are not risk-free. The market values of long-
14 term bonds often fluctuate when government policies or other factors cause interest
15 rates to change. Common stocks are higher and to the right on the CML continuum
16 because they have greater investment risk. Common stock risk is impacted by the
17 nature of the underlying business and the financial strength of the issuing corporation
18 and market-wide factors, such as general changes in capital costs.

19 The capital markets reflect investor expectations and requirements each day
20 through market prices. Prices for stocks and bonds change to reflect investor
21 expectations and the relative attractiveness of one investment relative to others.
22 While my example may seem straightforward, returns on common stocks are not
23 directly observable in advance in contrast to debt or preferred stocks with fixed
24 payment terms. This means that these returns must be estimated from market data.
25 Estimating the cost of equity capital should be a matter of informed judgment about
26

1 the relative risk of the company in question and the expected rate of return
2 characteristics of other alternative investments.

3 **Q. How is the cost of equity determined for a particular company?**

4 A. Estimating a company's cost of equity is complex. It requires an analysis of the
5 factors influencing the cost of various types of capital, such as interest on long-term
6 debt, dividends on preferred stock, and earnings on common equity. The data for
7 such an analysis comes from highly competitive capital markets, where the firm
8 raises funds by issuing common stock, selling bonds, and by borrowing (both long-
9 term and short-term) from banks and other financial institutions. In the capital
10 markets, the cost of debt or equity is determined by two important factors:

- 11 1) The pure or real rate of interest, often called the risk-free rate
12 of interest, and
- 13 2) The uncertainty or risk premium (or the compensation the
14 investor requires, over and above the real or pure rate of
15 interest for subjecting his or her capital to additional risk).

16
17 **Q. Please discuss these factors in greater detail.**

18 A. The pure rate of interest essentially reflects both the time preference for and the
19 productivity of capital. From the standpoint of the investor, it is the rate of interest
20 required to induce them to forgo present consumption and offer the funds, thus saved,
21 to others for a specified length of time. The pure rate of interest concept is based on
22 the assumption that no uncertainty affects the investment undertaken by the
23 individual, *i.e.*, there is no doubt that the periodic interest payments will be made,
24 and the principal returned at the end of the time period. In reality, investments
25 without risk do not exist; every commitment of funds involves some degree of
26 uncertainty.

Turning to the second factor affecting the cost of capital, it is generally accepted that the higher the degree of uncertainty, the higher the cost of capital. Investors are regarded as risk averse and require that the rate of return increase as the risks and uncertainty associated with an investment increase.

Q. Can you provide some perspective on your previous discussion with respect to returns on common stocks?

A. Yes. Conceptually, the required return on common stocks can be quantified by the following equation:

$$[1] \quad \text{Required Return for Common Stocks} = \text{Return on a risk-free asset} + \text{Risk Premium}$$

The risk premium investors require for common stocks will be higher than the risk premium they require for investment grade bonds. This relationship is depicted in the CML graph above. As I will discuss later in this testimony, this concept is the basis of risk premium methods such as the CAPM that are used to estimate the cost of equity.

Q. Please discuss the impact of risk on capital costs in more detail.

A. With reference to specific utilities, risk consists of two separate types of risk: business risk and financial risk.

Business risk, the basic risk associated with any business undertaking, is the uncertainty associated with the enterprise's day-to-day operations. In essence, it is a function of the normal day-to-day business environment, both locally and nationally. Business risks include the condition of the economy and capital markets, the state of labor markets, regional stability, government regulation, technological obsolescence, and other similar factors that may impact demand for the business'

1 products or services and its cost of production. For utilities, business risk also
2 includes the volatility of revenues arising from abnormal weather conditions, degrees
3 of operational leverage, regulation, and regulatory climate, which unfortunately also
4 includes politics. Regulation can compound the business risk if it is unpredictable
5 in reacting to cost increases, both in terms of the time lag and magnitude for recovery
6 of such increases.

7 Financial risk, on the other hand, concerns the distribution of business risk to
8 the various capital investors in the utility. Permanent capital is normally divided into
9 three categories: long-term debt, preferred stock, and common equity. Because
10 common equity owners have only a residual claim on earnings after debt and
11 preferred stockholders are paid, financial risk tends to be concentrated in that
12 element of the firm's capital. Thus, a decision by management to raise additional
13 capital by issuing additional debt concentrates even more of the financial risk of the
14 utility on the common equity owners.

15 **Q. What are the determinants of the risk-free rate from equation [1]?**

16 A. The risk-free rate can be disaggregated into a “real” rate of interest and an inflation
17 premium (*i.e.*, expected future inflation).

18 **Q. What are the determinants of the required risk premium from equation [1]
19 above?**

20 A. The risk premium can be disaggregated into five general components: (1) Interest
21 Rate Risk; (2) Business Risk; (3) Regulatory Risk; (4) Financial Risk; and
22 (5) Liquidity Risk.

23 Interest Rate Risk refers to the variability in return caused by subsequent
24 changes in interest rates and stems from the inverse relationship between interest
25 rates and asset prices. For example, bond prices fall when interest rates rise and vice
26

1 versa. As discussed earlier, business risk is the basic risk associated with any
2 business undertaking.

3 Regulatory risk refers to the quality and consistency of regulation applied to
4 a given regulated utility. Regulatory jurisdictions are evaluated on the basis of three
5 major factors: (1) earnable return on equity, (2) regulatory quality, and (3) regulatory
6 practices. Collectively, these three factors influence a utility's ability to earn its
7 authorized return. The type of test year employed (historical or future), capital
8 structure and rate base issues, and the length of regulatory lag are among the reasons
9 a utility may or may not have a reasonable opportunity to earn its authorized return.

10 As detailed above, financial risk concerns the distribution of business risk to
11 the various capital investors in the utility. It relates to the additional variability
12 imparted to income available to common shareholders stemming from the entity's
13 method of financing its capital needs.

14 Construction risk is an important component of financial risk. Construction
15 risk is the risk of tying capital up in projects that are not earning returns, or not having
16 sufficient capital to build the assets needed to keep generating returns. If an entity
17 has a large construction budget relative to internally generated cash flows, it will
18 require external financing, which will result in greater financial risk. It is essential
19 that such entities have access to capital funds on reasonable terms and conditions.

20 Utilities are more susceptible to construction risk for two reasons. First, water
21 and wastewater utilities generally have high capital requirements to build plants to
22 serve customers. Second, utilities have a mandate to serve, leaving less flexibility
23 both in the timing and discretion of scheduling capital projects. This is compounded
24 by the limited ability to wait for more favorable market conditions to raise the capital
25 necessary to fund the capital projects, and then the lag between when capital is
26 invested and when returns can be realized through rates. It is imperative that the

1 utility maintain access to needed capital and on reasonable terms and conditions.
2 The return allowed on common equity plays a critical role in determining those terms
3 and conditions.

4 Although often discussed separately, business and financial risk are
5 interrelated. A study by Scott and Martin found statistically significant results for
6 unregulated firms in twelve industries that “smaller equity ratios (higher leverage
7 use) are generally associated with larger companies.”⁴ While unregulated enterprises
8 would be expected to seek the optimal balance between debt and equity to achieve
9 the lowest overall cost of capital, the study's findings shows that some smaller firms
10 find it prudent to offset the adverse impacts of size on risk by reducing financial risk.
11 In other words, the Applicants should not be expected to have the same amount of
12 debt as the very large entities in the proxy group.

13 Finally, Liquidity Risk refers to the ability to readily convert an investment
14 into cash without sustaining a loss. Capital market theory generally assumes that
15 investments are liquid and observations about risk and return are drawn from
16 information about liquid investments. Non-publicly traded or privately held
17 investments possess little liquidity.

18 **Q. So, you believe that investment risk is impacted by firm size?**

19 A. Yes. Investment risk bears a direct relationship to size and increases as firm size
20 decreases. Investment liquidity may be a significant factor in explaining this
21 relationship. However, the illiquidity of smaller stocks does not capture the size
22 effect completely. Size may be a proxy for one or more true unknown factors
23 correlated with size.⁵

24
25 ⁴ Scott, D.F. and Martin, J.D., “Industry Influence on Financial Structure,” *Financial Management*, Spring
1975, pp. 67-71.

26 ⁵ Rolf W. Banz, “The Relationship between Return and Market Value of Common Stocks”, *Journal of
Financial Economics*, March 1981, pp. 3-18.

1 **IV. THE PUBLICLY TRADED UTILITIES THAT COMPRISE THE SAMPLE**
2 **GROUP USED TO ESTIMATE THE COST OF EQUITY.**

3 **Q. Briefly, why is a proxy group necessary for comparison in a cost of capital**
4 **analysis?**

5 A. First, a fair rate of return for a specific utility is the return required by investors to
6 hold assets with corresponding levels of risk. Market data for a sample of
7 comparable companies provides insight into the investors' required return, and such
8 data comports with the guidance from the U.S. Supreme Court's decisions in
9 *Bluefield* and *Hope*, which I discussed earlier. The comparable earnings standard
10 requires that the rate of return afforded to utilities be similar to the return for
11 businesses with similar or comparable risks.

12 Second, the cost of equity is a component of the cost of service which is fairly
13 recovered from customers through rates. This makes determining an authorized
14 ROE that is "fair" a primary objective of rate regulation. The best estimate of that
15 ROE is the cost of equity of the Applicants. For investors in the Applicants, the cost
16 of equity is commensurate with returns an investor in these utilities would expect to
17 earn from investments of comparable risk. To estimate the cost of equity requires
18 market data that reveal investor-required returns. Since the Applicants are not
19 publicly traded, there is no market information to determine the cost of equity. This
20 necessitates the selection and use of a proxy group.

21 **Q. Thank you, Mr. Bourassa. Which publicly traded firms comprise your proxy**
22 **group?**

23 A. There are five water utilities and nine gas distribution utilities in my proxy group.
24 The water utilities are: American States Water (AWR), California Water Service
25 Group (CWT), Middlesex Water (MSEX), H2O America (HTO), and York Water
26 Company (YORW). The gas utilities are: Atmos Energy (ATO), Chesapeake

1 Utilities (CPK), New Jersey Resources (NJR), NiSource, Inc. (NI), Northwest
2 Natural (NWN), One Gas, Inc. (OGS), Southwest Gas (SWX), Spire, Inc. (SR), and
3 UGI, Corp. (UGI). These firms were selected using the following criteria: (1) they
4 are followed by the *Value Line Investment Survey*; (2) they have at least 10 years of
5 historical financial and market information; (3) they have a *Value Line* adjusted beta;
6 (4) they have not cut or omitted their common dividends during the five years ending
7 2025 or through the time of the preparation of this testimony (May 2026); (5) they
8 have operating revenues primarily from regulated water and wastewater operations;
9 and (6) at the time of the preparation of this testimony, they had not publicly
10 announced that they were involved in a major merger or acquisition.

11 **Q. But you testified earlier that the utilities in the proxy group are not directly**
12 **comparable to the Applicants.**

13 A. That is correct. They are utilities for which market data is available. All of them
14 primarily provide water service (although some provide both water and wastewater
15 services) or gas distribution service and their primary source of revenues is from
16 regulated services. They are also commonly used in regulatory proceedings where
17 sample companies are selected to measure the cost of equity. This is why I also
18 testified that the proxy group provides a useful *starting point* for developing the cost
19 of equity for the Applicants. The differences between the proxy group firms and the
20 Applicants still have to be taken into account when assessing the cost of capital.

21 **Q. Please provide a general description of the regulated utilities in the proxy group.**

22 A. Table 2 lists the ratios of regulated revenues, operating revenues, net plant, the
23 number of customers or population served, Value Line Financial strength, Value
24 Line betas, market capitalization, and market size category for the proxy group
25 companies. Comparative data for the Applicants (where available) is also shown in
26 Table 2. The utilities in the proxy group consist of Micro-Cap to Large-Cap

1 companies. The market capitalizations range from about \$470 million to over
2 \$30.5 billion with an average of approximately \$7 billion. Operating revenues range
3 from about \$77.5 million to over \$7.2 billion with an average of over \$2.3 billion.
4 Net plant ranges from \$570 million to over \$28.6 billion, with an average of over
5 \$7.9 billion. Most of these companies operate in multiple jurisdictions.

6 **Q. How do the Applicants compare to the utilities in the proxy group?**

7 A. The utilities in the proxy group are much larger and, according to the empirical
8 financial data, they are less risky than the Applicants. The Applicants are much
9 smaller with fewer customers and has far less revenues, far less net plant and a
10 relatively small and limited service territory. The Applicants have approximately
11 11,000 sewer connections, combined as compared to the average of the proxy group
12 of over 788,000 connections. The Applicants' revenues totaled approximately \$7.9
13 million and net plant is \$25.5 million. The average revenues of the proxy group are
14 nearly 295 times greater than the Applicants. Those entities have on average nearly
15 310 times the net plant of the Applicants .

16 **Q. What is your assessment of the capital marks and the impacts of any significant**
17 **recent events?**

18 A. The Federal Reserve ("Fed") moved its benchmark rate to a targeted range of 3.50%
19 to 3.75%, following its December 2025 Fed FOMC meeting. The Fed move marks
20 the third consecutive rate cut by the central bank following the September and
21 October 2025 FOMC meetings. The Fed announced a 25-basis point rate cut after
22 each of those meetings. The 3.50% to 3.75% level is closer to what would be
23 considered a neutral rate, meaning it's neither stimulating nor slowing growth, and
24 continued the bank's less-restrictive monetary policy course, which now includes
25
26

1 buying back Treasury bonds. The buy-back of Treasury bonds is a quantitative-
2 easing program that increases liquidity in the economy.⁶

3 **Q. Has the Fed kept its target benchmark range since the December 2025 FOMC?**

4 A. Yes.

5 **Q. Have long-term interest rates declined since the Fed rate cuts?**

6 A. No. In September 2025, the 20-year and 30-year U.S. Treasury average monthly
7 rates were 4.71% and 4.74%, respectively.⁷ In November 2025, the 20-year and 30-
8 year U.S. Treasury average monthly rates were 4.67% and 4.70%, respectively.⁸ The
9 April 2026 20-year and 30-year U.S. Treasury average monthly rates were 4.89%
10 and 4.91%, respectively.⁹ The disconnect between the federal funds rate cuts and
11 rising long-term interest rates reflects a complex interplay of market expectations,
12 risk assessments, and economic conditions. Change to the Fed funds rate do not
13 necessarily translate to similar reductions in longer term rates, especially the 20-year
14 and 30-year U.S. treasuries.

15 Since cost of capital estimates for utility stocks (*e.g.*, risk premium methods)
16 are reflective of long-term interest rates, it is important to note that the long-term
17 treasury yields have increased significantly over the past several years. The May
18 2026 monthly average 20-year and 30-year U.S. Treasury bond yields reached
19 levels of 5.03% and 5.03%, respectively, both significantly higher than they were
20 just four years ago in April 2022 when they were 2.99% and 2.81%, respectively.

21
22
23
24
25 ⁶ Value Line Selection and Opinion (December 19, 2025).

26 ⁷ Data from Federal Reserve website.

⁸ Data from Federal Reserve website.

⁹ Data from Federal Reserve website.

1 **Q. Have these higher interest rates led to higher expected returns on equity after**
2 **years of historically low interest rates?**

3 A. Yes. Utility stocks are interest rate sensitive. Higher long-term interest rates
4 typically lead to a higher cost of equity, as investors expect greater returns to
5 compensate for increased risk. Unfortunately, the Commission has generally failed
6 to recognize this fact. Despite justifying lower and lower ROEs on low interest rates
7 in the past, we have not seen an increase in ROEs anywhere close to the proportionate
8 increase we have seen in interest rates.

9 **Q. What are the expectations for interest rates moving forward?**

10 A. *Blue Chip Finance Forecasts* long-range forecasts from December 2025 and May
11 2026 projects that long-term treasuries will average 4.70% of the 2027-29 period,
12 the period new rates are expected to be in effect.

13 **Q. What are current spot yields on the long-term U.S. treasuries?**

14 The 20-year and 30-year U.S. bond yields on May 12, 2026, about the time of the
15 preparation of my analysis, were 5.02% and 5.03%, respectively.

16 **Q. Thank you. Are there quantitative measures that can be used to help identify**
17 **differences in business risk?**

18 A. There are several fundamental accounting-based business risk measures that can be
19 used to assess the relative differences between firms. Those include: (1) the co-
20 efficient of variance of ROE; (2) the co-efficient of variance of operating income;
21 (3) the co-efficient of variance of operating margin; and (4) Operating Leverage.
22 The first three reflect the distributions of earnings. These are meaningful when
23 measured against the distribution of earnings of alternative investments, like the
24 publicly traded utilities in my proxy group. The fourth business risk measure reflects
25 the impacts of sales fluctuations and of fixed operating costs on earnings.
26

1 The co-efficient of variance of ROE can be quantified using the following
2 equation:

$$3 \quad [2] \text{ Co-efficient of Variance of ROE} = \text{Standard Deviation of} \\ 4 \quad \text{ROE/Mean of ROE}$$

5 The co-efficient of variance of operating income can be quantified using a
6 relatively simple equation:

$$7 \quad [3] \text{ Co-efficient of Variance of Operating Income} = \text{Standard} \\ 8 \quad \text{Deviation of Operating Income/Mean of Operating Income}$$

9 The co-efficient of variance of operating margin can be quantified using the
10 following equation:

$$11 \quad [4] \text{ Co-efficient of Variance of Operating Margin} = \text{Standard} \\ 12 \quad \text{Deviation of Operating Margin/Mean of Operating Margin}$$

13 And, the Operating Leverage formula is expressed as:

$$14 \quad [5] \text{ Operating Leverage} = \text{Change in Operating Income/} \\ 15 \quad \text{Change in Sales}$$

16 Using the business risk measures expressed in equations [2], [3], and [4], the
17 greater the co-efficient of variation or Operating Leverage, the greater the risk to
18 investors of not receiving expected returns.¹⁰

19 These metrics, found in Exhibit TJB-COC-DT2, page 1 and 2, show that the
20 Applicants are riskier than the average of the proxy group based upon market data
21 provided by *Kroll* (formerly *Duff & Phelps*). My analysis for the Applicants
22 indicates a 50bps to 70bps risk premium over the proxy group based upon these
23 metrics.

24
25
26 ¹⁰ Tuller, Lawrence W., *The Small Business Valuation* (Avon, MA: Adams Media Corporation, 1994), p. 89.

1 **Q. Can metrics like an entity's co-efficient of variation in ROE, co-efficient in**
2 **variation of operating income, and operating margin be used along with market**
3 **data to develop a risk premium over and above the proxy group?**

4 A. Yes. *Kroll* publishes comparative risk characteristics using market data that provides
5 a nexus between a market beta and the metrics operating margin, the coefficient of
6 variation in operating margin, and the coefficient of variation in return on equity.¹¹
7 This information can be used to develop implied betas for the Applicants for use in
8 the CAPM.¹² By comparing the results of the CAPM for the proxy group with the
9 CAPM for the Applicants using the implied betas, informed risk premiums can be
10 developed. As expected, the implied beta for the Applicants are higher than the beta
11 of the proxy group. Therefore, a risk premium of 50bps to 70bps over the cost of
12 equity of the proxy group is indicated for the Applicants.¹³ I will discuss the
13 indicated risk premiums and implied betas in more detail in Section VI of this direct
14 testimony.

15 **Q. But, you are not recommending a risk premium for the Applicants?**

16 A. Correct.

17 **Q. Can firm metrics and size characteristics provide insight into the relative risk**
18 **premium for the Applicants over the proxy group strictly based upon size?**

19 A. Yes. Using the previously discussed metrics along with size characteristics such as
20 book equity, total assets, earnings before taxes, interest, depreciation and
21 amortization ("EBITDA"), and sales, an adjusted risk premium can be developed
22 based upon size. An adjusted risk premium based upon size for the proxy group
23 (discussed later in my testimony) and the Applicants are present in Exhibit TJB-

24 ¹¹ Duff & Phelps, LLC. *2017 Valuation Handbook; Guide to Cost of Capital*. Hoboken, NJ: John Wiley and
25 Sons, 2017 ("*Duff & Phelps*"), page 7-13. See also online at www.kroll.com: *Kroll Cost of Capital*
Navigator platform ("*Kroll Cost of Capital Navigator*").

26 ¹² See Exhibit TJB-COC-DT2.

¹³ See Exhibit TJB-COC-DT2, page 4.

1 COC-DT2. Using market data regression equations provided by *Kroll*, I estimate
2 the adjusted size premium for the proxy group is 251 bps (used in the modified
3 CAPM discussed later in my testimony).¹⁴ These same analyses indicate the market
4 size premium for the Applicants is 568 bps and a size premium over the proxy group
5 of 317 bps.¹⁵

6 **Q. Is there a relationship between an entity's capital structure and its cost of**
7 **equity?**

8 A. Yes, when an entity engages in debt financing it exposes itself to greater risk. As
9 debt grows relative to the total capital structure, the risk increases in a geometric
10 fashion compared to the linear percentage increase in the debt ratio itself. This risk
11 is illustrated by considering the effect of leverage on net earnings. For example, as
12 leverage increases, the equity ratio falls. This creates two adverse effects. First,
13 equity earnings decline rapidly and may even disappear. Second, the “cushion” of
14 equity protection for debt falls. A decline in the protection afforded to debt holders,
15 or the possibility of a serious decline in debt protection, will act to increase the cost
16 of debt financing. Therefore, one may conclude that each new financing, whether
17 through debt or equity, impacts the marginal cost of future financing by any
18 alternative method.

19 For an entity already perceived as being over-leveraged, this additional
20 borrowing would cause the marginal costs of both equity and debt to increase. On
21 the other hand, if the same entity instead successfully employed equity funding, this
22 could reduce the real marginal cost of additional borrowing, even if the equity
23 issuance occurred at a higher unit cost than an equivalent amount of debt.

24
25
26 ¹⁴ See Exhibit TJB-COC-DT3, page 2.

¹⁵ See Exhibit TB-COC-DT3, page 2.

1 **Q. How do the capital structures of the proxy group compare to the recommended**
2 **capital structure for Applicants?**

3 A. Table 3 shows the 46% debt and 54% equity capital structure used to develop the
4 cost of capital for the Applicants . The average of the proxy group is approximately
5 49.7% equity and 50.3% debt. The capital structure for the Applicants are within the
6 ranges of the proxy group and close to the median of the proxy group of 47.4% debt
7 and 52.6% equity.

8 **V. OVERVIEW OF THE DCF AND RP METHODS.**

9 **Q. Please explain the general approaches to estimating the cost of capital.**

10 A. There are two broad approaches:

- 11 (1) identify comparable-risk sample companies and estimate the cost of
12 capital directly, or
- 13 (2) find the location on the CML and estimate the relative risk of the entity,
14 which jointly determines the cost of capital.

15 The DCF method falls into the first approach. It is a direct method but uses
16 only a subset of the total capital market evidence. The DCF rests on the premise that
17 the fundamental value of an asset (in this case, a stock) is its ability to generate future
18 cash flows to the owner of that asset. The DCF is simply the sum of a stock's
19 expected dividend yield and the expected long-term growth rate. Dividend yields
20 are readily available, but long-term growth estimates are not. I will explain the DCF
21 in greater detail later.

22 The RP methods fall into the second approach. An equity risk premium is
23 established by determining the relationship between the cost of equity and an interest
24 rate over time. The CAPM method is an RP method and generally assumes that the
25 past correlation will continue. The RP generally uses a small subset of the capital
26 market evidence whereas the CAPM uses information on all securities, rather than a

small subset. The RP methods reflect a risk-return relationship, often depicted graphically as the CML, and I will explain the RP methods in more detail later.

In the final analysis, these methods are used to measure investor expectations. ROE estimates are inherently subjective but still must be based on sound, informed judgment supported by competent evidence. I have applied one version of the DCF and three versions of RP method, including the CAPM. These methods provide the foundation for evaluating the fair cost of equity capital for the publicly traded water/wastewater and gas utilities in my proxy group. .

Q. Please explain the DCF method of estimating the cost of equity.

A. The DCF model is based on the concept that the current price of a share of stock is equal to the present value of future cash flows from the purchase of the stock. In other words, the DCF model seeks to replicate the market valuation process that sets the price investors are willing to pay for a share of an entity's stock. It rests on the assumption that investors rely on the expected returns (*i.e.*, cash flow they expect to receive) to set the price of a security. The DCF model in its most general form is:

$$[6] \quad P_0 = CF_1/(1+k) + CF_2/(1+k)^2 + \dots + CF_n/(1+k)^n$$

where k is the cost of equity; n is the number of years; P_0 is the current stock price; and CF_1 through CF_n are the expected future cash flows expected to be received in periods 1 through n .

Equation [6] can be written to show that the current price (P_0) is also equal to

$$[7] \quad P_0 = CF_1/(1+k) + CF_2/(1+k)^2 + \dots + P_t/(1+k)^t$$

where P_t is the price expected to be received at the end of the period t . If the future price (P_t) included a premium, such as an expected increase in the stock price or capital gain, the price the investor would pay today in anticipation of receiving that premium would increase. In other words, by estimating the cash flows from the purchase of a stock in the form of dividends and capital gains, we can calculate the

investor's required rate of return, which is the rate of return an investor presumptively used in bidding the current price to the stock (P_0) to its current level.

Equation [7] is a Market Price version of the DCF model. As with the general form of the DCF model in equation [6], the current stock price (P_0) is the present value of the expected cash inflows in the Market Price approach. The cash flows are comprised of dividends and the final selling price of the stock. The estimated cost of equity (k) is the rate of return investors expect if they bought the stock at today's price, held the stock and received dividends through the transition period, and then sold it for the price in period t (P_t).

Q. Can you provide an example to illustrate the market price version of the DCF model?

A. Yes. Assume an investor buys a share of common stock for \$40.00. If the expected dividend during the coming year is \$2.00, then the expected dividend yield is 5% ($\$2.00/\$40.00 = 5.0\%$). If the stock price is also expected to increase to \$43.00 after one year, this \$3.00 expected gain adds an additional 7.5% to the expected total rate of return ($\$3.00/\$40.00 = 7.5\%$). Thus, the investor buying the stock at \$40.00 per share expects a total return of 12.5% (5% dividend yield plus 7.5% price appreciation). The total return of 12.5% is the appropriate measure of the cost of capital because this is the rate of return that caused the investor to commit \$40.00 of their capital by purchasing the stock.

Q. Please continue with your description of the DCF model.

A. Under the assumption that future cash flow is expected to grow at a constant rate ("g"), equation [6] can be solved for k and rearranged into the simple form:

$$[8] \quad k = CF_1/P_0 + g$$

where CF_1/P_0 is the expected dividend yield (also expressed as D_0/P_0) and g is the expected long-term dividend (price) growth rate. The expected dividend yield is

1 computed as the ratio of next period's expected dividend ("D₁") divided by the
2 current stock price ("P₀").

3 This form of the DCF model is known as the "constant growth" DCF model
4 and recognizes that investors expect to receive a portion of their total return in the
5 form of current dividends and the remainder through future dividends and capital
6 price appreciation. A key assumption of this form of the model is that investors
7 expect that same rate of return (k) every year and that market price grows at the same
8 rate as dividends. As already discussed, this has not been historically true for the
9 utilities in the proxy group as shown by the data in Table 4.

10 **Q. Are there any concerns about applying the DCF model to utility stocks?**

11 A. Yes, I have several concerns. First, a non-publicly traded company does not have a
12 stock market price. Using the stock prices from a proxy group assumes that the
13 Applicants' stock would be similarly priced and has a dividend yield like the publicly
14 traded proxy companies. Second, the stock price and dividend yield components
15 may be unduly influenced by structural changes in the industry, such as mergers and
16 acquisitions, which influence investor expectations. Third, the DCF model is based
17 on several assumptions that cannot be consistently relied on in the ever-changing
18 capital market environment. The traditional DCF model assumes that the market
19 price per share ("MPPS"), book value per share ("BVPS"), earnings per share
20 ("EPS"), and dividends per share ("DPS"), all grow at the same rate. This has not
21 been historically true for the utility companies in the proxy group. For example,
22 Table 4 shows that over the past five years the average MPPS growth has
23 significantly exceeded the average BVPS, EPS, and DPS. Consequently, the
24 expected equity returns suggested by the market based DCF model do not line up
25 with recent experience in the markets. As Dr. Morin notes:

1 To the extent that increases (decreases) in relative market
2 valuation are anticipated by investors, especially myopic
3 investors with short-term investment horizons, the standard
DCF model will understate (overstate) the cost of equity.¹⁶

4 Another way of stating this point is that the DCF model does not account for the ebb
5 and flow of investor sentiments over the course of the business cycle.

6 Fourth, the assumption of a constant growth rate may be unrealistic, and there
7 may be difficulty in finding an adequate proxy for the growth rate. Historical growth
8 rates can be downward biased because of the impact of anemic historical growth
9 rates in earnings, mergers and acquisitions, restructuring, unfavorable regulatory
10 decisions, and even abnormal weather patterns.

11 Fifth, the application of the DCF model produces estimates of the cost of
12 equity that are consistent with investor expectations *only* when the market price of a
13 stock and the stock's book value are approximately the same. The DCF model will
14 understate the cost of equity when the market-to-book ratio exceeds 1.0 and,
15 conversely, the model will overstate the cost of equity when the market-to-book ratio
16 is less than 1.0. The reason for this is that the market-derived return produced by the
17 DCF is often applied to book value rate base by regulators.

18 **Q. Thank you. What data have you used to compute the expected dividend yield**
19 **(D_1/P_0) in the DCF model?**

20 A. First, I computed a current dividend yield (D_0/P_0). The time value of money should
21 be considered when determining dividend yields. This adjustment is required
22 because the basic model assumes dividends are paid once a year, but investors
23 receive dividend payments on a quarterly basis. Prices they pay for the stock (P_0)
24 would reflect the anticipated payment and potential re-investment of quarterly
25

26 ¹⁶ Morin, p. 481.

dividends. To approximate the time value of money and the payment of quarterly dividends, I computed expected dividend yield (D_1/P_0) as the current dividend yield (D_0/P_0) times one plus the growth rate (g) divided by 2. I used the spot price for each of the stocks of the proxy group utilities as reported by the Value Line Investment Analyzer on May 12, 2026 for P_0 . The current dividend (D_0) is the current indicated dividend as reported by *Value Line*. In my tables, the current dividend yield is denoted as (D_0/P_0), where D_0 is the current dividend and P_0 is the spot stock price. (D_1/P_0) is used to denote the expected dividend yield in the tables.

Q. What measures of growth (“g”) have you used?

A. My estimates of growth are based upon analysts' estimates of growth. For my forecast growth estimate, I have used the growth forecasts from *Value Line*, *Zacks Investment Research*, and *StockAnalysis.com*. I report the analysts' forecasts of future growth in Table 4.

Q. Why did you use forecasted growth rates for your growth estimates?

A. The empirical evidence indicates that analyst estimates of EPS growth are the best measure of growth for use in the DCF for utility stocks.¹⁷ Also, the DCF model requires estimates of growth that investors expect in the future and not past estimates of growth that have already occurred. Logically, in estimating future growth,

¹⁷ Gordon, David A., Gordon, Myron J. and Gould, Lawrence I., “Choice Among Methods of Estimating Share Yield,” *Journal of Portfolio Management*, Spring 1989, pp. 50-55. Gordon, Gordon and Gould found that a consensus of analysts' forecasts of earnings per share growth for the next five years provides a more accurate estimate of growth required in the DCF model than three different historical measures of growth (historical EPS, historical DPS, and historical retention growth). They explain that this result makes sense because analysts would take into account such past growth as indicators of future growth as well as any new information. Other studies confirm the superiority of analysts' estimates such as Vander Weide, James H. and Carleton, Willard T., “Investor Growth Expectations: Analysts vs. History,” *Journal of Portfolio Management*, Spring 1988, pp. 78-87; Brown, Lawrence D. and Rozeff, Michael S., “The Superiority of Analyst Forecasts as Measures of Expectations: Evidence from Earnings,” *Journal of Finance*, March 1978, pp. 1-16; and Timme, Stephen G. and Eisemann, Peter C., “On the Use of Consensus Forecasts of Growth in the Constant Growth Model: The Case for Electric Utilities,” *Journal of Financial Management*, Winter 1989, pp. 23-35. A 2004 study by the Kentucky Public Service Commission Advance Research Center updated the study by Vander Weide and Carleton (1988) and confirmed the superiority of analyst estimates over historical averages.

1 financial institutions and analysts have considered all relevant historical information
2 on an entity, as well as other more recent information.¹⁸ To the extent that past
3 results provide useful indications of future growth prospects, analysts' forecasts
4 would already incorporate that information. In addition, the current price of a stock
5 reflects known historical information on that entity, including its past earnings
6 history. Any further recognition of the past will double count what has already
7 occurred. Using forward-looking growth rates eliminates all of these concerns.

8 **Q. Did you apply a reasonableness test to the individual results of the DCF?**

9 A. Yes. DCF results that are less than the forecast Baa investment grade bond yield
10 plus 100 bps or 7.2% are excluded. An indicated return of 7.2% is the minimum
11 plausible expected cost of equity. The test of reasonableness approach is consistent
12 with methods the Federal Energy Regulatory Commission ("FERC") adopted in the
13 past. I believe it is also consistent with common business sense.¹⁹

14 **Q. Please summarize the equity cost estimates from the DCF.**

15 A. In Table 6, my DCF estimate for the cost of equity of the proxy group is 10.60%.
16 For the Applicants, my estimate is 10.60% as shown in Table 1.

17 **A. Explanation of the RP and Its Inputs.**

18 **Q. Please explain the RP methodology for estimating the cost of equity.**

19 A. The RP method is sometimes referred to as the "bond yield plus risk premium
20 method." The general approach is to determine the spread between the return on
21 debt and the return on equity, and then add this spread to the current debt yield to
22 derive an estimate of the cost of equity. To implement the RP, it is assumed that the
23 past relationship will continue. The RP is widely used by analysts and investors.

24 ¹⁸ Gordon, Gordon, and Gould, p. 54.

25 ¹⁹ In its 2008 Order for Southern California Edison, 122 FERC ¶61187 (Docket ER-08-375-000), the FERC
26 excluded any company whose low-end ROE fails to exceed the average bond yield by about 100 bps, or
more. This procedure was also referred to in rehearing FERC 131 ¶61,020 at page 24.

The RPM formula provides a formal risk-return relationship and is stated as:

$$(9) \quad k = K_d + \text{bond-equity spread}$$

where k is the expected return on equity and K_d is the cost of debt or debt yield.

Q. How many RP analyses have you performed?

A. I performed two risk premium(RP) analyses, not including the CAPM. My first analysis is presented in Table 8. In this RP analysis I examine the RPs implied by the return on equity allowed by regulatory commissions over the period 1986 to 2024 over the contemporaneous levels of the 30-year U.S. Treasury bond yield. I regressed this data to determine the statistical relationship between the RP and interest rates (YIELD). The following statistical relationship emerges:

$$RP = 0.080423 - 0.47275x(YIELD) \quad R^2 = 0.869$$

The relationship is highly statistically significant and indicated by the high R^2 . This RP analysis indicates a cost of equity of 10.52% for the proxy group. The Applicants' indicated cost of equity is 10.52% as shown in Table 1.

Q. Please explain your second RP analysis.

A. The second RP analysis is analysis is presented in Table 9. For the period 1977 to 2024, I subtract average annual long-term U.S. Treasury total returns from returns of the S&P 500 Utility Index to determine the annual risk premium for each year. I averaged the risk premium which is then adjusted to reflect the estimated impact on the risk premium due to the difference between the average interest rate over the periods and the current forecast estimate for interest rates. The abundance of academic research supports the notion that the risk premiums on utility stocks are inversely related to interest rates. That said, the adjusted risk premium is then added to the average expected long-term U.S. Treasury yield (2027-2029) of 4.70% from Table 7 to estimate the cost of equity. This RP analysis indicates a cost of equity of

10.80% for the proxy group. The Applicants' indicated cost of equity is 10.80% as shown in Table 1.

Q. Should analyses using historic risk premiums rely on arithmetic average returns or on geometric average returns?

A. Only arithmetic average returns should be used when relying on historical risk premiums over long period for forecasting and estimating the cost of capital. As various finance experts have explained, an arithmetic mean is the correct approach to use in estimating the cost of capital, particularly for a risk premium model.²⁰ As

Dr. Morin states:

Because valuation is forward-looking, the appropriate average is the one that most accurately approximates the expected future rate of return. *The best estimate of the expected returns over a future holding period is the arithmetic average. Only arithmetic means are correct for forecasting purposes and for estimating the cost of capital.* There is no theoretical or empirical justification for the use of geometric rates of return as a measure of the appropriate discount rate in computing the cost of capital or in computing present values.²¹

The consensus among these experts makes sense. Only arithmetic mean return rates and yields are appropriate for cost of capital purposes because ex-post (historical) total returns and equity risk premiums differ in size and direction over time, providing insight into the variance and standard deviation of returns. The geometric mean of ex-post (after the fact) equity risk premiums provides no insight into the potential variance of future returns because the geometric mean relates the change over many periods to a constant rate of change, rather than the year-to-year

²⁰ Zvi Bode, Alex Kane, Alan J. Marcus, *Investments* (McGraw-Hill 6th ed., 2005) (“Bode”), pp. 864 – 865; Richard A. Brealey, Stewart C. Myers, Franklin Allen, *Principles of Corporate Finance* (McGraw-Hill 11th ed.) (“Brealey”), pp. 162 – 163. ”). Kaplan, P. “*Why the Expected Rate of Return is an Arithmetic Mean*”, Business Valuation Review, Sep. 1995, pp. 126-129. (“Kaplan”). Morningstar, *Ibbotson SBBI 2013 Valuation Yearbook*, pp. 56-57. (“Morningstar”). Kipp, Martin and Koziol, Christian, “*Which is the Correct Discount Rate? Arithmetic Versus Geometric Mean*”, Credit and Capital Markets, Volume 53, Issue 3, pp. 355–381. (“Martin and Koziol”). Pratt, Shannon P. and Grabowski, Roger A., *Cost of Capital: Applications and Examples*, 5th Ed., John Wiley and Sons, pp. 158-159. (“Pratt”).

²¹ Morin, pp. 132 (emphasis added).

1 fluctuations, or variance, which are critical to risk analysis. In short, the conclusion
2 of these financial experts is that, while the geometric mean is useful in comparing
3 what happened in the past, it should not be used to determine estimates of expected
4 future returns or market risk premiums.

5 **Q. Are risk premiums for utilities correlated with interest rates?**

6 A. Yes. Utility stocks are interest rate sensitive and vary inversely with interest rates.
7 Dr. Morin found this inverse relationship between risk premiums and interest rates
8 and reported it in Chapter 5 of his 2021 book, *Modern Regulatory Finance*. He
9 stated a risk premium technique that can be used to determine the cost of equity
10 “consists of examining the risk premiums implied in returns on equity allowed by
11 regulatory commissions for utilities over some past period relative to the
12 contemporaneous level of the long-term Treasury bond yield.”²² Professor Morin
13 reports the following statistical relationship between risk premiums (RP_m) and long-
14 term Treasury bond yields (Yield) for the period 1986 to 2019 for electric utilities:

$$RP_m = 8.1200 - 0.4603 \times \text{Yield, with } R^2 = 0.83.$$

16 The slope was found to be statistically significantly less than zero (*i.e.*, the t-statistic
17 was - 8.4). In his analysis, annual averages of allowed equity returns reported by
18 Regulatory Research Associates were adopted as the proxies for equity costs. This
19 risk premium method is presented by Dr. Morin in Section 5.5 of his book. Dr.
20 Morin also cites numerous other empirical studies that confirm risk premiums vary
21 with interest rates.²³

22 Morin, p. 144.

23 Morin, p. 145.

1 **Q. Have others found an inverse relationship between risk premiums and interest**
2 **rates?**

3 A. Yes. Harris and Marston, “Estimating Shareholders Risk Premia Using Analysts’
4 Growth Rates,” *Financial Management*, Summer 1992 found an inverse
5 relationship. In Decision 97-12-089, which established the cost of equity for Pacific
6 Gas & Electric Company (“PG&E”), the California Public Utilities Commission
7 (“CPUC”) found that costs of equity for energy utilities move in the same direction
8 as interest rates, but to a lesser degree. In Decision 02-11-027, an interim opinion
9 on rates of return on equity for PG&E, Southern California Edison Company, Sierra
10 Pacific Power Company, and San Diego Gas & Electric Company for the year 2003,
11 the CPUC confirmed that its practice is to adjust ROEs for energy utilities by one-
12 half to two-thirds of the change in the benchmark interest rate.²⁴

13 **Q. Let's turn to the CAPM. Please explain the CAPM methodology for estimating**
14 **the cost of equity.**

15 A. The CAPM was developed by William Sharpe and John Lintner in the mid-1960s
16 and is a common topic in college finance textbooks. Like all RP methods, the CAPM
17 is the sum of a risk-free rate plus a risk premium. Like the RPM, it quantifies the
18 additional return required by investors for bearing incremental risk. The CAPM
19 provides a formal risk-return relationship premised on the idea that only market risk
20 matters, as measured by beta. The traditional version of CAPM is represented by
21 the formula:

$$[10] \quad k = R_f + \beta(R_m - R_f)$$

23 where k is the expected return, R_f is the risk-free rate (or zero beta asset), R_m is the
24 market return, $(R_m - R_f)$ is the market risk premium, and β is beta.

25
26 ²⁴ CPUC Decision 02-11-027 at p. 20.

1
2
3 **Q. What is beta and what does it estimate?**

4 A. Beta is a measure of the relative risk of a security in relation to the market. In other
5 words, it is a measure of the sensitivity of a security to the market. This sensitivity
6 is also known as systematic risk. It is estimated by regressing a security's excess
7 returns against a market portfolio's excess returns. The slope of the regression line
8 is beta.

9 Beta for the market is 1.0. A security with a beta greater than 1.0 is considered
10 riskier than the market. A security with a beta less than 1.0 is considered less risky
11 than the market.

12 **Q. Are there any concerns about applying the traditional CAPM to utility stocks?**

13 A. Yes, because the mechanical application of the model often produces unreasonable
14 results. The traditional CAPM only captures a single measure of systematic risk as
15 measured by beta, but there are other forms of systematic risk priced by the market.
16 Size is one such risk. A size premium is necessary because the empirical evidence
17 indicates that beta alone does not measure the risk of smaller companies.²⁵
18 Additionally, there are computational problems surrounding beta since it depends on
19 the return data, the period used, its duration, the choice of the market index, and
20 whether annual, monthly, or weekly return figures are used. Betas are estimated with
21 error. Based on empirical evidence, high betas will tend to have a positive error (risk
22 is overestimated) and low betas will have a negative error (risk is underestimated).²⁶
23
24

25 ²⁵ Duff & Phelps 2018 Valuation Handbook, Chapter 2, p. 7.

26 ²⁶ Fama, Eugene F. and Kenneth R. French, "The Capital Asset Pricing Model: Theory and Evidence,"
Journal of Economic Perspectives, Summer 2004, pp. 25-46.

1 **Q. Are there alternatives to the traditional CAPM?**

2 A. Yes, alternative versions of the CAPM have been developed that provide more robust
3 explanations of returns required by investors. A version of the CAPM called the
4 Empirical CAPM or ECAPM was developed to recognize that estimations of R_f are
5 higher than the return on long-term Treasuries. Dr. Roger Morin discusses ECAPM
6 at pages 220-223 of his book, *Modern Regulatory Finance*. The ECPAM is
7 represented as follows:

$$8 \quad [11] \quad k = R_f + .25(R_m - R_f) + .75\beta(R_m - R_f)$$

9 The ECAPM was developed from the empirical findings that show the slope
10 of the CML is flatter and the risk-free rate is at a higher point than predicted by the
11 pure CAPM. The ECAPM has been shown to do a better job at predicting market
12 returns.

13 *Kroll* also suggests a version of the CAPM in which a size premium is
14 included.²⁷ This modified CAPM or MCAPM is represented as follows:

$$15 \quad [12] \quad k = R_f + \beta(R_m - R_f) + RP_s$$

16 where k is the expected return, R_f is the risk-free rate (or zero beta asset), R_m is the
17 market return ($R_m - R_f$), is the market risk premium, β is beta, and RP_s is the size
18 premium. Both the ECAPM and MCAPM recognize the pure CAPM is incomplete
19 and does not fully account for the higher returns that are needed on smaller company
20 stocks. In other words, the higher risks associated with smaller firms are not fully
21 accounted for by beta.²⁸

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26 ²⁷ *Duff & Phelps 2018 Valuation Handbook*, Chapter 2, p. 14.

²⁸ Morningstar, *Ibbotson SBBI 2013 Valuation Yearbook* ("Morningstar"), pp. 85-88.

1 **Q. Excuse me, Mr. Bourassa, but were these alternative RP methods developed by**
2 **the regulated utility industry because the CAPM was resulting in lower returns**
3 **than shareholders desired??**

4 A. No. There were developed to address the shortcomings of the traditional CAPM.

5 **Q. Thank you. Is firm size a unique or non-systematic risk?**

6 A. No, firm size is a systematic risk factor and is an adjustment to the pure CAPM.²⁹
7 Putting aside the empirical financial data, the need for a risk premium for size makes
8 sense. Firm size is a significant element of business risk for which investors expect
9 to be compensated through greater returns. As discussed earlier, smaller companies
10 are simply less able to cope with significant events that impact sales, revenues, and
11 earnings. For example, smaller companies face more risk exposure to business
12 cycles and economic conditions, both nationally and locally. Additionally, the loss
13 of revenues from a few larger customers would have a greater effect on a small entity
14 than on a much larger entity with a larger, more diverse, customer base. Moreover,
15 smaller companies are generally less diverse in their operations and have less
16 financial flexibility.

17 **Q. But aren't the Applicants owned by a shareholder with significant financial**
18 **holdings?**

19 A. That is not relevant. Rate cases require us to determine the cost of capital for the regulated
20 utility. This is not about the investor.

21 **Q. Thank you. Did you employ either of these alternative CAPMs (equations [11]**
22 **and [12] as part of your analysis?**

23 A. Yes. I employed all three versions of the CAPM to estimate the cost of equity for
24 the proxy group, which does mitigate my concerns about the traditional CAPM.

25 ²⁹ Pratt, Shannon P. and Roger J. Grabowski, *Cost of Capital: Applications and Examples* (John Wiley and
26 Sons, 4th Ed. 2010) p. 56.

1 **Q. What is the risk-free-rate (R_f)?**

2 A. It is the return on an investment with no risk. The U.S. Treasury rate serves as the
3 basis for the risk-free rate because the yields are directly observable in the market
4 and are backed by the U.S. government. Practically speaking, short-term rates are
5 volatile, fluctuate widely and are subject to more random disturbances than long-
6 term rates. In short, long-term Treasury rates are preferred for these reasons and
7 because long-term rates are more appropriately matched to securities with an
8 indefinite life or long-term investment horizon.

9 **Q. What did you use as the risk-free rate (R_f)?**

10 A. I used the expected U.S. Long-term Treasury rate for 2027-2029 as the basis for the
11 risk-free rate. Since the cost of capital is an opportunity cost and is prospective,
12 it necessarily requires the use of a forward-looking bond yield. Economists expect
13 the long-term U.S. Treasury yields to be 4.70% in 2027-2029 timeframe as shown
14 in Table 7.

15 **Q. Why do you use long-term U.S. Treasury bond yields?**

16 A. The yields on long-term Treasury bonds match more closely with the perpetual
17 nature of common stock investments.³⁰ In addition, short-term rates are more
18 volatile, fluctuate widely and are subject to more random disturbances than long-
19 term rates. Long-term Treasury rates are more appropriately matched to securities
20 with an indefinite life or long-term investment horizon. For these reasons, long-term
21 rates are preferred.

22 **Q. What do you use as the proxy of the beta in the CAPM?**

23 A. For the CAPM and ECAPM, I used the average beta of the sample water utility
24 companies. These betas were obtained from *Value Line Investment Analyzer*
25 (weekly data as of May 12, 2026). *Value Line* is the source for estimated betas that

26 ³⁰ Morin, p. 112.

1 I regularly employ. The average *Value Line* beta for my proxy group as shown on
2 Table 2 is 0.77.

3 For the MCAPM, I use sum beta. Sum beta is an alternative method of
4 computing betas. Since the *Kroll* size premiums are derived using sum beta, I use
5 sum beta to be internally consistent with the size risk premiums for the proxy group
6 derived from the *Kroll* 2024 Size Study. I computed the sum beta over a 60-month
7 period (five years) and use the S&P 500 as the market index. Weekly data over a 5-
8 year period is the same period used to estimate beta by *Value Line*. However, *Value*
9 *Line* uses the NYSE as the market index.

10 I should note that because the Applicants are not publicly traded, the
11 Applicants has no beta. It is likely that the Applicants, if publicly traded, would
12 have a higher *Value Line* beta and sum beta than the sample utility companies.
13 *Morningstar* reports that when betas (a measure of market risk) are properly
14 estimated, betas are greater for small companies than for larger companies.³¹
15 *Morningstar* also finds that, even after accounting for differences in beta risk, small
16 firms require an additional risk premium over and above the added risk premium
17 indicated by differences in beta risk.

18 **Q. Please explain the market risk premium.**

19 A. The market-risk premium ($R_m - R_f$) is the return an investor expects to receive as
20 compensation for market risk. It is the expected market return minus the risk-free
21 rate. Approaches for estimating the market risk premium can be historical or
22 prospective.

23 Since expected returns are not directly observable, historical realized returns
24 are often used as a proxy for expected returns on the basis that the historical market
25

26 ³¹ *Morningstar*, Chapter 7.

1 risk premium follows what is known in statistics as a “random walk.” If the historical
2 risk premium does follow the random walk, then one should expect the risk premium
3 to remain at its historical mean. Based on this, the best estimate of the future market
4 risk premium is the historical mean. *Kroll* provides historical market returns for
5 various asset classes from various historical time periods. This publication also
6 provides market risk premiums over U.S. Treasury bonds, which makes it an
7 excellent source for historical market risk premiums.

8 A current market risk premium estimation approach necessarily requires
9 examining the returns expected from common equities and bonds. One method
10 employs application of the DCF model to a representative market index such as the
11 *Value Line* 1700 stocks. The expected return from the DCF is measured for a number
12 of periods of time, and then subtracted from the prevailing risk-free rate for each
13 period to arrive at market risk premium for each period. The market risk premium
14 that is subsequently employed in the CAPM is the average market risk premium of
15 the overall period.

16 **Q. How did you estimate the market risk premium for use in the CAPM models?**

17 A. For the traditional CAPM and ECAPM, I averaged two market risk premium
18 estimates: an average of an historical market risk premium (1926-2025) and a current
19 market risk premium. For the MCAPM, I used a historical market risk premium
20 (1963-2025) and a current market risk premium.

21 For the historical market risk premiums, I used the *Kroll* provided measure of
22 the average premium of the market over long-term treasury securities from 1926
23 through 2025 and 1963 through 2025, both of which use the S&P 500 market index
24 (which is considered a large-cap index). The average historical market risk premium
25 over long-term treasury securities is 7.36% for the 1926 to 2025 period and 6.18%
26 for the 1963 through 2025 period.

1 For the current market risk premium, I derived a market risk premium by first
2 using the DCF model to compute an expected market return for each of the past
3 12 months using *Value Line's* projections of the average dividend yield for the
4 dividend yield in the DCF and an average of the median EPS, DPS and BVPS growth
5 on the *Value Line* 1700 stocks. I then subtracted the historical monthly average 30-
6 year Treasury yield for each month from the expected market returns to arrive at the
7 expected market risk premiums. Finally, I averaged the computed market risk
8 premiums to determine the current market risk premium for the last 12 months, nine
9 months, six months, three months, and the median of the last 12 months. The data
10 and computations are shown on Table 10. The recent 12-month average current
11 market risk premium is 5.95%. Estimates of the current market risk premium have
12 ranged from 5.50% to 6.01% over the past 12 months. My recommended market
13 risk premium is based on the median estimate for the last three months of 5.86%.

14 **Q. Is there an alternative way to estimate the current market risk premium?**

15 A. Yes. The *Value Line* Investment Survey - Summary and Index, published weekly,
16 provide a median dividend yield and median price appreciation potential for the
17 Value Line universe of stocks. The May 15, 2026 edition shows a 3% median
18 dividend yield of 2.0% and a median 3-5 year price appreciation potential of 45%
19 which indicated a 11.73% market return.³² Subtracting the 30-year U.S. Treasury
20 yield as of May 15, 2026 of 5.12% produces a market risk premium of 6.61%
21 (11.75% - 5.12%). The 6.61% market risk premium is higher than my estimate of
22 5.86%.

23
24
25
26 ³² The annual price growth is $9.73\% = ((1+45\%)^{(1/4)})-1$. Adding the 9.73% to the 2.0% median dividend yield results in an 11.73% market return.

1 **Q. Why use two different historical risk premium estimates?**

2 A. I have typically used a historical market risk premium (1926-most recent full year)
3 in my CAPM and ECAPM. I concur with *Morningstar*, which recommends use of
4 a historical market risk premium based upon the longest period practicable.³³ The
5 *Kroll* Risk Premium Report size and risk premiums are calculated over the time
6 horizon 1963 – most recent full year so I used the historical market risk premium for
7 this period for the MCAPM.

8 **Q. How did you estimate the size premium for the proxy group?**

9 A. *Kroll's* Size Study categorizes companies by eight measures of size, breaking down
10 the NYSE universe of companies into 25 size-ranked portfolios.³⁴ The Size Study
11 provides two ways to match a company's size (or risk) characteristics to the
12 appropriate size (or risk) premium – a guideline portfolio method and a regression
13 equation method. I used the regression equation method to find the CAPM size risk
14 premium for each of the publicly traded utilities in the proxy group for six measures
15 of size (namely, market value of equity, book equity, market value of invested
16 capital, 5-year average of net income, total assets, and earnings before interest, taxes,
17 depreciation and amortization).³⁵ I determined the average size premium of all size
18 measures for the proxy group and then adjusted the average size premium to reflect
19 the lower risk of the proxy group compared to the companies that make up the
20 respective size-ranked portfolios. This comparative risk study uses the fundamental
21 measures of risk (operating margin, coefficient of variation in operating income, and
22 coefficient of variation in return on book equity) to gauge how alike or different the

23 ³³ *Morningstar* at 59.

24 ³⁴ The size measures include: 1) Market Capitalization; 2) Book Value of Equity; 3) 5-year Average Net
25 Income; 4) Market Value of Invested Capital; 5) Total Assets; 6) 5-year Average Earnings Before Interest,
Taxes, Depreciation and Amortization (“EBITDA”); 7) Sales; and 8) Number of Employees. See *2018*
Valuation Handbook, Chapter 7, p. 6.

26 ³⁵ *Kroll Cost of Capital Navigator*, 2023 Supplementary Size Study data and 2023 Supplementary Data
Regression Equations.

1 proxy group is compared to the companies that make up the size-ranked portfolios
2 in the Size Study. In the instant case, the estimated reduction in risk is -1.00%. Thus,
3 the market risk premium for size for the proxy group is 2.51% (3.51% - 1.00%)
4 (rounded).³⁶

5 **Q. What are the results of your CAPM analyses?**

6 A. In Table 11, the traditional CAPM produces an indicated cost of equity of 9.80%.
7 The ECAPM produces an indicated cost of equity of 10.20%. The MCAPM
8 produces an indicated cost of equity of 11.7%. The average of these three methods
9 is 10.60%. The indicated cost of equity for the Applicants is 10.60%.

10 **VI. REQUIRED RISK PREMIUM FOR THE APPLICANTS.**

11 **Q. Please discuss your recommended risk premium for the applicants.**

12 A. As I testified earlier, the Applicants are not directly comparable to the publicly traded
13 water/wastewater and gas utilities in my proxy group. The characteristics associated
14 with small size, such as the lack of diversification, limited revenue and cash flow,
15 relatively small customer base, lack of investment liquidity, and earnings volatility,
16 increase the risk faced by smaller water and wastewater utilities over the risk
17 associated with the proxy group.

18 **Q. Please discuss firm size risk for small utilities.**

19 A. Investment risk increases as the firm size decreases, all else remaining constant.
20 There is a great deal of empirical evidence that the firm size phenomenon exists.
21 *Morningstar* reports that smaller companies have experienced market higher returns
22 that are not fully explainable by their higher betas, and that beta is inversely related
23 to firm size. In other words, smaller companies not only have higher betas, but also
24 higher market returns than larger ones. Even after accounting for differences in beta
25 risk, small companies require an additional risk premium over and above the added

26 ³⁶ See Exhibit TJB-COC-DT2, at page 2 of 5.

1 risk premium indicated by differences in beta risk. Dr. Thomas M. Zepp has also
2 reported evidence that the investment in stocks of small water or wastewater utilities
3 are riskier than the stocks of larger water utilities, such as those in the water utilities
4 sample.³⁷ Additionally, the CPUC published a study that showed smaller water
5 utilities are more risky than larger ones.³⁸ Based on the evidence, it is clear that
6 investors require higher returns on small company stocks than on large company
7 stocks.

8 **Q. Please explain the comparative risk study you prepared to develop a risk**
9 **premium for the Applicants.**

10 A. The comparative risk study I prepared for the Applicants are attached as
11 Exhibits TJB-COC-DT2. To conduct my comparative risk study, I started by
12 computing the 5-year historical operating margin, coefficient of variation of
13 operating margin, and coefficient of variation of ROE for Applicants. Operating
14 margin is a measure of profitability. The co-efficient of variation of operating
15 margin and ROE are measures of earnings variability. All three of these metrics are
16 highly correlated with size and risk.

17 **Q. These are the metrics you discussed earlier in your testimony?**

18 A. Yes, on pages 21-23.

19 **Q. Thank you. Please continue.**

20 A. Next, I cross-referenced these metrics with data from *Kroll Cost of Capital*
21 *Navigator* Supplementary Data - Risk Study and identified the corresponding market
22 portfolio beta for the Applicants and for the proxy group.³⁹ I then computed the
23 relative difference in betas between the Applicants and the proxy group. Assuming

24 ³⁷ Zepp, Thomas M., "Utility Stocks and the Size Effect – Revisited," *The Quarterly Review Economics*
25 *and Finance*, Vol. 43, Issue 3, Autumn 2003, pp. 578-582.

26 ³⁸ Staff Report on Issues Related to Small Water Utilities, June 10, 1991 and CPUC Decision 92-03-093.

³⁹ *Kroll Cost of Capital Navigator*, 2024 Supplementary Data - Risk Study. *See also* page 3 of Exhibit TJB-COC-DT3.

1 that the relative difference in the market portfolio beta for the publicly traded
2 companies is the same for publicly traded water/wastewater and gas utilities, I then
3 computed implied betas for the Applicants using the relative difference in portfolio
4 betas.⁴⁰ Finally, I used the CAPM methods to compute the indicated cost of equity
5 for each utility and compared the results to the CAPM results for the proxy group.⁴¹
6 Based upon this analysis, I conclude the indicated risk premium for the Applicants
7 are in the range of 50 bps to 70 bps with a midpoint of 60 bps.⁴²

8 **Q. What risk premium over the proxy group results do you recommend?**

9 A. I do not recommend a business risk premium for the Applicants at this time because
10 the Applicants have decided to forego seeking an ROE higher than that of the proxy
11 group, in order to limit the rate increase.

12 **VII. SUMMARY AND CONCLUSIONS.**

13 **Q. Please provide an overview of your recommendations.**

14 A. I recommend the Commission adopt the four-step method I presented above to
15 determine the ROE for the Applicants .

16 In the first step, an average of costs of equity for a sample of 14 publicly traded
17 utilities is determined with the DCF model and several RP models including
18 variations of the CAPM.

19 In the second step, a business risk premium for Applicants is determined to
20 reflect its higher risks. Quantitative evidence based on differences in the Applicants'
21 business risk metrics compared to the benchmark proxy group justifies a risk
22 premium in the range of 50 bps to 70 bps for the Applicants. However, as discussed
23 above, I do not recommend a risk premium for the Applicants.

24 In the third step, equity costs from step one and the risk premium from step

25 ⁴⁰ See page 3 of Exhibit TJB-COC-DT3.

26 ⁴¹ See page 4 of Exhibit TJB-COC-DT3.

⁴² See Exhibit TJB-COC-DT2, page 4.

1 two are combined to determine a fair ROE for Applicants of 10.60%. I recommend
2 the Commission adopt a ROE for the Applicants of no less than 10.60%.

3 **Q. Does that conclude your cost of capital direct testimony?**

4 A. Yes.

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Liberty Utilities
Table 1
Summary of Results

Line No.		<u>Indicated</u> <u>Cost of Equity for</u> <u>Proxy Group</u>	<u>Indicated</u> <u>Cost of Equity for</u> <u>Company¹</u>
1	DCF Constant Growth - Table 6	10.60%	10.60%
2	Risk Premium - Table 8	10.52%	10.52%
3	Risk Premium - Table 9	10.80%	10.80%
4	CAPM - Table 10	10.60%	10.60%
5	Average (rounded)	10.60%	10.60%
6	Cost of Equity Recommendation		10.60% ²

Notes:

¹ Estimates include an equity risk premium of 0 basis points. See testimony.
and a financial risk adjustment of 0 basis points. See testimony.

² See testimony.

Liberty Utilities
Table 2
Selected Characteristics of Sample Group of Water Utilities

Line			Operating	Net	S&P	Moody's				Market	
No.	Company	Symbol	Revenues (millions) ¹	Plant (millions) ¹	Bond Rating ²	Bond Rating ²	Number of Customers ³	Value Line Beta ¹	Sum Beta ⁴	Capitalization ¹ (millions)	Size Decile
1	American States Water	AWR	595.5	2,100	A	A2	287,970	0.70	0.74	\$ 2,972.4	Low-Cap
2	California Water	CWT	1,036.8	4,135	A+	NR	553,000	0.75	0.71	2,575.5	Low-Cap
3	Middlesex	MSEX	194.7	1,162	A	NR	124,200	0.75	0.69	952.6	Low-Cap
4	H2O America	HTO	800.6	3,923	A-	NR	388,000	0.75	0.70	2,410.0	Low-Cap
5	York Water Company	YORW	77.5	570	A-	NR	76,731	0.70	0.73	470.2	Micro-Cap
6	Atmos Energy	ATO	4,702.8	25,293	A-	A2	3,300,000	0.75	0.74	30,566.5	Large-Cap
7	Chesapeake Utilities	CPK	930.0	3,118	NR	Baa3	450,000	0.75	0.66	3,018.6	Low-Cap
8	New Jersey Resources	NJR	2,036.4	5,810	NR	NR	583,000	0.75	0.77	5,536.6	Mid-Cap
9	NiSource Inc.	NI	6,642.2	28,688	NR	Baa2	3,792,690	0.85	0.79	22,774.3	Large-Cap
10	Northwest Natural	NWN	1,289.4	4,420	A+	NR	800,000	0.75	0.67	2,047.6	Low-Cap
11	ONE Gas Inc.	OGS	2,427.4	7,122	A-	A3	2,000,000	0.75	0.72	5,397.6	Mid-Cap
12	Southwest Gas	SWX	1,940.4	8,691	BBB	Baa2	2,300,000	0.80	0.79	6,573.1	Mid-Cap
13	Spire Inc.	SR	2,476.4	6,757	BBB+	NR	1,700,000	0.75	0.74	5,094.7	Mid-Cap
14	UGI Corp.	UGI	7,287.0	9,080	NR	A3	1,500,000	1.00	0.90	7,527.3	Mid-Cap
15	Average		\$ 2,316.9	\$ 7,919.1			788,317	0.77	0.74	\$ 6,994.1	
16	Liberty Utilities (Gold Canyon Sewer and Black Mountain Sewer)		\$ 7.9	\$ 25.5			10,950	Implied ⁵ 0.91	Implied ⁵ 0.88	N/A	

Notes:

¹ Value Line Analyzer Data (Weekly as of May 6, 2026)

² S&P and/or Moody's Website

³ Most recent annual report or 10-K or Value Line Rating and Reports

⁴ See workpapers.

⁵ See Exhibit TJB-COC-DT2, page 4

Liberty Utilities
Table 3
Capital Structures

Line No.	Company	Symbol	Book Value ¹		Market Value ¹	
			Long-Term Debt	Common Equity	Long-Term Debt	Common Equity
1	American States Water	AWR	46.6%	53.4%	21.3%	78.7%
2	California Water	CWT	40.3%	59.7%	30.0%	70.0%
3	Middlesex	MSEX	43.6%	56.4%	28.6%	71.4%
4	H2O America	HTO	54.8%	45.2%	43.6%	56.4%
5	York Water Company	YORW	48.1%	51.9%	32.1%	67.9%
6	Atmos Energy	ATO	39.8%	60.2%	22.7%	77.3%
7	Chesapeake Utilities	CPK	45.4%	54.6%	30.5%	69.5%
8	New Jersey Resources	NJR	57.6%	42.4%	37.0%	63.0%
9	NiSource Inc.	NI	62.1%	37.9%	40.4%	59.6%
10	Northwest Natural	NWN	61.4%	38.6%	53.4%	46.6%
11	ONE Gas Inc.	OGS	40.6%	59.4%	30.4%	69.6%
12	Southwest Gas	SWX	46.4%	53.6%	34.3%	65.7%
13	Spire Inc.	SR	51.7%	48.3%	39.8%	60.2%
14	UGI Corp.	UGI	57.8%	42.2%	46.5%	53.5%
15	Average		49.7%	50.3%	35.0%	65.0%
16	Liberty Utilities		46.0%	54.0%	N/A	N/A

¹ Value Line Analyzer Data (Weekly as of May 6, 2026)

Liberty Utilities
Table 4
Comparisons of Past and Future Estimates of Growth

Line			[1]	[2]	[3]	[4]	[5]
			Five-year historical annual changes				Historical
<u>No.</u>	<u>Company</u>	<u>Symbol</u>	Stock <u>Price</u> ¹	Book <u>Value</u> ²	<u>EPS</u> ²	<u>DPS</u> ²	<u>Col. 1-4</u>
1	American States Water	AWR	-0.40%	7.00%	8.00%	9.00%	5.90%
2	California Water	CWT	-2.60%	10.50%	8.00%	7.00%	5.72%
3	Middlesex	MSEX	-1.44%	7.00%	1.50%	6.00%	3.26%
4	York Water Company	YORW	-6.62%	9.00%	5.50%	4.00%	2.97%
5	Atmos Energy	ATO	12.43%	10.00%	9.50%	9.00%	10.23%
6	Chesapeake Utilities	CPK	7.17%	11.50%	7.00%	9.50%	8.79%
7	New Jersey Resources	NJR	8.57%	4.50%	6.00%	7.50%	6.64%
8	NiSource Inc.	NI	14.66%	7.50%	6.00%	5.50%	8.41%
9	Northwest Natural	NWN	4.82%	4.50%	1.50%	0.50%	2.83%
10	ONE Gas Inc.	OGS	4.12%	5.00%	3.50%	5.50%	4.53%
11	Southwest Gas	SWX	6.12%	2.00%	-6.50%	2.50%	1.03%
12	Spire Inc.	SR	7.83%	3.00%	6.00%	5.00%	5.46%
13	UGI Corp.	UGI	11.98%	1.00%	3.50%	5.00%	5.37%
14	GROUP AVERAGE		5.13%	6.35%	4.58%	5.85%	5.47%

			[1]	[2]	[3]	[4]	[5]
			Ten-year historical average annual changes				Historical
	<u>Company</u>	<u>Symbol</u>	Stock <u>Price</u> ¹	Book <u>Value</u> ²	<u>EPS</u> ²	<u>DPS</u> ²	<u>Col. 1-4</u>
15	American States Water	AWR	8.09%	5.50%	8.50%	6.50%	7.15%
1	California Water	CWT	8.21%	7.50%	5.00%	6.50%	6.80%
2	Middlesex	MSEX	10.24%	7.50%	5.50%	7.00%	7.56%
3	York Water Company	YORW	4.86%	7.00%	4.00%	5.50%	5.34%
4	Atmos Energy	ATO	12.72%	10.00%	8.00%	9.00%	9.93%
5	Chesapeake Utilities	CPK	9.46%	11.00%	8.50%	8.00%	9.24%
6	New Jersey Resources	NJR	7.76%	6.50%	7.00%	5.50%	6.69%
7	NiSource Inc.	NI	11.23%	1.00%	1.00%	3.00%	4.06%
8	Northwest Natural	NWN	6.87%	2.00%	0.50%	1.50%	2.72%
9	ONE Gas Inc.	OGS	9.24%	0.00%	0.00%	0.00%	2.31%
10	Southwest Gas	SWX	7.22%	4.50%	5.50%	-0.50%	4.18%
11	Spire Inc.	SR	7.74%	4.00%	5.50%	5.00%	5.56%
12	UGI Corp.	UGI	9.86%	3.00%	6.50%	5.50%	6.21%
12	GROUP AVERAGE		8.73%	5.35%	5.04%	4.81%	5.98%

			[1]	[2]	[3]	[4]
			Value Line Projected EPS	Zack's Projected EPS	Stock Analysis.com Projected EPS	Average Projected
	<u>Company</u>	<u>Symbol</u>	<u>Growth</u> ²	<u>Growth</u> ³	<u>Growth</u> ⁴	<u>Growth</u>
13	American States Water	AWR	7.00%	6.90%	7.97%	7.29%
14	California Water	CWT	6.50%	10.60%	9.30%	8.80%
15	Middlesex	MSEX	8.00%	NA	10.70%	9.35%
16	H2O America	H2O	5.00%	3.30%	9.10%	5.80%
17	York Water Company	YORW	ND	NA	11.67%	ND
18	Atmos Energy	ATO	8.00%	6.80%	8.50%	7.77%
19	Chesapeake Utilities	CPK	8.00%	NA	8.94%	8.47%
20	New Jersey Resources	NJR	5.00%	NA	5.78%	5.39%
21	NiSource Inc.	NI	7.50%	6.10%	9.08%	7.56%
22	Northwest Natural	NWN	6.00%	NA	6.84%	6.42%
23	ONE Gas Inc.	OGS	6.00%	6.20%	7.14%	6.45%
24	Southwest Gas	SWX	NM	9.90%	4.28%	7.09%
25	Spire Inc.	SR	8.50%	11.80%	10.58%	10.29%
26	UGI Corp.	UGI	6.00%	NA	8.28%	7.14%
18	GROUP AVERAGE		6.79%	7.70%	8.44%	7.52%

Notes:

¹ Avg.growth in stock prices ending December 31 through 2025. Data from Yahoo Finance website.

² Value Line Analyzer, weekly as of May 6, 2026.

³ Zack's Investment Research website May 12, 2026.

⁴ StockAnalysis.com website May 12, 2026.

Liberty Utilities
Table 5
Current Dividend Yields for Water Utility Sample Group

Line			[1]	[2]	[3]	[4]
			Stock	Current	Current	Average
<u>No.</u>	<u>Company</u>	<u>Symbol</u>	<u>Price (P₀)¹</u>	<u>Dividend (D₀)¹</u>	<u>Yield (D₀/P₀)</u>	<u>Dividend</u> <u>Yield (D₀/P₀)^{1,2}</u>
1	American States Water	AWR	77.69	1.79	2.30%	2.30%
2	California Water	CWT	43.44	1.12	2.58%	2.25%
3	Middlesex	MSEX	51.93	1.38	2.66%	2.50%
4	H2O America	HTO	57.26	1.68	2.93%	3.32%
5	York Water Company	YORW	29.58	0.89	3.01%	2.75%
6	Atmos Energy	ATO	181.94	3.48	1.91%	2.30%
7	Chesapeake Utilities	CPK	126.15	2.65	2.10%	2.10%
8	New Jersey Resources	NJR	56.96	1.83	3.21%	3.88%
9	NiSource Inc.	NI	47.19	1.12	2.37%	2.76%
10	Northwest Natural	NWN	50.16	1.96	3.91%	4.61%
11	ONE Gas Inc.	OGS	84.78	2.68	3.16%	3.54%
12	Southwest Gas	SWX	89.87	2.48	2.76%	3.26%
13	Spire Inc.	SR	86.58	3.14	3.63%	4.31%
14	UGI Corp.	UGI	33.00	1.50	4.55%	4.71%
15	GROUP AVERAGE				2.93%	3.19%

Notes:

¹ Stock prices as of May 12, 2026. Indicated dividend from Value Line Analyzer weekly as of May 6, 2026.

² Average Annual Dividend is dividends declared per share for a year divided by the average annual price of the stock in the same year, expressed as a percentage. As report by Value Line Analyzer software. For comparison purposes only.

Liberty Utilities
Table 6
Discounted Cash Flow Analysis
DCF Constant Growth

Line No.	Company	Symbol	[1]	[2]			[3]			[4]	[5]
			Dividend Yield (D_0/P_0) ¹	Expected Dividend Yield (D_1/P_0) ²			Average Projected Growth (g) ³			Indicated Cost of ROE k=Div Yld + g (Cols 2+3)	Adjusted Indicated Cost of Equity (COE) ⁴ k=Div Yld + g (Cols 2+3)
1	American States Water	AWR	2.30%	2.39%	+		7.29%	=		9.68%	9.68%
2	California Water	CWT	2.58%	2.69%	+		8.80%	=		11.49%	11.49%
3	Middlesex	MSEX	2.66%	2.78%	+		9.35%	=		12.13%	12.13%
4	H2O America	HTO	2.93%	3.02%	+		5.80%	=		8.82%	8.82%
5	York Water Company	YORW	3.01%	NM	+		ND	=		NM	NM
6	Atmos Energy	ATO	1.91%	1.99%	+		7.77%	=		9.75%	9.75%
7	Chesapeake Utilities	CPK	2.10%	2.19%	+		8.47%	=		10.66%	10.66%
8	New Jersey Resources	NJR	3.21%	3.30%	+		5.39%	=		8.69%	8.69%
9	NiSource Inc.	NI	2.37%	2.46%	+		7.56%	=		10.02%	10.02%
10	Northwest Natural	NWN	3.91%	4.03%	+		6.42%	=		10.45%	10.45%
11	ONE Gas Inc.	OGS	3.16%	3.26%	+		6.45%	=		9.71%	9.71%
12	Southwest Gas	SWX	2.76%	2.86%	+		7.09%	=		9.94%	9.94%
13	Spire Inc.	SR	3.63%	3.81%	+		10.29%	=		14.11%	14.11%
14	UGI Corp.	UGI	4.55%	4.71%	+		7.14%	=		11.85%	11.85%
15	Average		2.93%	3.04%			7.52%			10.60%	
16	Adjusted Average ⁴										10.60%

Notes:

¹ Spot Dividend Yield = D_0/P_0 . Source Table 5.

² Expected Dividend Yield = $D_1/P_0 = D_0/P_0 * (1+g/2)$.

³ Average Analyst Growth rate (g). Source Table 4.

⁴ Excluded because results are less than projected Baa bond yields pl 100 basis points or 7.20% . See Testimony.

Liberty Utilities
Table 7
Forecasts of Long-Term Interest Rates

Line No.		<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>3-year Average</u>
1	Long-term Treasury Rates				
2	Blue Chip Consensus Forecasts ¹	4.8%	4.6%	4.6%	
3					
4	Average	4.8%	4.6%	4.6%	4.7%
5	Aaa Corporate Bonds				
6	Blue Chip Consensus Forecasts ¹	5.2%	5.2%	5.2%	
7					
8	Average	5.2%	5.2%	5.2%	5.2%
9	Baa Corporate Bonds				
10	Blue Chip Consensus Forecasts ¹	6.1%	6.2%	6.2%	
11					
12	Average	6.1%	6.2%	6.2%	6.2%

Notes:

¹ Blue Chip Consensus Forecasts Dec. 1, 2025.
Blue Chip Consensus Forecasts May 1, 2026

Liberty Utilities
Table 8
Risk Premium Analysis Based on Authorized Returns

Line		Authorized Gas Return ¹	LT Treasury Bond Yield ²	Risk Premium		
No.						
1	1986	13.46%	7.78%	5.68%		
2	1987	12.74%	8.59%	4.15%		
3	1988	12.85%	8.96%	3.89%		
4	1989	12.88%	8.45%	4.43%		
5	1990	12.67%	8.61%	4.06%		
6	1991	12.46%	8.14%	4.32%		
7	1992	12.01%	7.67%	4.34%		
8	1993	11.35%	6.59%	4.76%		
9	1994	11.35%	7.37%	3.98%		
10	1995	11.43%	6.88%	4.55%		
11	1996	11.19%	6.71%	4.48%		
12	1997	11.29%	6.61%	4.68%		
13	1998	11.51%	5.72%	5.79%		
14	1999	10.66%	5.87%	4.79%		
15	2000	11.39%	5.94%	5.45%		
16	2001	10.95%	5.49%	5.46%		
17	2002	11.03%	5.43%	5.60%		
18	2003	10.99%	5.05%	5.94%		
19	2004	10.59%	5.12%	5.47%		
20	2005	10.46%	4.56%	5.90%		
21	2006	10.40%	4.91%	5.49%		
22	2007	10.22%	4.84%	5.38%		
23	2008	10.39%	4.28%	6.11%		
24	2009	10.22%	4.08%	6.14%		
25	2010	10.15%	4.25%	5.90%		
26	2011	9.82%	3.91%	5.91%		
27	2012	9.84%	2.92%	6.92%		
28	2013	9.68%	3.45%	6.23%		
29	2014	9.78%	3.34%	6.44%		
30	2015	9.60%	2.84%	6.76%		
31	2016	9.54%	2.59%	6.95%		
32	2017	9.72%	2.90%	6.83%		
33	2018	9.59%	3.11%	6.48%		
34	2019	9.71%	2.58%	7.13%		
35	2020	9.46%	1.56%	7.90%		
36	2021	9.56%	2.06%	7.50%		
37	2022	9.53%	3.11%	6.42%		
38	2023	9.60%	4.09%	5.51%		
39	2024	9.71%	4.41%	5.30%		
40	Averages	11.3%	5.2%	5.62%		
41	<u>Regression Formula</u>					
42						
43		Risk premium =	Intercept	x	Coefficient	Expected Bond
44		5.82%	0.080423		-0.47275	Yield ³
45		R ² = 0.869				4.70%
46						
47			Estimate of Current Risk Premium			5.82%
			Projected Returns on Equity for Sample			10.52%

Notes:

¹ Authorized Returns for Gas Distribution Utilities. Source: S&P Capital IQ.

² Average annual 30 Yr. U.S. Treasury Bond yields as reported by the Federal Reserve.
Proxy for yields from 2003-2005 are based upon 20-year U.S. Treasury yield.

³ Forecast LT U.S. Treasury Rate. Source Table 7.

Liberty Utilities
Table 9
Risk Premium Analysis Based on Total Returns S&P 500 Utility Index

Line No.		S&P 500 Utility Index Return ¹	LT Treasury Bond Yield ²	LT Treasury Bond Return ³	Risk Premium Over Bond Returns
1	1977	8.64%	7.75%	1.81%	6.83%
2	1978	-3.71%	8.49%	0.74%	-4.45%
3	1979	13.58%	9.28%	1.42%	12.16%
4	1980	15.08%	11.27%	-6.29%	21.37%
5	1981	11.74%	13.45%	-3.64%	15.38%
6	1982	26.52%	12.76%	18.37%	8.15%
7	1983	20.01%	11.18%	25.20%	-5.19%
8	1984	26.04%	12.41%	2.22%	23.82%
9	1985	33.05%	10.79%	25.49%	7.56%
10	1986	28.53%	7.78%	40.83%	-12.30%
11	1987	-2.92%	8.59%	0.16%	-3.08%
12	1988	18.27%	8.96%	5.20%	13.07%
13	1989	47.80%	8.45%	13.80%	34.00%
14	1990	-2.57%	8.61%	6.95%	-9.52%
15	1991	14.61%	8.14%	13.18%	1.43%
16	1992	8.10%	7.67%	12.87%	-4.77%
17	1993	14.41%	6.59%	19.49%	-5.08%
18	1994	-7.94%	7.37%	-1.44%	-6.50%
19	1995	42.15%	6.88%	12.61%	29.54%
20	1996	3.14%	6.71%	8.72%	-5.58%
21	1997	24.69%	6.61%	7.80%	16.89%
22	1998	14.82%	5.72%	17.05%	-2.23%
23	1999	-8.85%	5.87%	3.98%	-12.83%
24	2000	59.70%	5.94%	5.06%	54.64%
25	2001	-30.41%	5.49%	11.32%	-41.73%
26	2002	-30.04%	5.43%	6.21%	-36.25%
27	2003	26.11%	5.05%	10.15%	15.96%
28	2004	24.22%	5.12%	4.19%	20.03%
29	2005	16.79%	4.56%	12.37%	4.42%
30	2006	20.95%	4.91%	0.16%	20.79%
31	2007	19.36%	4.84%	5.79%	13.57%
32	2008	-28.99%	4.28%	12.27%	-41.26%
33	2009	11.91%	4.08%	6.98%	4.93%
34	2010	5.46%	4.25%	1.82%	3.64%
35	2011	19.91%	3.91%	8.91%	11.00%
36	2012	1.29%	2.92%	18.75%	-17.46%
37	2013	13.21%	3.45%	-4.65%	17.86%
38	2014	28.98%	3.34%	5.04%	23.94%
39	2015	-4.85%	2.84%	10.89%	-15.74%
40	2016	16.29%	2.59%	6.70%	9.59%
41	2017	12.11%	2.90%	-1.99%	14.10%
42	2018	4.11%	3.11%	-0.31%	4.42%
43	2019	26.35%	2.58%	11.35%	15.00%
44	2020	0.48%	1.56%	19.99%	-19.50%
45	2021	17.67%	2.06%	-6.57%	24.24%
46	2022	1.57%	3.11%	-13.40%	14.97%
47	2023	-8.83%	4.09%	-10.10%	1.27%
48	2024	23.43%	4.41%	-0.11%	23.54%
49	2025	16.04%	4.78%	-0.29%	16.33%
50	Average over 49 years	12.8%	6.2%	7.1%	5.3%
51		Expected Long-term Treasury Bond Rate ⁴			4.7%
52		Estimate of Current Risk Premium ⁵			6.1%
53		Projected Returns on Equity for Sample			10.8%

Notes:

¹ Total Returns from various sources including Standard and Poors website.

² Average annual 30 Yr. U.S. Treasury Bond yields as reported by the Federal Reserve.
Proxy for yields from 2003-2005 are based upon 20-year U.S. Treasury yield.

³ Computed total returns on bonds include income return and capital gains/loss.

⁴ Forecast LT U.S. Treasury Rate. Source Table 7.

⁵ As explained in testimony, adjustment assumes risk premiums change by 50% as much as interest rates.

Liberty Utilities
Table 10
Estimation of Current Market Risk Premium
Using DCF Analysis

Line		Dividend	Expected		Expected		Expected		Monthly Average		Expected
No.	Month	Yield (D_0/P_0) ¹	Dividend		Growth (g) ³	=	Market	-	30 Year	=	Market Risk
			Yield (D_1/P_0) ²	+			Return (k)		Treasury Rate ⁴		Premium (MRP)
13	Jan 2025	2.65%	2.85%	+	7.87%	=	10.72%	-	4.85%	=	5.87%
14	Feb	2.77%	3.01%	+	8.66%	=	11.66%	-	4.68%	=	6.98%
15	Mar	2.77%	3.01%	+	8.66%	=	11.66%	-	4.60%	=	7.06%
16	Apr	2.93%	3.18%	+	8.53%	=	11.71%	-	4.71%	=	7.00%
17	May	2.93%	3.18%	+	8.53%	=	11.71%	-	4.90%	=	6.81%
18	Jun	2.62%	2.82%	+	7.57%	=	10.39%	-	4.89%	=	5.50%
19	July	2.70%	2.90%	+	7.74%	=	10.65%	-	4.92%	=	5.73%
20	Aug	2.63%	2.84%	+	7.77%	=	10.61%	-	4.87%	=	5.74%
21	Sep	2.65%	2.85%	+	7.72%	=	10.58%	-	4.74%	=	5.84%
22	Oct	2.66%	2.87%	+	7.87%	=	10.74%	-	4.64%	=	6.10%
23	Nov	2.61%	2.82%	+	7.95%	=	10.76%	-	4.70%	=	6.06%
24	Dec	2.59%	2.80%	+	7.85%	=	10.65%	-	4.80%	=	5.85%
25	Jan 2026	1.61%	1.76%	+	9.09%	=	10.85%	-	4.84%	=	6.01%
26	Feb	2.43%	2.62%	+	7.82%	=	10.44%	-	4.76%	=	5.68%
27	Mar	2.55%	2.77%	+	8.33%	=	11.09%	-	4.85%	=	6.24%
28	Apr	2.46%	2.66%	+	8.12%	=	10.78%	-	4.91%	=	5.87%
29	Recommended	2.62%	2.82%	+	7.86%	=	10.69%	-	4.85%	=	5.86%
30	<u>Short-term Trends</u>										
31	Recent Twelve Months Avg	2.54%	2.74%	+	8.03%	=	10.77%	-	4.82%	=	5.95%
32	Recent Nine Months Avg	2.47%	2.66%	+	8.06%	=	10.72%	-	4.79%	=	5.93%
33	Recent Six Months Avg	2.38%	2.57%	+	8.19%	=	10.76%	-	4.81%	=	5.95%
34	Recent Three Months Avg	2.48%	2.68%	+	8.09%	=	10.77%	-	4.84%	=	5.93%
35	Median 12 months	2.62%	2.82%	+	7.86%	=	10.69%	-	4.85%	=	5.86%

Notes:

¹ Average Dividend Yield (D_0/P_0) of dividend paying stocks. Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks

² Expected Dividend Yield (D_1/P_0) equals current average dividend yield (D_0/P_0) times one plus growth rate(g).

³ Median of Projected Price Change, Projected EPS, Projected DPS Growth. And Projected Book Growth for VL 1700 stocks.
Data from Value Line Investment Analyzer Software.

⁴ Monthly average 30 year U.S. Treasury as reported by Federal Reserve.

Liberty Utilities (Park Water), Corp.
Table 11
Capital Asset Pricing Model (CAPM, ECAPM, and MCAPM)

Line No.		R_f^1	+	(	β^2	x	RP_M^4	)	=	k
1	Traditional CAPM	4.7%	+	(	0.77	x	6.61%	)	=	9.80%
2										
3		R_f^1			$RP_M^4 \times .25$	+	(	β^2	x	RP_M^4
4	Empirical CAPM (ECAPM)	4.7%	+	6.61%	x .25	+	(	0.77	x	6.61%
5										
6		R_f^1	+	(	β^3	x	RP_M^5	)	+	RP_s^6
7	Modified CAPM (MCAPM)	4.7%	+	(	0.74	x	6.02%	)	+	2.51%
8										
9										
10	Average (rounded)									10.60%

Notes:

¹ Forecasts of long-term treasury yields. Source Table 7.

² Average VL Beta of Water Proxy Group. Source is Table 2.

³ Average Sum Beta of Water Proxy Group. Source is Table 2.

⁴ Estimate of Market Risk Premium (MRP):

Historical MRP (1926-2025)	7.36%	Source is Kroll ERP Supplementary Exhibits
Current MRP	5.86%	Source is Table 10
Average MRP	6.61%	

⁵ Estimate of MRP

Historical MRP (1926-2025)	6.18%	Source is Kroll ERP Supplementary Exhibits
Current MRP	5.86%	Source is Table 10
Average MRP	6.02%	

⁶ Average proxy group adjusted size risk premium based upon Kroll Size Study data and Risk Study data. See Exhibit TJB-COC-DT2

Exhibit TJB-COC-DT1

RESUME OF THOMAS J. BOURASSA, CPA

EDUCATIONAL BACKGROUND

B.S. Northern Arizona University Chemistry/Accounting (1980)

M.B.A. University of Phoenix with Emphasis in Finance (1991)

C.P.A. State of Arizona (1995)

Continuing Professional Education – In areas of tax, accounting, management, economics, finance, business valuation, consulting, and ethics (80 hrs every two years)

MEMBERSHIPS

Arizona Society of CPAs

Water Utilities Association of Arizona

American Water Works Association

EMPLOYMENT EXPERIENCE

1995 – Present	CPA - Self Employed Consultant to utilities on regulatory matters including all aspects of rate applications (rate base, income statement, cost of capital, cost of service, and rate design), rate reviews, certificates of convenience and necessity (CC&N), CC&N extensions, financing applications, accounting order applications, and off-site facilities hook-up fee applications. Provide expert testimony as required. Consult on various aspects of business, financial and accounting matters including best business practices, generally accepted accounting principles, generally accepted ratemaking principles, project analysis, cash flow analysis, regulatory treatment of certain expenditures and investments, business valuations, and rate reviews. Litigation support services.
1992-1995	Employed by High-Tech Institute, Phoenix, Arizona as Controller and C.F.O.
1989-1992	Employed by Alta Technical School, a division of University of Phoenix as Division Controller.
1985-1989	Employed by M.L.R. Builders, Tampa and Pensacola, Florida as Operations/Accounting Manager
1982-1985	Employed by and part owner in Area Sand and Clay Company, Pensacola, Florida.

1981-1982

Employed by Purdue University, West Lafayette, Indiana as
Teaching Assistant.

SUMMARY OF REGULATORY WORK EXPERIENCE AS SELF-EMPLOYED CONSULTANT

COMPANY/CLIENT

FUNCTION

Park Water Company
ACC Docket No. W-02353A-26-0217

Permanent Rate Application –Water.
Prepared short-form schedules on Rate
Base, Plant, Income Statement, Revenue
Requirement, and Rate Design

Saddlebrooke Utility Company
ACC Docket No. SW-02849A-26-0079
Mountain Pass Utility Company
ACC Docket No. SW-03841A-26-0078

Permanent Rate Application –Water.
Prepared schedules and testified on Rate
Design, Cost of Capital, and
consolidation.

Pima Utility Company
ACC Docket No. SW-02199A-25-0270

Permanent Rate Application –Sewer.
Prepared schedules and testified on Rate
Design, Cost of Capital.

Lago Del Oro Water Company
ACC Docket No. W-01944A-25-0194

Permanent Rate Application –Water.
Prepared schedules and testified on Cost
of Service, Rate Design, Cost of Capital,
and consolidation.

Quail Creek Water Company
ACC Docket No. W-02514A-25-0192

Ridgeview Utility Company
ACC Docket No. -03861A-25-0193

Ponderosa Utility Corp.
ACC Docket No. W-01717A-25-0184

Permanent Rate Application –Water.
Prepared short-form schedules on Rate
Base, Plant, Income Statement, Revenue
Requirement, and Rate Design

Liberty Utilities (Litchfield Park Water and
Sewer), Corp.
ACC Docket Nos. W-01427A-25-0126 and
SW-01428A-25-0127

Permanent Rate Application –Water and
Sewer. Prepared schedules and testified
on Rate Base, Plant, Income Statement,
Revenue Requirement, Cost of Service,
Rate Design, and Cost of Capital.

Global Water – Santa Cruz Water
ACC Docket No. W-20446A-25-0022

Permanent Rate Application –Water and
Sewer. Prepared schedules and testified
on Rate Base, Plant, Income Statement,
Revenue Requirement, Cost of Service,
Rate Design, and Cost of Capital.

Global Water – Palo Verde Utilities
ACC Docket No. SW-20445A-25-0023

Salome Water Company
ACC Docket No. W-01084A-25-0118

Permanent Rate Application –Water.
Prepared short-form schedules on Rate

COMPANY/CLIENT**FUNCTION**

Joshua Valley Utility Company
ACC Docket No. W-02023A-25-0087

Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Permanent Rate Application –Water.
Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design

Picacho Water Company
ACC Docket No. W-03528A-25-0056

Permanent Rate Application –Water.
Prepared schedules and testified on Cost of Service, Rate Design, and Cost of Capital.

Picacho Sewer Company
ACC Docket No. SW-03709A-25-057

Permanent Rate Application –Water.
Prepared schedules and testified on Cost of Service, Rate Design, and Cost of Capital.

Verde Lakes Water Corporation
ACC Docket No. W-02372A-24-0266

Permanent Rate Application –Water.
Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design

Coldwater Canyon Water Company
ACC Docket No. W-01559A-24-0262

Permanent Rate Application –Water.
Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design

Thim Water Corporation
Thim Utility Company Consolidation
ACC Docket No. W-02372A-24-0266

Permanent Rate Application –Water.
Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design

Thim Utility Co.
ACC Docket No. W-03293A-23-0296

Permanent Rate Application –Water.
Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design

Community Water Company of Green Valley
ACC Docket No. W-02304A-24-0187

Permanent Rate Application –Water.
Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Liberty Utilities (CalPeco Electric), LLC
CPUC Application No. A.24-09-010

Prepared and testified on Cost of Capital.

COMPANY/CLIENT**FUNCTION**

Sahuarita Water Company
ACC Docket No. W-03718A-24-0172

Permanent Rate Application –Water.
Prepared financing application. Prepared
schedules and testified on Rate Base,
Plant, Income Statement, Revenue
Requirement, Cost of Service Study, Rate
Design, and Cost of Capital.

Global Water – Farmers Water Company
ACC Docket No. W-01654A-24-0108

Permanent Rate Application –Water.
Prepared schedules and testified on Rate
Base, Plant, Income Statement, Revenue
Requirement, Cost of Service, and Rate
Design

Liberty Utilities (Bella Vista Water) Corp.
ACC Docket No. W-02465A-23-0338

Liberty Utilities (Beardsley Water) Corp.
ACC Docket No. W-02074A-23-0337

Liberty Utilities (Rio Rico Water & Sewer)
Corp.
ACC Docket No. WS-02676A-23-0340

Permanent Rate Application –Water and
Wastewater. Prepared financing
application. Prepared schedules and
testified on Rate Base, Plant, Income
Statement, Revenue Requirement, Cost of
Service Study, Rate Design, and Cost of
Capital.

Liberty Utilities (Cordes lakes Water)
Corp.
ACC Docket No. WS-02060A-23-0339

Cedar Grove Water, Inc.
ACC Docket No. W-20541A-24-0002

Permanent Rate Application –Water.
Prepared short-form schedules on Rate
Base, Plant, Income Statement, Revenue
Requirement, and Rate Design

Liberty Utilities (Electric, LLC)
CPUC Application No. A.18-12-001

Prepared analysis and testified on Cost of
Capital.

Thim Utility Co.
ACC Docket No. W-03293A-23-0296

Permanent Rate Application –Water.
Prepared short-form schedules on Rate
Base, Plant, Income Statement, Revenue
Requirement, and Rate Design

Navajo Water Company
ACC Docket No. W-03511A-23-0260

Permanent Rate Application –Water.
Prepared short-form schedules on Rate
Base, Plant, Income Statement, Revenue

COMPANY/CLIENT**FUNCTION**

Sonoita Valley Water
ACC Docket No. W-020435A-23-214

Requirement, and Rate Design

Permanent Rate Application –Water.
Prepared short-form schedules on Rate
Base, Plant, Income Statement, Revenue
Requirement, and Rate Design

Liberty Utilities (Park Water and Apple
Valley) Corp.
CPUC Docket A.23-05-004

Cost of Capital. Prepared Cost of Capital
analysis and testimony.

Links at Coyote Wash
ACC Docket No. SW-04210A-23-0084

Permanent Rate Application –Sewer.
Prepared short-form schedules on Rate
Base, Plant, Income Statement, Revenue
Requirement, and Rate Design

Truxton Canyon Water Company
ACC Docket No. W-02168A-22-0302

Permanent Rate Application –Water.
Prepared short-form schedules on Rate
Base, Plant, Income Statement, Revenue
Requirement, and Rate Design

Pima County v. City of Tucson, et. al.
Maricopa County Superior Court Case No.
CV2022-01141

Expert Witness for Pima County of City
on Tucson Water Cost of Service Study
and Differential Rates.

Tonto Basin Water Company
ACC Docket No. W-03515A-22-0266

Permanent Rate Application –Water.
Prepared short-form schedules on Rate
Base, Plant, Income Statement, Revenue
Requirement, and Rate Design

East Slope Water Company
ACC Docket No. W-01906A-22-0289

Permanent Rate Application –Water.
Prepared short-form schedules on Rate
Base, Plant, Income Statement, Revenue
Requirement, and Rate Design

Sunrise Vistas Utilities
ACC Docket No. WS-03586A-22-0068

Permanent Rate Application –Water and
Wastewater. Prepared short-form
schedules on Rate Base, Plant, Income
Statement, Revenue Requirement, and
Rate Design.

Liberty Utilities (Gold Canyon Sewer)
Corp.

Permanent Rate Application –Wastewater.
Prepared financing application. Prepared
schedules and testified on Rate Base,
Plant, Income Statement, Revenue

Liberty Utilities (Entrada Del Oro Sewer)

COMPANY/CLIENT**FUNCTION**

Corp.
ACC Docket No. SW-02519A-21-0361
ACC Docket No. SW-04316A-21-0359

Requirement, Cost of Service Study, Rate Design, and Cost of Capital.

Navajo Water Company
ACC Docket No. W-03511A-21-0124

Permanent Rate Application – Water.
Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.

Bensch Ranch Utilities, LLC.
ACC Docket No. SW-04026A-21-0225

Permanent Rate Application – Water
Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Cerbat Water Company
ACC Docket No. W-02391A-21-0290

Permanent Rate Application – Water
Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Liberty Utilities (CalPeco Electric, LLC)
Corp.
CPUC Docket A.21-05-017

Prepared Cost of Capital analysis and testimony. Assisted in tax depreciation projections and determination of projected accumulated deferred income taxes.

Double R Water Distributors, Inc.
ACC Docket No. W-02821A-21-0047

Permanent Rate Application – Water
Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Pine Meadows Utilities, LLC.
ACC Docket No. SW-03962A-20-0079

Permanent Rate Application – Water
Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Coronado Utilities, Inc.
ACC Docket No. SW-04305A-20-0346

Permanent Rate Application – Wastewater
Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

SaddleBrooke Utility Company
ACC Docket No. SW-02849A-20-0262

Permanent Rate Application – Wastewater
Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

COMPANY/CLIENT**FUNCTION**

Pine Meadows Utilities
ACC Docket No. SW-03926A-20-0079

Permanent Rate Application –Wastewater
Prepared short-form schedules on Rate
Base, Plant, Income Statement, Revenue
Requirement, and Rate Design.

EPCOR Arizona (Johnson Utilities)
ACC Docket No. WS-02987A-20-0025

Permanent Rate Application. Water and
Wastewater. Prepared schedules and
testified on Rate Base, Plant, Income
Statement, Revenue Requirement, Rate
Design and Cost of Service.

Beardsley Water Company
ACC Docket No. W-02074A-19-0312

Permanent Rate Application –Water
Prepared short-form schedules on Rate
Base, Plant, Income Statement, Revenue
Requirement, and Rate Design.

Oak Creek Water Company No. 1
ACC Docket No. W-01392A-19-0216

Permanent Rate Application –Water
Prepared short-form schedules on Rate
Base, Plant, Income Statement, Revenue
Requirement, and Rate Design.

Alliant Gas
ACC Docket No. G-20889A-19-0200

Permanent Rate Application – Gas
Prepared schedules and testified on Rate
Base, Plant, Income Statement, Revenue
Requirement, Cost of Service Study, Rate
Design, and Cost of Capital.

Utility Source, LLC.
ACC Docket No. WS-04235A-19-0232
ACC Docket No. WS-04235A-19-0233

Permanent Rate Application – Water and
Wastewater. Prepared schedules and
testified on Rate Base, Plant, Income
Statement, Revenue Requirement, Rate
Design, and Cost of Capital.

Liberty Utilities (Black Mountain Sewer)
Corp.
ACC Docket No. SW-02361A-19-0139

Permanent Rate Application –Wastewater.
Prepared financing application. Prepared
schedules and testified on Rate Base,
Plant, Income Statement, Revenue
Requirement, Cost of Service Study, Rate
Design, and Cost of Capital.

Pueblo Del Sol Water Company
ACC Docket No. SW-02208A- 19-0140

Permanent Rate Application –Water.
Prepared schedules and testified on Rate
Base, Plant, Income Statement, Revenue

COMPANY/CLIENT**FUNCTION**

DS Water Company
ACC Docket No. W-04049A-18-0142

Requirement, and Rate Design.

Permanent Rate Application –Water
Prepared short-form schedules on Rate
Base, Plant, Income Statement, Revenue
Requirement, and Rate Design.

Liberty Utilities (Electric, LLC)
CPUC Application A. 18-12-001.

Prepared Cost of Capital analysis and
testimony.

Liberty Utilities (Park Water) Corp. and
Liberty Utilities (Apple Valley Ranchos
Water) Corp.
CPUC Applications 18-05-001, et al.

Cost of Capital. Prepared Cost of Capital
analysis and testimony.

Truxton Water Company
ACC W-02168A-18-308

Permanent Rate Application –Water.
Prepared schedules and testified on Rate
Base, Plant, Income Statement, Revenue
Requirement, and Rate Design.

Payson Water Company
ACC W-03514A-18-0230

Permanent Rate Application – Prepared
schedules and testified on Rate Base,
Plant, Income Statement, Revenue
Requirement, Rate Design, and Cost of
Capital.

Farmers Water Company
ACC W-01654A-18-0083

Permanent Rate Application – Prepared
schedules and testified on Rate Base,
Plant, Income Statement, Revenue
Requirement, Rate Design, and Cost of
Capital.

Liberty Utilities (Silverleaf Water) Corp.
SOAH DOCKET NO. 473-18-3006.WS
Texas P.U.C. DOCKET NO. 47976

Permanent Rate Application – Water and
Wastewater. Prepared financing
application. Prepared schedules and
testified on Rate Base, Plant, Income
Statement, Revenue Requirement, Rate
Design, and Cost of Capital.

Generic Proceeding - Income Tax
“Savings” from reduction in Federal
Income Tax Rate
ACC AU-0000A-17-0379
ACC various dockets

Prepared computations of tax “savings”
from the reduction in federal income tax
rates and proposal for passing savings to
rate payers through bill credits.

COMPANY/CLIENT**FUNCTION**

Liberty Utilities (Woodmark Sewer) Corp.
Liberty Utilities (Tall Timbers Sewer)
Corp.
SOAH DOCKET NO. 473-17-1641.WS
Texas P.U.C. DOCKET NO. 46256

Develop wastewater rates based upon
water usage.

Cerbat Water Company
ACC W-02391A-18-0018

Permanent Rate Application –Water.
Prepared financing application. Prepared
schedules and testified on Rate Base,
Plant, Income Statement, Revenue
Requirement, and Rate Design.

Ajo Improvement Company
ACC Docket No. WS-01025A-17-0361

Permanent Rate Application – Water,
Wastewater, and Electric. Prepared
schedules and testified on Rate Base,
Plant, Income Statement, Revenue
Requirement, and Rate Design,

East Slope Water Company
ACC Docket No. W-02031A-17-317

Permanent Rate Application –Water
Prepared short-form schedules on Rate
Base, Plant, Income Statement, Revenue
Requirement, and Rate Design.

Kachina Village Improvement District
Flagstaff, Arizona

Prepared rate studies and rate designs.
Participated in Board work sessions,
customer work sessions, and open houses.

Liberty Utilities (Litchfield Park Water &
Sewer) Corp.
ACC Docket No. W-01428AA-17-0059
ACC Docket No. SW-01428AA-17-0058

Permanent Rate Application – Water and
Wastewater. Prepared financing
application. Prepared schedules and
testified on Rate Base, Plant, Income
Statement, Revenue Requirement, Cost of
Service, Rate Design, and Cost of Capital.

Pima Utility Company
ACC Docket No. W-02199A-16-0421
ACC Docket No. SW-02199A-16-0422

Permanent Rate Application – Water and
Wastewater. Prepared financing
application. Prepared schedules and
testified on Rate Base, Plant, Income
Statement, Revenue Requirement, Rate
Design, and Cost of Capital.

Valley Pioneers Water Company
ACC Docket No. W-02033-16-0412

Permanent Rate Application –Water.
Prepared financing application. Prepared
schedules and testified on Rate Base,

COMPANY/CLIENT**FUNCTION**

Yarnell Water Co-Op
ACC Docket No. W-02255A-16-0153

Plant, Income Statement, Revenue Requirement, and Rate Design.

Permanent Rate Application –Water
Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Oak Creek Water Company No. 1
ACC Docket No. W-01392A-16-0161

Permanent Rate Application –Water
Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Epcor Water Arizona
ACC Docket No. W-01303A-16-0145

Permanent Rate Application –
Wastewater. Prepared Reconstruction Cost New Less Depreciation Plant for use in determining fair value rate base. Testified in the matter investigating whether Mountain Water Company's rates are just and reasonable.

Mountain Water Company
Montana PUC Docket No. D2016.2.15

Turner Ranches Water and Sanitation Company

Permanent Rate Application –Water
Prepared short-form schedules on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

ACC Docket No. W-01677A-16-0076

Liberty Utilities (Entrada Del Oro Sewer) Corp.
ACC Docket No. W-04316A-16-0078
ACC Docket No. W-04316A-16-0085

Permanent Rate Application –Wastewater. Prepared financing application. Prepared schedules and testified on Rate Base, Original Cost Less Depreciation Plant, Reconstruction Cost New less Depreciation Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Liberty Utilities (Rio Rico Water and Sewer) Corp.
ACC Docket No. WS-02676A-15-0368
ACC Docket No. WS-02676A-15-0371

Permanent Rate Application – Water and Wastewater. Prepared financing application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Liberty Utilities (Bella Vista Water) Corp.

Permanent Rate Application – Water. Prepared financing application. Prepared

COMPANY/CLIENT

ACC Docket No. W-02465A-15-0367
ACC Docket No. W-02465A-15-0370

Community Water of Green Valley
ACC Docket No. W-02304A-15-0263

Sahuarita Water Company
ACC Docket No. W-03718A-15-0213

Liberty Utilities (Black Mountain Sewer)
Corp.
ACC Docket No. SW-0236 1A- 15-0206
ACC Docket No. SW-0236 1A- 15-0207

Tierra Buena Water Company
ACC Docket No. W-02076A-15-013

Red Rock Utilities, LLC
ACC Docket No. W-04245A-14-0295

Quail Creek Water Company
ACC Docket No. W-02514A-14-0370

Tonto Basin Water Company
ACC Docket No. W-03515A-14-0310

FUNCTION

schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Permanent Rate Application – Wastewater. Prepared financing application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service Study, Rate Design, and Cost of Capital.

Permanent Rate Application – Water. Assisted in preparation of short-form schedules.

Permanent Rate Application – Water and Wastewater. Prepared short-form schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.

COMPANY/CLIENT

Navajo Water Company
ACC Docket No. W-03511A-14-304

Alaska Power Company
Regulatory Commission of Alaska
Docket No. U-14-002

Anchorage Municipal Light & Power
Regulatory Commission of Alaska
Docket No. U-13-184

Liberty Utilities (Pine Bluff) Inc.
Arkansas Public Service Commission
Docket No. 14-020-U

Abra Water Company
ACC Docket No. W-01782A-14-0084

EPCOR Water Arizona, Inc.
ACC Docket No. W-01303A-14-0010

Liberty Utilities (Midstates Natural Gas),
Inc.
Missouri Public Service Commission
Case No. GR-2014-0152

Hydro Resources, LLC.
ACC Docket No. W-20770A-13-0313

Little Park Water Company

FUNCTION

Permanent Rate Application – Water.
Prepared short-form schedules for Rate
Base, Income Statement, Plant, Bill
Counts, and Rate Design.

Prepared schedules and testified on cost of
capital.

Prepared schedules and testified on cost of
capital.

Permanent Rate Application – Water.
Prepared schedules and testified on Rate
Base, Plant, Income Statement, Revenue
Requirement, Cost of Service, Rate
Design, and Cost of Capital.

Permanent Rate Application – Prepared
schedules and testified on Rate Base,
Plant, Income Statement, Revenue
Requirement, Rate Design, and Cost of
Capital.

Permanent Rate Application – Prepared
rate designs and cost of Service studies for
Mohave Water District, Mohave
Wastewater District, Paradise Valley
Water District, Tubac Water District, and
Sun City Water District.

Permanent Rate Application – Assist in
preparing required rate application
schedules for Rate Base, Plant, Income
Statement, Revenue Requirement, and
Rate Design.

Certificate of Convenience and Necessity
– Water. Prepared pro-forma balance
sheets, income statements, plant
schedules, rate base, and initial rates.

Permanent Rate Application – Water.

COMPANY/CLIENT**FUNCTION**

ACC Docket No. W-02192A-13-0336

Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.

Utility Source, LLC.

ACC Docket No. WS-04235A-13-0331

Permanent Rate Application – Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Payson Water Company

ACC Docket No. W-03514A-13-0111

ACC Docket No. W-03514A-13-0142

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Financing Application. Prepared financial ratios and debt surcharge mechanism.

Goodman Water Company

Valuation

Verde Santa Fe Wastewater

ACC Docket No. SW-03437A-13-0292

Permanent Rate Application – Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Lago Del Oro Water Company

ACC Docket No. W-01944A-13-0215

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.

Chaparral City Water Company

ACC Docket No. W-02113A-13-0118

Permanent Rate Application – Prepared and testified on cost of service study.

Las Quintas Serenas Water Company

ACC Docket No. W-01583A-13-0117

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Southwest Environmental Utilities, Inc.

ACC Docket No. WS-20878A-13-0065

Certificate of Convenience and Necessity – Water and Wastewater. Prepared pro-forma balance sheets, income statements,

COMPANY/CLIENT**FUNCTION**

Litchfield park Service Company
ACC Docket No. SW-01428A-13-0043
ACC Docket No. W-01428A-13-0042

plant schedules, rate base, and initial rates.

Permanent Rate Application – Water and Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, Cost of Service, and Cost of Capital.

Beaver Dam Water Company
ACC Docket No. WS-03067A-12-0232

Permanent Rate Application. Prepared schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.

Rio Rico Utilities
ACC Docket No. WS-02676A-12-0196

Permanent Rate Application – Water and Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.

Vail Water Company
ACC Docket No. W-01651B-12-0339

Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.

Avra Water Co-Op.
ACC Docket No. W-02126A-11-0480

Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.

Pima Utility Company
ACC Docket No. W-02199A-11-0329
ACC Docket No. SW-02199A-11-0330

Permanent Rate Application – Water and Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.

Work on financing application.

Liberty Utilities (CalPeco Electric, LLC)
CPUC Application No. A.11-20-2020

Work on preparation of permanent rate application. Prepared schedules on Rate Base, Plant, Income Statement, Revenue Requirement.

Livco Water Company

Permanent Rate Application – Water and

COMPANY/CLIENT**FUNCTION**

ACC Docket No. SW-02563A-11-0213

Wastewater. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.

Orange Grove Water Company
ACC Docket No. W-02237A-11-0180

Permanent Rate Application. Prepared schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.

Goodman Water Company
ACC Docket No. W-02500A-10-0382

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Doney Park Water
ACC Docket No. W-01416A-10-0450

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Grimmelmann, et. al. v. Pulte Home Corporation, et. al., case no. CV-08-1878-PHX-FJM, the United States District Court for the District of Arizona.

Consultant to defendant and expert witness for defendant on rates and ratemaking.

Southern Arizona Home Builders Association

Consultant on ratemaking aspects to line extension policies (electric).

H2O Water Company

Valuation

Tierra Linda HOA Water Company

Valuation

Las Quintas Serenas Water Company
ACC Docket No. W-01583A-09-0589

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Coronado Utilities
ACC Docket No. SW-04305A-09-0291

Permanent Rate Application – Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Little Park Water Company
ACC Docket No. W-02192A-09-0531

Permanent Rate Application. Prepared schedules on Plant, Income Statement,

COMPANY/CLIENT**FUNCTION**

Sahuarita Water Company
ACC Docket No. W-03718A-09-0359

Revenue Requirement, and Rate Design.

Permanent Rate Application – Water.
Prepared schedules and testified on Rate
Base, Plant, Income Statement, Revenue
Requirement, Rate Design, Cost of
Service, and Cost of Capital.

Bella Vista Water Company
Southern Sunrise Water Company
Northern Sunrise Water Company
ACC Docket No. W-02465A-09-0414
ACC Docket No. W-02453A-09-0414
ACC Docket No. W-02454A-09-0414

Permanent Rate Application – Water.
Prepared schedules and testified on Rate
Base, Plant, Income Statement, Revenue
Requirement, Rate Design, Cost of
Service, and Cost of Capital.

Rio Rico Utilities, Inc
ACC Docket No. WS-02676A-09-0257

Permanent Rate Application – Water and
Wastewater. Prepared schedules and
testified on Rate Base, Plant, Income
Statement, Revenue Requirement, Rate
Design, and Cost of Capital.

Litchfield park Service Company
ACC Docket No. SW-01428A-09-0103
ACC Docket No. W-01428A-09-0104

Permanent Rate Application – Water and
Wastewater. Prepared schedules and
testified on Rate Base, Plant, Income
Statement, Revenue Requirement, Rate
Design, Cost of Service, and Cost of
Capital.

Town of Thatcher v. City of Safford, CV
2007-240, Superior Court of Arizona

Consultant to plaintiff on ratemaking and
cost of service.

Valencia Water Company
California Public Utility Commission Case
No. 09-05-002

Cost of Capital

Valley Utilities
ACC Docket No. W-01412A-08-0586

Permanent Rate Application. Prepared
schedules and testified on Rate Base,
Plant, Income Statement, Revenue
Requirement, and Rate Design.

Black Mountain Sewer Company
ACC Docket No. SW-02361A-08-0609

Permanent Rate Application – Sewer.
Prepared schedules and testified on Rate
Base, Plant, Income Statement, Revenue
Requirement, Rate Design, and Cost of

COMPANY/CLIENT**FUNCTION**

Far West Water and Sewer Company
ACC Docket No. WS-03478A-08-0608

Capital.
Interim Rate Application (Emergency Rates)

Farmers Water Company
ACC Docket No. W-01654A-08-0502

Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Far West Water and Sewer Company
ACC Docket No. WS-03478A-08-0454

Permanent Rate Application. Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design and Cost of Capital.

Ridgeline Water Company, LLC
ACC Docket No. W-20589A-08-0173

Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rates.

Sacramento Utilities, Inc.
ACC Docket No. SW-20576A-08-0067

Certificate of Convenience and Necessity – Wastewater. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and financing.

Johnson Utilities
ACC Docket No. WS-02987A-08-0180

Permanent Rate Application. Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design and Cost of Capital.

Participate in 40-252 proceeding.

Orange Grove Water Company
ACC Docket No. W-02237A-08-0455

Permanent Rate Application. Prepared schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.

Far West Water and Sewer Company
ACC Docket No. WS-03478A-07-0442

Financing Application. Prepare schedules to support application.

Oak Creek Water No.1
ACC Docket No. W-01392A-07-0679

Permanent Rate Application. Prepared schedules and testified on Rate Base,

COMPANY/CLIENT**FUNCTION**

ICR Water Users Association
Docket W-02824-07-0388

Plant, Income Statement, Revenue Requirement, and Rate Design.

Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Johnson Utilities

Valuation consultant in the matter of the sale of Johnson Utilities assets to the Town of Florence.

H2O, Inc
ACC Docket No. W-02234A-07-0550

Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Chaparral City Water Company
ACC Docket No. W-02113A-07-0551

Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Valley Utilities
ACC Docket No. W-01412A-07-0561

Financing Application. Prepare schedules to support application.

Valley Utilities
ACC Docket No. W-01412A-07-280

Emergency Rate Application. Prepare schedules to support application.

Valley Utilities
ACC Docket No. W-01412A-07-0278

Accounting Order. Assist in preparing definition and scope of costs for deferral for future regulatory consideration and treatment.

Litchfield Park Service Company
ACC Docket No. W-01427A-06-0807

Accounting Order. Assist in preparing definition and scope of costs for deferral for future regulatory consideration and treatment.

Golden Shores Water Company
ACC Docket No. W-01815A-07-0117

Permanent Rate Application. Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of

COMPANY/CLIENT**FUNCTION**

Diablo Village Water Company
ACC Docket No. W-02309A-07-0140

Capital.
Off-site facilities hook-up fee application.
Prepare schedules to support application.

Diablo Village Water Company
ACC Docket No. W-02309A-07-0399

Permanent Rate Application (Class C).
Water. Prepared schedules and testified
on Rate Base, Plant, Income Statement,
Revenue Requirement, Rate Design, and
Cost of Capital.

Sahuarita Water Company
(Rancho Sahuarita Water Co.)
ACC Docket No. W-03718A-07-0687

Extension Certificate of Convenience and
Necessity – Water. Prepared pro-forma
balance sheets, income statements, plant
schedules, rate base, and financing.

Utility Source, L.L.C.
ACC Docket No. WS-04235A-06-0303

Permanent Rate Application- Water and
Wastewater. Prepared schedules and
testified on Rate Base, Plant, Income
Statement, Revenue Requirement, Rate
Design, and Cost of Capital.

Tierra Buena Water Company

Valuation of Tierra Buena Water
Company for estate purposes.

Goodman Water Company
ACC Docket No. W-02500A-06-0281

Permanent Rate Application (Class C).
Water. Prepared schedules and testified
on Rate Base, Plant, Income Statement,
and Cost of Capital.

Links at Coyote Wash Utilities
ACC Docket No. SW-04210A-06-0220

Certificate of Convenience and Necessity
– Sewer. Prepared pro-forma balance
sheets, income statements, plant
schedules, rate base, financing, and initial
rate design.

New River Utilities
ACC Docket No. W-0173A-06-0171

Extension Certificate of Convenience and
Necessity – Water. Prepared pro-forma
balance sheets, income statements, plant
schedules, rate base, and financing.

Johnson Utilities
ACC Docket No. WS-02987A-04-0501
Docket WS-02987A-04-0177

Extension of Certificate of Convenience
and Necessity – Sewer. Prepared pro-
forma balance sheets, income statements,

COMPANY/CLIENT**FUNCTION**

Bachmann Springs Utility
ACC Docket No. WS-03953A-07-0073

plant schedules, rate base, financing, and initial rate design.

Permanent Rate Application – Water and Sewer. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.

Avra Water Cooperative
ACC Docket No. W-02126A-06-0234

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Gold Canyon Sewer Company
ACC Docket No. SW-025191A-06-0015

Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

State of Arizona v. Far West Water and Sewer, No. 1 CA-CR 06-0160

Expert witness on behalf of defendant in penalty phase of case.

Far West Water and Sewer Company
ACC Docket No. WS-03478A-05-0801

Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Black Mountain Sewer Company
ACC Docket No. SW-02361A-05-0657

Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Balterra Sewer Company
ACC Docket No. SW-02304A-05-0586

Certificate of Convenience and Necessity – Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.

Community Water Company of Green Valley
ACC Docket No. W-02304A-05-0830

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

COMPANY/CLIENT

McClain Water Systems
Northern Sunrise Water
Southern Sunrise Water
ACC Docket No. W-020453A-06-0251

Valley Utilities Water Company
ACC Docket No. W-01412A-04-0376

Valley Utilities Water Company
ACC Docket No. W-01412A-04-0376

Beardsley Water Company
ACC Docket No. W-02074A-04-0358

Pine Water Company, Inc.
ACC Docket No. W-03512A-03-0279

Chaparral City Water Company
ACC Docket No. W-02113A-04-0616

Tierra Linda Home Owners Association
ACC Docket No. W-0423A-04-0075

Diamond Ventures - Red Rock Utilities
ACC Docket No. WS-04245A-04-0184

FUNCTION

Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.

Off-site facilities hook-up fee application. Prepare schedules to support application.

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Rate Design.

Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.

Interim and Permanent Rate Application, Financing Application - Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Cost of Capital, and Rate Design.

Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, and Income Statement. Assisted in preparation Rate Design.

Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.

Certificate of Convenience and Necessity – Water and Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.

COMPANY/CLIENT**FUNCTION**

Arizona-American Water Company, Inc.
ACC Docket No. WS-01303A-02-0867
ACC Docket No. WS-01303A-02-0868
ACC Docket No. WS-01303A-02-0869
ACC Docket No. WS-01303A-02-0870
ACC Docket No. WS-01303A-02-0908

Permanent Rate Application Water and Sewer (10 divisions). Prepared schedules and testimony on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Rate Design.

Bella Vista Water Company, Inc.
ACC Docket No. W-02465A-01-0776

Permanent Rate Application - Water. Prepared schedules and testimony on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Cost of Capital and Rate Design.

Green Valley Water Company
Docket (2000 Not Filed)

Permanent Rate Application. Prepared schedules and testimony on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Cost of Capital and Rate Design.

Gold Canyon Sewer Company
ACC Docket No. SW-02519A-00-0638

Permanent Rate Application - Sewer. Prepared schedules and testimony on Rate Base, Plant, Revenue Requirement, and Income Statement. Assisted in preparation of Cost of Capital and Rate Design.

Rio Verde Utilities, Inc.
ACC Docket No. WS-02156A-00-0321

Permanent Rate Application – Water and Sewer. Prepared schedules and testimony on Rate Base, Plant, Revenue Requirement, and Income Statement. Assisted in preparation of Cost of Capital and Rate Design.

Livco Water Company
Livco Sewer Company
ACC Docket No. SW-02563A-05-0820

Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.

Livco Water Company
ACC Docket No. SW-02563A-07-0506

Permanent Rate Application – Water and Sewer. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.

COMPANY/CLIENT

Cave Creek Sewer Company

Avra Water Cooperative
ACC Docket No. W-02126A-00-0269

Town of Oro Valley

Far West Water Company
ACC Docket No. WS-03478A-99-0144

MHC Operating Limited Partnership
Sedona Venture Wastewater
ACC Docket No. W-

Vail Water Company
ACC Docket No. W-01651B-99-0406

E&T Water Company
ACC Docket No. W-01409A-95-0440

New River Utility
ACC Docket No. W-01737A-99-0633

Golden Shores Water
ACC Docket No. W-01815A-98-0645

Ponderosa Utility Company
ACC Docket No. W-01717A-99-0572

FUNCTION

Revenue Requirement, Rate Adjustment
and Rate Design - Sewer.

Permanent Rate Application – Water.
Assisted in preparation of Rate Base, Plant,
Income Statement, Revenue Requirement,
and Rate Design.

Revenue Requirements, Water Rate
Adjustments and Rate Design.

Permanent Rate Application – Water.
Assisted in preparation of schedules for
Rate Base, Income Statement, Revenue
Requirement, Lead-Lag Study, Cost of
Capital, and Rate Design.

Permanent Rate Application – Sewer.
Assisted in preparation of schedules for
Rate Base, Plant, Income Statement, and
Rate Design.

Permanent Rate Application. Assisted in
preparation of schedules for Rate Base,
Plant, Income Statement, and Rate Design.

Permanent Rate Application - Water.
Assisted in preparation of schedules for
Rate Base, Plant, Income Statement, and
Rate Design.

Permanent Rate Application - Water.
Assisted in preparation of schedules for
Rate Base, Plant, Income Statement, and
Rate Design.

Permanent Rate Application – Water.
Assisted in preparation of schedules for
Rate Base, Plant, Income Statement, and
Rate Design.

Permanent Rate Application – Water.
Assisted in preparation of schedules for
Rate Base, Plant, Income Statement, and
Rate Design.

COMPANY/CLIENT

FUNCTION

Exhibit TJB-COC-DT2

**Liberty Utilities
Comparative Risk Study**

**Exhibit TJB-COC-DT2
Page 1 of 4**

Line No.										
1	<u>Operating Income EBIT (\$ in millions)</u>									
2			<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>5-Year Average</u>	<u>Std Dev.</u>	<u>Co-efficient of variation of Operating Income</u>
3	<u>Company¹</u>	<u>Symbol</u>								
4	American States Water	AWR	184.48	196.74	126.63	140.98	130.50	155.87	32.439	0.2081
5	California Water	CWT	323.29	117.24	182.16	162.06	206.16	198.18	77.183	0.3895
6	Middlesex	MSEX	75.08	57.97	64.75	48.36	52.33	59.70	10.582	0.1773
7	H2O America	HTO	206.43	183.91	157.35	105.88	117.67	154.25	42.690	0.2768
8	York Water Company	YORW	29.72	25.86	24.68	25.63	24.98	26.17	2.039	0.0779
9	Atmos Energy	ATO	1,742.39	1,453.95	1,273.18	1,217.77	1,102.85	1,358.03	249.461	0.1837
10	Chesapeake Utilities	CPK	269.10	189.78	168.55	155.27	134.50	183.44	51.933	0.2831
11	New Jersey Resources	NJR	518.43	407.00	406.47	378.15	218.71	385.75	107.755	0.2793
12	NiSource Inc.	NI	1,824.90	1,629.60	1,429.90	1,302.90	1,260.60	1,489.58	236.055	0.1585
13	Northwest Natural	NWN	196.99	298.29	266.34	163.12	148.35	214.62	65.250	0.3040
14	ONE Gas Inc.	OGS	478.41	449.25	418.17	376.68	366.83	417.87	47.306	0.1132
15	Southwest Gas	SWX	572.74	578.31	NM	369.55	423.00	485.90	105.790	0.2177
16	Spire Inc.	SR	703.90	633.10	587.70	610.30	503.40	607.68	72.775	0.1198
17	UGI Corp.	UGI	1,195.00	553.00	1,164.00	1,512.00	1,044.00	1,093.60	348.212	0.3184
18	Proxy Group						Average	487.90	103.534	0.2219
19										
20										
21			<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>5-year Average</u>	<u>Std Dev.</u>	<u>Co-efficient of variation of Operating Income</u>
22	Liberty Utilities	NA	NA	0.09	1.43	1.64	2.02	1.30	0.841	0.6479
23	Risk relative to the average risk of the proxy group									2.92
24	<u>Sales (\$ in millions)</u>									
25			<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>5-year Average</u>		
26	<u>Company¹</u>	<u>Symbol</u>								
27	American States Water	AWR	595.46	595.70	491.53	498.85	488.24	533.96		
28	California Water	CWT	1,036.81	794.63	846.43	790.91	794.31	852.62		
29	Middlesex	MSEX	191.88	166.27	162.43	143.14	141.59	161.06		
30	H2O America	HTO	748.44	670.36	620.70	573.69	564.53	635.54		
31	York Water Company	YORW	74.96	60.06	55.12	53.85	51.58	59.11		
32	Atmos Energy	ATO	4,165.19	4,275.36	4,201.66	3,407.49	2,821.14	3,774.17		
33	Chesapeake Utilities	CPK	787.20	670.60	680.70	569.97	488.20	639.33		
34	New Jersey Resources	NJR	1,796.54	1,962.99	2,905.98	2,156.61	1,953.67	2,155.16		
35	NiSource Inc.	NI	5,455.10	5,505.40	5,850.60	4,899.60	4,681.70	5,278.48		
36	Northwest Natural	NWN	1,152.99	1,197.48	1,037.35	860.40	773.68	1,004.38		
37	ONE Gas Inc.	OGS	2,083.56	2,371.99	2,578.00	1,808.60	1,530.27	2,074.48		
38	Southwest Gas	SWX	5,112.44	5,433.97	4,960.01	3,680.45	3,298.87	4,497.15		
39	Spire Inc.	SR	2,593.00	2,666.30	2,198.50	2,235.50	1,855.40	2,309.74		
40	UGI Corp.	UGI	7,210.00	8,928.00	10,106.00	7,447.00	6,559.00	8,050.00		
41			<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>Average</u>		
42	Liberty Utilities		7.86	7.62	8.16	7.73	7.63	7.80		
43	<u>Operating Margin (%)</u>									
44										
45	<u>Company¹</u>	<u>Symbol</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>5-year Average</u>	<u>Std Dev.</u>	<u>Co-efficient of variation of Operating Margin</u>
46	American States Water	AWR	30.98%	33.03%	25.76%	28.26%	26.73%	28.95%	0.0301	0.1041
47	California Water	CWT	31.18%	14.75%	21.52%	20.49%	25.95%	22.78%	0.0616	0.2705
48	Middlesex	MSEX	39.13%	34.86%	39.86%	33.78%	36.96%	36.92%	0.0263	0.0711
49	H2O America	HTO	27.58%	27.43%	25.35%	18.46%	20.84%	23.93%	0.0410	0.1712
50	York Water Company	YORW	39.65%	43.06%	44.78%	47.59%	48.43%	44.70%	0.0355	0.0795
51	Atmos Energy	ATO	41.83%	34.01%	30.30%	35.74%	39.09%	36.19%	0.0447	0.1235
52	Chesapeake Utilities	CPK	34.18%	28.30%	24.76%	27.24%	27.55%	28.41%	0.0349	0.1229
53	New Jersey Resources	NJR	28.86%	20.73%	13.99%	17.53%	11.19%	18.46%	0.0684	0.3703
54	NiSource Inc.	NI	33.45%	29.60%	24.44%	26.59%	26.93%	28.20%	0.0346	0.1227
55	Northwest Natural	NWN	17.09%	24.91%	25.67%	18.96%	19.17%	21.16%	0.0387	0.1828
56	ONE Gas Inc.	OGS	22.96%	18.94%	16.22%	20.83%	23.97%	20.58%	0.0312	0.1516
57	Southwest Gas	SWX	11.20%	10.64%	NM	10.04%	12.82%	11.18%	0.0120	0.1069
58	Spire Inc.	SR	27.15%	23.74%	26.73%	27.30%	27.13%	26.41%	0.0151	0.0570
59	UGI Corp.	UGI	16.57%	6.19%	11.52%	20.30%	15.92%	14.10%	0.0541	0.3837
60	Proxy Group						Average	25.86%	0.0377	0.1655
61										
62										
63			<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>5-year Average</u>	<u>Std Dev.</u>	<u>Co-efficient of variation of Operating Margin</u>
64	Liberty Utilities	NM	NM	1.20%	17.53%	21.28%	26.51%	16.63%	0.1093	0.6570
65	Risk relative to the average risk of the proxy group									3.97

¹ Based on information from Value Line Investment Analyzer weekly ended May 6, 2026.

**Liberty Utilities
Comparative Risk Study**

**Exhibit TJB-COC-DT2
Page 2 of 4**

Line No.									
1	<u>Return on Equity (ROE)¹</u>								
2		<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>5-year Average</u>	<u>Std Dev.</u>	<u>Co-efficient of variation of ROE</u>
3	<u>Company¹</u>	<u>Symbol</u>							
4	American States Water	AWR	11.0%	16.1%	11.0%	13.8%	13.5%	13.08%	0.0212
5	California Water	CWT	7.3%	3.6%	7.3%	8.6%	10.5%	7.46%	0.0251
6	Middlesex	MSEX	10.6%	7.4%	10.6%	9.9%	11.1%	9.91%	0.0145
7	H2O America	HTO	6.9%	6.9%	6.6%	5.8%	6.7%	6.59%	0.0043
8	York Water Company	YORW	11.1%	9.5%	11.1%	11.6%	10.7%	10.80%	0.0082
9	Atmos Energy	ATO	8.2%	8.1%	8.2%	8.4%	8.5%	8.31%	0.0017
10	Chesapeake Utilities	CPK	10.6%	7.0%	10.6%	10.8%	10.1%	9.83%	0.0160
11	New Jersey Resources	NJR	13.2%	13.3%	13.2%	12.7%	10.6%	12.62%	0.0113
12	NiSource Inc.	NI	10.8%	9.2%	10.8%	10.6%	10.4%	10.34%	0.0066
13	Northwest Natural	NWN	7.3%	7.3%	7.3%	8.4%	7.9%	7.66%	0.0049
14	ONE Gas Inc.	OGS	8.6%	8.4%	8.6%	8.8%	8.8%	8.62%	0.0018
15	Southwest Gas	SWX	-6.6%	4.6%	NM	6.8%	8.7%	3.35%	0.0687
16	Spire Inc.	SR	8.0%	7.6%	8.0%	10.6%	3.2%	7.49%	0.0267
17	UGI Corp.	UGI	13.7%	12.1%	13.7%	31.5%	21.9%	18.57%	0.0819
18	Proxy Group		8.6%	8.6%	9.8%	11.3%	10.2%	9.62%	0.0209
19									
20							<u>5-year Average</u>	<u>Std Dev.</u>	<u>Co-efficient of variation of ROE</u>
21			<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>		
22	Liberty Utilities		1.78%	NM	3.62%	4.24%	5.92%	3.89%	0.0171
23	Risk relative to the average risk of the proxy group								
									1.52

¹ Based on information from Value Line Investment Analyzer weekly ended May 6, 2026.

**Liberty Utilities
Comparative Risk Study
Beta Estimate Using Duff and Phelps Risk Study Portfolio Information**

**Exhibit TJB-COC-DT2
Page 3 of 4**

Line
No.

A. Beta Estimates for Water Sample Group and Company`

		<u>Portfolio</u>	<u>Operating Margin</u>	<u>Portfolio</u>	<u>CV (Operating Margin)¹</u>	<u>Portfolio</u>	<u>CV (ROE)¹</u>	
1	Company	7	16.63%	3	65.70%	12	43.91%	
2	Proxy Group	2	25.86%	13	16.55%	17	28.97%	
		<u>Portfolio Sum Beta²</u>			<u>Portfolio Sum Beta³</u>		<u>Portfolio Sum Beta⁴</u>	<u>Average</u>
3	Company		1.08		1.31		1.14	
4	Proxy Group		0.85		1.09		1.06	
5	Percentage Difference		27.1%		20.2%		7.5%	18.3%

B. Assume percentage difference is the same for water utilities as companies in general

		<u>Value Line Beta</u>	<u>Sum Beta</u>
6	Proxy Group ⁵	0.77	0.74
7	Implied Beta for Company ⁶	0.91	0.88

Notes:

¹ CV stands for Coefficient of Variation,

² Source is Kroll, 2025 Supplementary Risk Study, Companies Ranked by Operating Margin.

³ Source is Kroll 2025, Supplementary Risk Study, Companies Ranked by CV (Operating Margin).

⁴ Source is Kroll 2025, Supplementary Risk Study, Companies Ranked by CV (Operating Margin).

⁵ Source is Table 2.

⁶ Calculated by multiplying (1+ percentage difference in risk study betas) times average beta for the proxy group.

**Liberty Utilities
Capital Asset Pricing Model (CAPM)**

**Exhibit TJB-COC-DT2
Page 4 of 4**

Line No.		R_f^1	+	(	β^2	x	RP_M^4	)	=	k	CAPM Results From Table 10	Difference	
1	Traditional CAPM	4.7%	+ <td>(</td> <td>0.91</td> <td>x</td> <td>6.61%</td> <td>)</td> <td>=</td> <td>10.70%</td> <td>9.80%</td> <td>0.90%</td>	(	0.91	x	6.61%	)	=	10.70%	9.80%	0.90%	
2													
3		R_f^1			$RP_M^4 \times .25$	+ <td>(</td> <td>β^2</td> <td>x</td> <td>RP_M^4</td> <td>) x .75</td> <td></td>	(	β^2	x	RP_M^4	) x .75		
4	Empirical CAPM	4.7%	+		6.61%	x .25	+ <td>(</td> <td>0.91</td> <td>x</td> <td>6.61%</td> <td>) x .75</td> <td>= 10.90% 10.20% 0.70%</td>	(	0.91	x	6.61%	) x .75	= 10.90% 10.20% 0.70%
5													
6		R_f^1	+ <td>(</td> <td>β^3</td> <td>x</td> <td>RP_M^5</td> <td>) +</td> <td>RP_s^6</td> <td></td> <td></td> <td></td>	(	β^3	x	RP_M^5	) +	RP_s^6				
7	Modified CAPM	4.7%	+ <td>(</td> <td>0.88</td> <td>x</td> <td>6.02%</td> <td>) +</td> <td>2.51%</td> <td>=</td> <td>12.50%</td> <td>11.70% 0.80%</td>	(	0.88	x	6.02%	) +	2.51%	=	12.50%	11.70% 0.80%	
8													
9													
10	Average									11.40%	10.60%	0.80%	

Notes:

¹ Source Table 8.

² Implied VL Beta of Company. Source is page 3.

³ Implied Sum Beta of Company. Source is page 3.

⁴ Estimate of Market Risk Premium (MRP):

Historical MRP (1926-2025)	7.36%	Source is Kroll 2025 Supplementary Exhibits.
Current MRP	5.86%	Source is Table 11
Average MRP	6.61%	

⁵ Estimate of MRP

Historical MRP (1926-2025)	6.18%	Source is Kroll 2025 Supplementary Exhibits.
Current MRP	5.86%	Source is Table 11
Average MRP	6.02%	

⁶ Size Premium. Sources Exhibit TJB-COC-DT2, page 2.

Exhibit TJB-COC-DT3

Liberty Utilities
Size Risk Premium Estimates for Use In Modified CAPM
Based on Kroll Cost of Capital Navigator Supplementary Data Risk Study and Regression Data Equations

Exhibit TJB-COC-DT3
Page 1 of 5

			Measures of size						
			(Millions)						
Line No.	Company	Symbol	MV Equity ¹	Book Equity ¹	5 Yr Avg. MVIC ¹	5 Yr Avg. Net Income ¹	Total Assets ¹	5 Yr Avg. EBITDA ¹	Sales
1	American States Water	AWR	\$ 2,972	\$ 921	\$ 3,778	\$ 101	\$ 2,500	\$ 197	\$ 596
2	California Water	CWT	2,576	1,636	3,680	107	5,180	314	795
3	Middlesex	MSEX	953	493	1,333	39	1,255	84	166
4	H2O America	HTO	2,410	1,540	4,277	75	4,658	257	670
5	York Water Company	YORW	470	240	692	18	633	36	60
6	Atmos Energy	ATO	30,567	13,561	39,542	790	25,194	1,902	4,275
7	Chesapeake Utilities	CPK	3,019	1,599	4,346	90	3,577	248	671
8	New Jersey Resources	NJR	5,537	2,392	8,787	240	6,982	522	1,963
9	NiSource Inc.	NI	22,774	9,448	38,232	691	31,788	2,339	5,505
10	Northwest Natural	NWN	2,048	1,476	4,395	82	5,234	341	1,197
11	ONE Gas Inc.	OGS	5,398	3,440	7,754	216	8,426	659	2,372
12	Southwest Gas	SWX	6,573	3,959	10,006	116	12,024	794	5,434
13	Spire Inc.	SR	5,095	3,148	8,464	210	10,861	844	2,666
14	UGI Corp.	UGI	7,527	4,776	14,058	617	15,098	1,611	8,928
15	Liberty Utilities (Gold Canyon Sewer and Black Mountain Sewer)		NA	22	N/A	1	52	3	3

Net Income Data (\$ millions)

	Company	Symbol	2025	2024	2023	2022	2021	Average
16	American States Water	AWR	\$ 119.3	\$ 124.9	\$ 78.4	\$ 94.4	\$ 86.4	\$ 100.7
17	California Water	CWT	190.8	51.9	96.0	101.1	96.8	107.3
18	Middlesex	MSEX	44.4	31.5	42.4	36.5	38.4	38.7
19	H2O America	HTO	94.0	85.0	73.8	60.5	61.5	75.0
20	York Water Company	YORW	20.3	19.6	17.0	16.6	14.4	17.6
21	Atmos Energy	ATO	1,042.9	885.9	774.4	665.6	580.5	789.8
22	Chesapeake Utilities	CPK	118.6	87.2	88.4	83.5	70.6	89.7
23	New Jersey Resources	NJR	289.8	264.7	240.3	207.7	196.2	239.7
24	NiSource Inc.	NI	805.3	759.1	703.3	626.3	562.6	691.3
25	Northwest Natural	NWN	78.9	93.9	86.3	78.7	70.3	81.6
26	ONE Gas Inc.	OGS	222.9	231.2	221.7	206.4	196.4	215.7
27	Southwest Gas	SWX	198.8	150.9	(203.3)	200.8	232.3	115.9
28	Spire Inc.	SR	250.9	217.5	220.8	271.7	88.6	209.9
29	UGI Corp.	UGI	658.0	613.0	626.0	629.0	561.0	617.4
30	Liberty Utilities (Gold Canyon Sewer and Black Mountain Sewer)		\$ 0.4	\$ (0.1)	\$ 0.9	\$ 1.0	\$ 1.4	\$ 0.7

¹ Based on information from Value Line Investment Analyzer weekly ended May 6, 2026.

Liberty Utilities
Risk Premium Estimates for Use In Modified CAPM
Based on Kroll Cost of Capital Navigator Supplementary Data Risk Study and Regression Data Equations

Exhibit TJB-COC-DT3
Page 2 of 5

EBITDA Data (\$ millions)											
No.	Company	Symbol	2025	2024	2023	2022	2021	Average			
1	American States Water	AWR	\$ 229	\$ 240	\$ 168	\$ 181	\$ 167	\$ 197			
2	California Water	CWT	457	240	297	271	305	314			
3	Middlesex	MSEX	103	87	88	69	71	84			
4	H2O America	HTO	321	292	262	200	207	257			
5	York Water Company	YORW	34	36	43	34	33	36			
6	Atmos Energy	ATO	2,412	2,058	1,809	1,696	1,533	1,902			
7	Chesapeake Utilities	CPK	335	255	238	218	193	248			
8	New Jersey Resources	NJR	685	560	536	490	339	522			
9	NiSource Inc.	NI	2,868	2,538	2,251	2,051	1,987	2,339			
10	Northwest Natural	NWN	369	424	383	277	252	341			
11	ONE Gas Inc.	OGS	775	729	647	584	562	659			
12	Southwest Gas	SWX	1,011	1,019	446	741	755	794			
13	Spire Inc.	SR	982	888	825	823	701	844			
14	UGI Corp.	UGI	\$ 1,746	\$ 1,085	\$ 1,682	\$ 2,014	\$ 1,528	\$ 1,611			
15	Liberty Utilities		\$ 1.9	\$ 2.8	\$ 3.9	\$ 4.1	\$ 4.1	\$ 3.3			
			MV Equity	Book Equity	MVIC	5 Yr Avg. Net Income	Total Assets	5 Yr Avg. EBITDA	Sales		
	Regression Equation										
16	Constant		9.046%	6.458%	8.770%	5.617%	7.975%	6.323%	7.251%		
17	X Coefficient(s)		-1.746%	-1.153%	-1.614%	-1.201%	-1.429%	-1.266%	-1.209%		
			RP _s (levered)								
	Company	Symbol	MV Equity	Book Equity	MVIC	5 Yr Avg. Net Income	Total Assets	5 Yr Avg. EBITDA	Sales	Average	
18	American States Water	AWR	2.98%	3.04%	3.00%	3.21%	3.12%	3.42%	3.90%	3.24%	
19	California Water	CWT	3.09%	2.75%	3.01%	3.18%	2.67%	3.16%	3.74%	3.09%	
20	Middlesex	MSEX	3.85%	3.35%	3.73%	3.71%	3.55%	3.89%	4.57%	3.81%	
21	H2O America	HTO	3.14%	2.78%	2.91%	3.36%	2.73%	3.27%	3.83%	3.15%	
22	York Water Company	YORW	4.38%	3.71%	4.19%	4.12%	3.97%	4.36%	5.10%	4.26%	
23	Atmos Energy	ATO	1.22%	1.69%	1.35%	2.14%	1.69%	2.17%	2.86%	1.87%	
24	Chesapeake Utilities	CPK	2.97%	2.76%	2.90%	3.27%	2.90%	3.29%	3.83%	3.13%	
25	New Jersey Resources	NJR	2.51%	2.56%	2.40%	2.76%	2.48%	2.88%	3.27%	2.70%	
26	NiSource Inc.	NI	1.44%	1.87%	1.37%	2.21%	1.54%	2.06%	2.73%	1.89%	
27	Northwest Natural	NWN	3.27%	2.80%	2.89%	3.32%	2.66%	3.12%	3.53%	3.08%	
28	ONE Gas Inc.	OGS	2.53%	2.38%	2.49%	2.81%	2.37%	2.75%	3.17%	2.64%	
29	Southwest Gas	SWX	2.38%	2.31%	2.31%	3.14%	2.15%	2.65%	2.73%	2.52%	
30	Spire Inc.	SR	2.57%	2.43%	2.43%	2.83%	2.21%	2.62%	3.11%	2.60%	
31	UGI Corp.	UGI	2.28%	2.22%	2.08%	2.27%	2.00%	2.26%	2.47%	2.23%	
32	Average		3.49%	3.13%	3.37%	3.52%	3.21%	3.62%	4.23%	3.51%	[A]
33	Comparative Risk Study Risk Premium Adjustment									-1.00%	[B]
33	Adjusted Risk Premium - Size (RP _s)									2.51%	[C] = [A]-[B]
34											
34	Liberty Utilities		N/A	4.92%	N/A	5.80%	5.52%	5.67%	6.68%	5.72%	[D]
35	Comparative Risk Study Risk Premium Adjustment									-0.04%	[E]
36	Adjusted Risk Premium - Size (RP _s)									5.68%	[F] = [D]+[E]
37	Adjusted Risk Premium - Size (RP _s) for	Liberty Utilities								5.68%	[F]
38	Adjusted Risk Premium - Size (RP _s) for Water Proxy Group									2.51%	[G]
39	Indicated Risk Premium Over Proxy Group									3.17%	[H] = [F]-[G]

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Step 2 - Identify the fundamental risk characteristics of the companies of the equivalent portfolio in the C- exhibit.

Step 3 - Identify the guideline portfolio in the D exhibit which has the most similar fundamental risk characteristic

found in Step 2 and find the smoothed average risk premium.

Step 4 - Identify the guideline portfolio in the D exhibit which has the most similar fundamental risk characteristic to the Company, and find the smoothed average risk premium.

Step 5 - The difference in smoothed average risk premiums is the maximum indicated risk adjustment. The range of adjustments may be 0 or at the maximum depending on the circumstances.

Line	Measures of size								
	(Millions)								
	5 Yr Avg.			Total			5 Yr Avg.		
No.	Company	Symbol	MV Equity ¹	Book Equity ¹	MVIC ¹	Net Income ¹	Assets ¹	EBITDA ¹	Sales
1	American States Water	AWR	\$ 2,972	\$ 921	\$ 3,778	\$ 101	\$ 2,500	\$ 197	\$ 596
2	California Water	CWT	2,576	1,636	3,680	107	5,180	314	795
3	Middlesex	MSEX	953	493	1,333	39	1,255	84	166
4	H2O America	HTO	2,410	1,540	4,277	75	4,658	257	670
5	York Water Company	YORW	470	240	692	18	633	36	60
6	Atmos Energy	ATO	30,567	13,561	39,542	790	25,194	1,902	4,275
7	Chesapeake Utilities	CPK	3,019	1,599	4,346	90	3,577	248	671
8	New Jersey Resources	NJR	5,537	2,392	8,787	240	6,982	522	1,963
9	NiSource Inc.	NI	22,774	9,448	38,232	691	31,788	2,339	5,505
10	Northwest Natural	NWN	2,048	1,476	4,395	82	5,234	341	1,197
11	ONE Gas Inc.	OGS	5,398	3,440	7,754	216	8,426	659	2,372
12	Southwest Gas	SWX	6,573	3,959	10,006	116	12,024	794	5,434
13	Spire Inc.	SR	5,095	3,148	8,464	210	10,861	844	2,666
14	UGI Corp.	UGI	7,527	4,776	14,058	617	15,098	1,611	8,928
Equivalent C Exhibit Portfolio Operating Margin			MV	Book		5 Yr Avg.	Total	5 Yr Avg.	
	Company	Symbol	Equity	Equity	MVIC	Net Income	Assets	EBITDA	Sales
			(Table C-1)	(Table C-2)	(Table C-4)	(Table C-3)	(Table C-5)	(Table C-6)	(Table C-7)
15	American States Water	AWR	9.29%	9.10%	9.12%	9.62%	9.21%	8.89%	8.89%
16	California Water	CWT	8.97%	10.01%	9.06%	9.65%	10.21%	9.58%	9.07%
17	Middlesex	MSEX	7.72%	8.28%	7.89%	8.13%	8.46%	7.84%	8.77%
18	H2O America	HTO	8.87%	9.95%	9.42%	9.12%	10.27%	9.63%	8.94%
19	York Water Company	YORW	6.44%	7.49%	6.80%	6.27%	7.68%	6.63%	8.77%
20	Atmos Energy	ATO	13.32%	12.86%	13.15%	12.56%	12.24%	12.44%	10.37%
21	Chesapeake Utilities	CPK	9.33%	9.94%	9.44%	9.50%	9.93%	9.58%	8.94%
22	New Jersey Resources	NJR	10.70%	11.11%	10.60%	10.77%	10.60%	10.42%	9.66%
23	NiSource Inc.	NI	13.21%	12.35%	13.15%	12.08%	12.60%	12.61%	10.01%
24	Northwest Natural	NWN	8.66%	9.96%	9.45%	9.29%	10.21%	9.62%	9.46%
25	ONE Gas Inc.	OGS	10.67%	11.77%	10.57%	10.78%	11.25%	10.67%	9.72%
26	Southwest Gas	SWX	10.89%	11.86%	10.80%	9.67%	11.52%	11.06%	10.00%
27	Spire Inc.	SR	10.51%	11.42%	10.57%	10.79%	11.37%	11.23%	9.78%
28	UGI Corp.	UGI	11.01%	11.81%	11.58%	12.45%	11.64%	12.35%	9.98%
20	Proxy Group Average		9.97%	10.57%	10.11%	10.05%	10.51%	10.18%	9.45%
21	Smoothed Average Risk Premium based upon OM								10.89%

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Line	Equivalent C Exhibit Portfolio CV(Operating Margin)		MV Equity (Table C-1)	Book Equity (Table C-2)	MVIC (Table C-4)	5 Yr Avg. Net Income (Table C-3)	Total Assets (Table C-5)	5 Yr Avg. EBITDA (Table C-6)	Sales (Table C-7)
No.	Company	Symbol							
1	American States Water	AWR	22.18%	22.14%	21.98%	20.85%	21.15%	23.40%	34.97%
2	California Water	CWT	22.91%	18.84%	22.11%	20.37%	16.81%	19.29%	29.12%
3	Middlesex	MSEX	29.70%	27.40%	29.52%	29.14%	26.30%	29.92%	42.98%
4	H2O America	HTO	23.23%	19.23%	21.35%	23.67%	17.31%	20.32%	32.04%
5	York Water Company	YORW	42.41%	37.58%	40.79%	48.89%	35.61%	47.22%	42.98%
6	Atmos Energy	ATO	13.49%	13.36%	13.86%	13.49%	14.07%	13.66%	16.75%
7	Chesapeake Utilities	CPK	22.10%	19.07%	21.27%	21.82%	18.27%	20.63%	32.03%
8	New Jersey Resources	NJR	17.68%	15.73%	16.91%	16.39%	16.67%	17.64%	21.61%
9	NiSource Inc.	NI	13.69%	14.21%	14.00%	13.53%	13.06%	14.05%	16.98%
10	Northwest Natural	NWN	23.97%	19.41%	21.22%	22.84%	16.79%	19.52%	24.04%
11	ONE Gas Inc.	OGS	17.69%	14.13%	17.19%	16.89%	15.67%	16.11%	20.18%
12	Southwest Gas	SWX	17.34%	15.01%	16.65%	19.80%	15.59%	16.09%	17.01%
13	Spire Inc.	SR	18.24%	14.25%	16.98%	17.03%	15.95%	15.58%	19.68%
14	UGI Corp.	UGI	16.22%	15.32%	15.14%	13.92%	14.96%	14.48%	15.90%
15	Proxy Group Average		21.49%	18.98%	20.64%	21.33%	18.44%	20.56%	26.16% 21.09%
16	Smoothed Average Risk Premium based upon CV (OM)								10.13%

	Equivalent C Exhibit Portfolio CV(ROE)		MV Equity (Table C-1)	Book Equity (Table C-2)	MVIC (Table C-4)	5 Yr Avg. Net Income (Table C-3)	Total Assets (Table C-5)	5 Yr Avg. EBITDA (Table C-6)	Sales (Table C-7)
	Company	Symbol							
17	American States Water	AWR	36.24%	35.37%	36.41%	32.63%	35.41%	37.27%	51.25%
18	California Water	CWT	38.42%	31.29%	36.66%	32.23%	29.78%	30.85%	45.52%
19	Middlesex	MSEX	47.60%	43.48%	46.33%	47.58%	41.63%	44.87%	58.55%
20	H2O America	HTO	38.51%	32.28%	35.14%	37.12%	30.41%	33.05%	48.58%
21	York Water Company	YORW	64.36%	56.46%	59.15%	81.23%	50.90%	65.69%	58.55%
22	Atmos Energy	ATO	24.57%	26.62%	25.70%	24.64%	29.03%	25.61%	29.06%
23	Chesapeake Utilities	CPK	35.96%	31.72%	35.05%	33.84%	31.09%	33.56%	48.57%
24	New Jersey Resources	NJR	29.72%	27.80%	29.17%	26.68%	28.53%	30.46%	36.33%
25	NiSource Inc.	NI	24.72%	27.25%	25.78%	24.67%	26.97%	26.13%	28.97%
26	Northwest Natural	NWN	38.91%	32.90%	34.99%	35.65%	29.73%	31.72%	40.20%
27	ONE Gas Inc.	OGS	30.02%	25.50%	28.52%	27.62%	27.37%	25.99%	36.10%
28	Southwest Gas	SWX	27.99%	26.58%	28.78%	31.75%	29.09%	28.81%	29.00%
29	Spire Inc.	SR	30.87%	24.75%	29.14%	27.97%	29.24%	28.76%	34.63%
30	UGI Corp.	UGI	27.54%	26.59%	27.20%	25.56%	28.57%	26.97%	28.65%
31	Proxy Group Average		35.39%	32.04%	34.15%	34.94%	31.98%	33.55%	41.00% 34.72%
32	Smoothed Average Risk Premium based upon CV (ROE)								9.90%

Liberty Utilities
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Line No.	<u>Estimate of Risk Premium Adjustment</u>				
1	5 -Year Historical				
2	<u>Company</u>	<u>Symbol</u>	<u>OM</u>	<u>CV (OM)</u>	<u>CV(ROE)</u>
3	American States Water	AWR	28.95%	10.41%	16.19%
4	California Water	CWT	22.78%	27.05%	33.66%
5	Middlesex	MSEX	36.92%	7.11%	14.65%
6	H2O America	HTO	23.93%	17.12%	6.53%
7	York Water Company	YORW	44.70%	7.95%	7.55%
8	Atmos Energy	ATO	36.19%	12.35%	1.99%
9	Chesapeake Utilities	CPK	28.41%	12.29%	16.28%
10	New Jersey Resources	NJR	18.46%	37.03%	8.97%
11	NiSource Inc.	NI	28.20%	12.27%	6.35%
12	Northwest Natural	NWN	21.16%	18.28%	6.36%
13	ONE Gas Inc.	OGS	20.58%	15.16%	2.08%
14	Southwest Gas	SWX	11.18%	10.69%	205.26%
15	Spire Inc.	SR	26.41%	5.70%	35.64%
16	UGI Corp.	UGI	14.10%	38.37%	44.11%
17	Proxy Group Average		25.86%	16.55%	28.97%
<u>Proxy Group Risk Differences</u>					
18	Smoothed Average Risk Premium From Equivalent D Exhibit		8.24%	9.89%	9.78%
19	Smoothed Average Risk Premium From Equivalent C Exhibit		10.89%	10.13%	9.90%
20	<u>Indicated Risk Adjustment</u>		-2.64%	-0.24%	-0.12%
					<u>Average</u>
					9.30%
					<u>Recommended</u>
					-1.00%
21	Possible Risk Adjustment		0.00%	to	-1.00%
					<u>Average</u>
					10.27%
					<u>Recommended</u>
					-0.04%
22	<u>Liberty Utilities</u>		16.63%	65.70%	43.91%
23	Smoothed Average Risk Premium From Equivalent D Exhibit		9.49%	11.27%	10.05%
24	Smoothed Average Risk Premium From Equivalent C Exhibit		10.89%	10.13%	9.90%
25	Indicated Risk Adjustment		-1.40%	1.14%	0.16%
					<u>Average</u>
					10.31%
					<u>Recommended</u>
					-0.04%
26	Possible Risk Adjustment		0.00%	to	-0.04%

Appendix 1

Liberty Utilities Co. to Liberty Utilities (Black Mountain Sewer) Corp.

Term Sheet

Lender	Liberty Utilities Co.
Borrower	Liberty Utilities (Black Mountain 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 \$6.6 million
Maturity Date	10 Years after Closing Date
Collateral	None
Interest Rate	10-year US Treasury plus a 130-basis point credit spread (or such other like term credit spread based on the most recent Liberty Utilities Co. private debt placement). The rate shall be determined using the Treasury rate applicable on the closing date. Based on the 10-year US Treasury rate as of April 13, 2026 of 4.297%, the indicative all-in rate, including the credit spread, would be approximately 5.597%.
Repayment Terms	Interest payments shall be made monthly. Based on an indicative rate noted above, the monthly interest payments would be \$30,784. The actual interest payments will be based on the amount borrowed and the then current 10-year US Treasury rate plus the applicable spread. The principal balance shall be due and payable on or before the maturity date.
Prepayment	A make whole payment on early repayment will apply.

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.

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.

Appendix 2

Liberty Utilities (Black Mountain Sewer) Corp.
Current and Projected Balance Sheets (Unaudited)

Page 1

Line No.	Proforma Ended 12/31/2025	Projected Year Ended 12/31/2026	Projected Year Ended 12/31/2026	Projected Year Ended 12/31/2027	Projected Year Ended 12/31/2028	Projected Year Ended 12/31/2029
1	ASSETS					
2	Plant In Service	\$ 22,398,769	\$ 29,398,724	\$ 30,152,724	\$ 30,722,724	\$ 32,970,124
3	Non-Utility Plant	-	-	-	-	-
4	Construction Work in Progress	1,841,048	734,168	734,168	734,168	734,168
5	Property Held for Future Use	-	-	-	-	-
6	Less: Accumulated Depreciation	(12,558,780)	(13,084,903)	(14,084,330)	(15,072,799)	(16,094,626)
7	Utility Plant Acquisition Adjustment	-	-	-	-	-
8	Net Plant	\$ 11,681,037	\$ 17,047,990	\$ 16,802,562	\$ 16,384,093	\$ 17,609,666
9						
10	CURRENT ASSETS					
11	Cash and Equivalents	\$ (38)	\$ 945,774	\$ 1,299,071	\$ 2,103,772	\$ 1,239,634
12	Restricted Cash	529,132	529,132	529,132	529,132	529,132
13	Net Accounts Receivable	366,630	366,630	366,630	366,630	366,630
14	Inter-Company Receivable	3,893,432	-	-	-	-
15	Notes Receivable	-	-	-	-	-
16	Materials and Supplies	-	-	-	-	-
17	Prepayments	2,333	2,333	2,333	2,333	2,333
18	Accrued Utility Revenues	74,560	74,560	74,560	74,560	74,560
19	Other Current Assets	-	-	-	-	-
20	Total Current Assets	\$ 4,866,048	\$ 1,918,428	\$ 2,271,725	\$ 3,076,426	\$ 2,212,288
21						
22	OTHER ASSETS					
23	Deferred Finance Costs	\$ -	\$ -	\$ -	\$ -	\$ -
24	Other Deferred Debits	2,070,872	2,170,313	2,170,313	2,170,313	2,170,313
25	Other Non-Current Assets	39,132	39,132	39,132	39,132	39,132
26	Deferred Debits	\$ 2,110,004	\$ 2,209,445	\$ 2,209,445	\$ 2,209,445	\$ 2,209,445
27						
28	TOTAL ASSETS	\$ 18,657,089	\$ 21,175,863	\$ 21,283,733	\$ 21,669,964	\$ 22,031,399
29						
30	LIABILITIES AND STOCKHOLDER EQUITY					
31						
32	Stockholder's Equity	\$ 4,339,657	\$ 9,843,477	\$ 9,896,545	\$ 10,099,928	\$ 10,289,922
33						
34	Long-Term Debt*	\$ 3,696,745	\$ 8,385,184	\$ 8,430,390	\$ 8,603,643	\$ 8,765,489
35						
36	CURRENT LIABILITIES					
37	Accounts Payable	\$ 9,039	\$ 9,039	\$ 9,039	\$ 9,039	\$ 9,039
38	Current Portion of Long-Term Debt	-	-	-	-	-
39	Payables to Associated Companies	5,826,742	326,742	326,742	326,742	326,742
40	Customer Security Deposits	22,022	22,022	22,022	22,022	22,022
41	Customer Meter Deposits, Current	-	-	-	-	-
42	Current Portion of AIAC	-	-	-	-	-
43	Accrued Taxes	2,053,516	-	-	-	-
44	Accrued Interest	524,869	524,869	524,869	524,869	524,869
45	Accumulated Deferred Income Taxes, Current	-	-	-	-	-
46	Other Current Liabilities	490,775	490,900	490,900	490,900	490,900
47	Total Current Liabilities	\$ 8,926,963	\$ 1,373,572	\$ 1,373,572	\$ 1,373,572	\$ 1,373,572
48						
49	DEFERRED CREDITS					
50	Customer Meter Deposits, less current	\$ -	\$ -	\$ -	\$ -	\$ -
51	Advances in Aid of Construction	-	-	-	-	-
52	AIAC, in progress	240,073	240,073	240,073	240,073	240,073
53	AIAC, gross-up	-	-	-	-	-
54	Accumulated Deferred Income Tax Credits	-	-	-	-	-
55	Contributions In Aid of Construction	6,957,144	6,957,144	6,957,144	6,957,144	6,957,144
56	CIAC, in progress	7,500	7,500	7,500	7,500	7,500
57	Accumulated Amortization	(6,058,665)	(6,123,930)	(6,192,463)	(6,260,995)	(6,329,527)
58	Accumulated Deferred Income Taxes	(20,238)	(75,066)	(75,066)	(75,066)	(75,066)
59	Other Deferred Credits	567,910	567,910	646,037	724,164	802,292
60	Total Deferred Credits	\$ 1,693,723	\$ 1,573,631	\$ 1,583,226	\$ 1,592,821	\$ 1,602,416
61						
62	Total Liabilities & Common Equity	\$ 18,657,089	\$ 21,175,863	\$ 21,283,733	\$ 21,669,964	\$ 22,031,399
63		\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)
64	Debt Ratio	46%	46%	46%	46%	46%
65	Equity	54%	54%	54%	54%	54%
66						
67	EBITDA	\$ 121,704	\$ 390,219	\$ 961,753	\$ 1,623,287	\$ 1,550,430
68	EBIT	\$ 115,939	\$ 384,454	\$ 942,527	\$ 1,603,485	\$ 1,530,033
69						
70	Weighted Cost of Debt (see work paper)	3.540%	4.690%	4.695%	4.713%	4.729%
71						
72	Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -
73	Interest Payments	130,849	393,261	395,791	405,488	414,546
74	Total Debt Service	\$ 130,849	\$ 393,261	\$ 395,791	\$ 405,488	\$ 414,546
75						
76	DSCR	0.93	0.99	2.43	4.00	3.74
77	TIER	0.89	0.98	2.38	3.95	3.69
78						
79	* Proforma and projected Equity and Debt for 2024 -2029 adjusted to achieve 46% debt and 54% equity in capital structure.					
80						

Liberty Utilities (Black Mountain Sewer) Corp.
Current and Projected Income Statements (Unaudited)

Page 2

Line No.		Actual Year Ended 12/31/2025	Projected Year Ended 12/31/2026	Projected Year Ended 12/31/2027	Projected Year Ended 12/31/2028	Projected Year Ended 12/31/2029	Projected Year Ended 12/31/2030
1	Revenues						
2	Sewer Revenues	\$ 2,926,298	\$ 2,981,192	\$ 3,682,890	\$ 4,384,589	\$ 4,397,742	\$ 4,410,936
3	Other Sewer Revenues	18,420	18,420	18,420	18,420	18,420	18,420
4	Total Revenues	<u>\$ 2,944,719</u>	<u>\$ 2,999,613</u>	<u>\$ 3,701,311</u>	<u>\$ 4,403,009</u>	<u>\$ 4,416,163</u>	<u>\$ 4,429,356</u>
5	Operating Expenses						
6	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Purchased Water	-	5,020	5,020	5,070	5,121	5,172
8	Purchased Wastewater Treatment	519,013	479,258	479,258	493,636	508,445	523,699
9	Sludge Removal	-	-	-	-	-	-
10	Purchased Power	38,860	38,860	38,860	40,025	41,226	42,463
11	Fuel for Power Production	-	-	-	-	-	-
12	Chemicals	173	158,862	158,862	163,628	168,537	173,593
13	Materials and Supplies	29,844	29,844	29,844	30,740	31,662	32,612
14	Contractual Services - Accounting	-	-	-	-	-	-
15	Contractual Services - Legal	-	-	-	-	-	-
16	Contractual Services - Management	903,585	784,654	784,654	808,194	832,440	857,413
17	Contractual Services - Testing	-	13,000	13,000	13,390	13,792	14,205
18	Contractual Services - Other	193,387	64,552	64,552	66,489	68,484	70,538
19	Equipment Rent	-	-	-	-	-	-
20	Building Rent	35,626	35,626	35,626	36,695	37,796	38,929
21	Transportation Expense	24,116	24,116	24,116	24,839	25,584	26,352
22	Insurance - Auto	1,658	1,658	1,658	1,708	1,759	1,812
23	Insurance - General Liability	22,621	22,621	22,621	23,300	23,999	24,719
24	Advertising Expense	202	202	202	208	215	221
25	Regulatory Commission Expense	-	-	-	-	-	-
26	Miscellaneous	0	0	0.03	0	0	0
27	Depreciation and Amortization	820,476	906,802	1,030,337	1,019,379	1,052,736	1,110,529
28	Depreciation Expense Other	187,379	-	-	-	-	-
29	Bad Debt Expense	5,765	5,765	19,226	19,802	20,396	21,008
30	Taxes Other Than Income	-	-	-	-	-	-
31	Property Taxes	44,243	42,486	49,115	50,589	52,106	53,670
32	Income Taxes	25,479	(990)	343,052	298,410	277,888	251,873
33	Customer Deposit Interest	1,832	1,832	1,832	1,832	1,832	1,832
34	Total Operating Expenses	<u>\$ 2,854,259</u>	<u>\$ 2,614,168</u>	<u>\$ 3,101,835</u>	<u>\$ 3,097,933</u>	<u>\$ 3,164,018</u>	<u>\$ 3,250,640</u>
35	Operating Income	<u>\$ 90,460</u>	<u>\$ 385,444</u>	<u>\$ 599,476</u>	<u>\$ 1,305,075</u>	<u>\$ 1,252,145</u>	<u>\$ 1,178,716</u>
36	Other Income (Expense)						
37	Interest and Dividend Income	-	-	-	-	-	-
38	AFUDC Income	47,633	47,633	47,633	47,633	47,633	47,633
39	Miscellaneous Non-Utility Expenses	(5,630)	(5,630)	(5,630)	(5,630)	(5,630)	(5,630)
40	Interest Expense	(114,633)	(393,261)	(395,791)	(405,488)	(414,546)	(419,702)
41		-	-	-	-	-	-
42	Total Other Income (Expense)	<u>\$ (72,631)</u>	<u>\$ (351,258)</u>	<u>\$ (353,789)</u>	<u>\$ (363,486)</u>	<u>\$ (372,544)</u>	<u>\$ (377,700)</u>
43	Net Profit (Loss)	<u>\$ 17,828</u>	<u>\$ 34,186</u>	<u>\$ 245,687</u>	<u>\$ 941,590</u>	<u>\$ 879,601</u>	<u>\$ 801,016</u>

* Projected interest expense based upon weighted cost of debt and debt levels in 2024-2028.

Appendix 3

Liberty Utilities Co. to Liberty Utilities (Black Mountain Sewer)

Board Resolution

Will be provided when available.

Supplemental Filing Materials

Wastewater Utility Plant Description

Name of System:	Liberty Utilities (Black Mountain Sewer) Corp.
Wastewater Inventory Number (if applicable):	NA
Type of Treatment	Other
Design Capacity of Plant (Gallons per day)	NA

LIFT STATION FACILITIES

Location	Quantity of Pumps	Horsepower Per Pump	Rated Capacity Per Pump (GPM)	Wet Well Capacity (gals)	Year Constructed
Commercial	2	35 HP	200	1080	*2018
CIE - No Longer Exists	N/A	N/A	N/A	N/A	NA
Indian Rock	2	6.5	100	470	*2018
Sage Brush	2	4	45	470	*2014
Trade Center	2	10	174	1000	2005
Sentinel Rock	2	15	370	1500	1999
Carefree Highway	2	20	150	1525	1997
Stage Coach Pass	2	11	50	470	*2019
Peaceful Place	2	3	15	470	*2010
Sunset Trails	2	20	150	2600	1998
El Pedregal	2	10	185	2000	1988
Ridgeview	2	7.5	100	470	1996
Canyon Crossings - New	2	4	85	1000	*2019
Carefree Village	2	2.7	85	1760	2003
Indian Basket	2	1	11	150	*2018
NA	NA	NA	NA	NA	NA

FORCE MAINS

Size	Material	Length (Feet)
Unknown	ACP/PVC/DIP	3,581
1.5 inch	ACP	2,660
2 inch	ACP	5,352
2.5 inch	PVC	164
3 inch	PVC	685
4 inch	PVC	7,263
6 inch	PVC	39,327
8 inch	PVC	625
10 inch	PVC	1,188

MANHOLES

Type	Quantity
Standard	1,079
Drop	20

CLEANOUTS

Quantity
36
NA
NA
NA

Note: If you are filing for more than one system, please provide separate sheets for each system.

Instructions: Fill out the Grey Cells with the relevent information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report. Copy and paste this sheet as many times as is necessary.

Liberty Utilities (Black Mountain Sewer) Corp.
Annual Report
Wastewater Utility Plant Description (Continued)

Wastewater Utility Plant Description (Continued)						
GRAVITY MAINS				SERVICES/LATERALS		
Sizes (inches)	Material	Length (feet)		Size (inches)	Material	Quantity
4	VCP/PVC/DIP/ABS	473		4	NA	2,379
6	VCP/PVC/DIP/ABS	12,457		6	NA	134
8	VCP/PVC/DIP/ABS	197,010		NA	NA	NA
10	VCP/PVC/DIP/ABS	3,145		NA	NA	NA
12	VCP/PVC/DIP/ABS	3,061				
15	VCP/PVC/DIP/ABS	1,708				
18	VCP/PVC/DIP/ABS	130				
21	VCP/PVC/DIP/ABS	74				
24	VCP/PVC/DIP/ABS	0				
30	VCP/PVC/DIP/ABS	0				
Unknown & 16	VCP/PVC/DIP/ABS	2,786				
2	VCP/PVC/DIP/ABS	473				
NA	NA	NA				
NA	NA	NA				
NA	NA	NA				

For the following five items, list the utility owned assets in each category for each system.

SOLIDS PROCESSING AND HANDLING FACILITIES	N/A
DISINFECTION EQUIPMENT (Chlorinator, Ultra-Violet, Etc.)	N/A
FILTRATION EQUIPMENT (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	N/A
STRUCTURES (Buildings, Fences, Etc.)	14 Collection lift stations, Concrete Block Wall
Other (Laboratory Equipment, Tools, Vehicles, Standby, Power Generators, Etc.)	Odor Control Scrubber (Commercial Lift Station), Stand-by Generator (Portable), Stand-by Generators (Carefree Village, Commercial, New Trade Center), Ford F-250 (x2), Lifting Crane Assembly.

Note: If you are filing for more than one system, please provide separate sheets for each system.

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report. Copy and paste this sheet as many times as is necessary.

Liberty Utilities (Black Mountain Sewer) Corp.
Annual Report
Wastewater Flows
12/31/25

Wastewater Flows					
Month	Number of Services	Total Monthly Sewage Flow (Gallons)	Sewage Flow on Peak Day	Purchased Power Expense ¹	Purchased Power (kWh) ²
January	2,437	6,133,911	242,937	\$2,849	12,276
February	2,361	6,089,286	237,706	2,919	12,841
March	2,359	6,794,884	243,364	2,628	36,727
April	2,342	6,370,200	241,336	2,880	12,441
May	2,408	8,435,330	241,336	2,900	11,252
June	2,404	8,199,627	306,337	3,226	12,392
July	2,467	9,373,532	314,475	2,516	10,598
August	2,470	10,583,589	386,342	2,750	11,495
September	2,485	6,281,853	434,203	2,929	10,260
October	2,484	4,637,696	378,340	2,687	30,482
November	2,466	4,637,696	378,340	2,907	12,152
December	2,483	7,030,753	343,186	2,685	11,150
	Totals	84,568,357	3,747,902	\$33,877	184,066

Provide the following information as applicable per wastewater system:

Method of Effluent Disposal	Other
Groundwater Permit Number	NA
ADEQ Aquifer Protection Permit ("APP") Number	NA
ADEQ Reuse Permit Number	NA
EPA NPDES Permit Number	NA
APP Effluent Treatment Requirement (Class)?	NA
Permitted Flow Rate	NA
Permitted Organic Capacity	NA
Hydraulic Capacity	NA
Type of Biological Treatment	N/A

In the space below, list all violations within the past 12 months:

N/A

Note: If you are filing for more than one system, please provide separate sheets for each system.

¹ Enter the total purchased power costs for the power meters associated with this system.

² Enter the total purchased kWh used by the power meters associated with this system.

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.