

# FREQUENTLY ASKED QUESTIONS

Liberty Utilities (Black Mountain Sewer) Corp.  
(ACC Docket No. SW-02361A-19-0139)

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***Q: What is Liberty Utilities Black Mountain?***

A. Liberty Utilities Black Mountain is an Arizona public service corporation providing sewer utility services to over 2000 residential and commercial customers in the Town of Carefree and in a small portion of the City of Scottsdale.

***Q: What sewer utility services does Liberty Utilities Black Mountain provide to its customers?***

A. Liberty Utilities Black Mountain provides wastewater collection, transmission and treatment.

***Q: Why is Liberty Utilities Black Mountain seeking new rates at this time?***

A. In Decision No. 75510 (April 22, 2016), the ACC ordered Liberty Utilities Black Mountain to file a rate case on or before June 30, 2019.

***Q: Was there a specific reason the ACC ordered Liberty Utilities Black Mountain to file this rate case?***

A. The rate case was ordered in connection with the ACC's orders that Liberty Utilities Black Mountain close the Boulders Wastewater Treatment Plant ("WWTP").

***Q: Why did the ACC order Liberty Utilities Black Mountain to close the Boulders WWTP?***

A. The community, through the Boulders Homeowners Association and the Town of Carefree, with petitioned the ACC to order the closure of the Boulders WWTP. The community's requests were supported by several hundred customer comments. After consideration of the community's desires, the ACC issued three different orders between 2010 and 2016 concerning the closure, the last one requiring that the Boulders WWTP be closed by November 30, 2018.

***Q: Was the Boulders WWTP operating in compliance with applicable laws and regulations?***

A. The facility was operated in full compliance with applicable law and regulation. However, the Boulders WWTP was located on the Boulders golf course, close to numerous residences, and the community no longer wanted the facility in the middle of the neighborhood.

***Q: Were there customers who opposed the closure of the Boulders WWTP?***

A. At the time of the initial hearing, a small number of customers opposed the closure. The Boulders Resort also opposed the closure because it was using the effluent from the Boulders WWTP, however, the Resort ultimately withdrew its opposition when its concerns were addressed.

**Q: *Do all of Liberty Utilities Black Mountain's customers benefit from closure of the Boulders WWTP?***

A: In three different orders since 2010 the ACC concluded that closure of the Boulders WWTP was in the public interest. Liberty Utilities Black Mountain complied with those orders with the stated expectation that the reasonable and prudent cost of plant closure would be included in rate base.

**Q: *Has the closure and removal of the Boulders WWTP been completed?***

A: Yes, the facility is gone, all of the flows have been re-routed and the site is up for sale.

**Q: *How much did it cost to close the Boulders WWTP?***

A: The total cost to close and remove the Boulders WWTP was approximately \$11.1 million. More significant costs included replacement capacity, removal of the facility and site remediation, and modifying and upgrading the wastewater transmission system to re-route the flows that were going into the Boulders WWTP to Scottsdale for treatment.

**Q: *Does Liberty Utilities Black Mountain own any other wastewater reclamation facilities?***

A: No. Liberty Utilities Black Mountain delivers all wastewater collected from its customers to Scottsdale for treatment. Sewer utilities often share or contract for wastewater treatment with other entities.

**Q: *How will Liberty Utilities Black Mountain's rates be set in this rate case?***

A: The ACC will determine Liberty Utilities Black Mountain's reasonable and necessary operating expenses, its fair value rate base (the value of the utility plant in service to the public), and a fair rate of return on rate base. Those determinations will be used to calculate a revenue requirement that will then be used to determine the rates paid by the customers for sewer utility service by Liberty Utilities Black Mountain.

**Q: *If Liberty Utilities Black Mountain no longer operates a wastewater treatment facility, why does it need a rate increase?***

A: The treatment of the wastewater collected from Liberty Utilities Black Mountain's customers still has a cost and that cost is part of Liberty Utilities Black Mountain's operating expenses. Liberty Utilities Black Mountain has also invested over \$11.1 million complying with the ACC's order and the community's wishes that the Boulders WWTP be removed. That investment now needs to generate a return. All of the facilities included in Liberty Utilities Black Mountain's proposed rate base are in service today and used and useful in serving customers.

**Q: *In addition to costs for wastewater treatment, what other types of operating expenses does Liberty Utilities Black Mountain regularly incur?***

A: Liberty Utilities Black Mountain operating costs include facility operating and maintenance expenses, including the operation of 17 lift stations and associated electrical expenses, sewer line cleaning and odor control costs, and labor, permitting, and taxation costs.

**Q: *When will the new rates go into effect?***

A. The new rates are expected to go into effect 4<sup>th</sup> quarter of 2020.

### **ADDITIONAL RESOURCES**

- Contact the Arizona Corporation Commission at --
  - 602.542.4251
  - [www.azcc.gov](http://www.azcc.gov)
- Review Liberty Utilities Black Mountain's Application for Rate Relief at --
  - <http://edocket.azcc.gov/Search> (in the search box, key in "Black Mountain Sewer" and the documents will appear)
- For additional information on the general rate case process, Liberty Utilities Black Mountain has prepared a detail flow chart that can be found at –
  - [http://www.libertywater.com/LPSCOratecase/ACC\\_Process\\_Chart.pdf](http://www.libertywater.com/LPSCOratecase/ACC_Process_Chart.pdf)
- For additional information on the general rate case timeline, Liberty Utilities Black Mountain has prepared a detail flow chart that can be found at --
  - [http://www.libertywater.com/LPSCOratecase/LPSCO\\_Schedule.pdf](http://www.libertywater.com/LPSCOratecase/LPSCO_Schedule.pdf)
- For Bill Impact information, Liberty Utilities Black Mountain has prepared bill examples at proposed rates that can be found at –
  - [www.libertyutilities.com](http://www.libertyutilities.com) rates page