



BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

NICK MYERS – CHAIR
RACHEL WALDEN – VICE CHAIR
LEA MÁRQUEZ PETERSON
KEVIN THOMPSON
RENÉ LOPEZ

Arizona Corporation Commission

DOCKETED

AUG 28 2026

DOCKETED BY

DOCKET NO. W-01427A-25-0126

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

DOCKET NO. SW-01428A-25-0127

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

DOCKET NO. W-01427A-25-0163
SW-01428A-25-0163

IN THE MATTER OF THE APPLICATION OF
LIBERTY UTILITIES (LITCHFIELD PARK
WATER & SEWER) CORP. FOR A FINANCING
ORDER AUTHORIZING THE ISSUANCE OF
ADDITIONAL DEBT, AND FOR RELATED
APPROVALS.

DECISION NO. **82134**

OPINION AND ORDER

DATE OF HEARING: March 23 – 27, and April 3, 2026

PLACE OF HEARING: Phoenix, Arizona

ADMINISTRATIVE LAW JUDGE: Belinda A. Martin

APPEARANCES: Timothy J. Sabo and Elias Ancharski, Osborn Maledon,
PA, Counsel on behalf of Liberty Utilities (Litchfield
Park Water & Sewer) Corp.;

Stephen Emedi, Director of Legal Services Arizona and
Texas on behalf of Liberty Utilities (Litchfield Park
Water & Sewer) Corp.;

Sarah Barrios Cool, Counsel, and Daniel W. Pozefsky,
Chief Counsel, on behalf of the Residential Utility
Consumer Office; and

Bridget A. Humphrey, Senior Associate General Counsel, on behalf of the Utilities Division of the Arizona Corporation Commission.

BY THE COMMISSION:

I. Procedural History

On June 13, 2025, Liberty Utilities (Litchfield Park Water & Sewer) Corp., (“Liberty Litchfield” or “Company”) filed with the Commission a Notice of Intent to File a General Rate Case Application for its Water Utility Service (“Water Rate Application”)¹ and a Notice of Intent to File a General Rate Case Application for its Wastewater Utility Service (“Wastewater Rate Application”, and together with the Water Application, the “Rate Applications”).²

On June 18, 2025, a Procedural Order regarding consent to email was issued in each docket.

On June 30, 2025, Liberty Litchfield filed its Water Rate Application in Docket No. 25-0126 and its Wastewater Rate Application in Docket No. 25-0127.

On July 18, 2025, Liberty Litchfield docketed Corrected Rate Schedules for its Water Rate Application.

On July 24, 2025, Liberty Litchfield filed additional Corrected Rate Schedules for its Water Rate Application, and Corrected Rate Schedules for the Wastewater Rate Application.

On July 25, 2025, Liberty Litchfield filed a Notice of Errata regarding two mistakes in the July 24, 2025, Corrected Rate Schedules for the Water Rate Application.

On July 30, 2025, the Commission’s Utilities Division (“Staff”) docketed Letters of Sufficiency in Docket Nos. 25-0126 and 25-0127, stating that Liberty Litchfield’s Water Rate Application and Wastewater Rate Application each met the minimum sufficiency requirements as outlined in the Arizona Administrative Code (“A.A.C.”) R-14-2-103, and classifying Liberty Litchfield as a Class A utility.

On July 31, 2025, by Procedural Order, a telephonic procedural conference was scheduled to be held on August 7, 2025.

¹ Docket No. W-01427A-25-0126 (“Docket No. 25-0126”).

² Docket No. W-01428A-25-0127 (“Docket No. 25-0127”).

1 On August 5, 2025, the Residential Consumer Office (“RUCO”) filed an Application to
2 Intervene, and RUCO’s Proposed Procedural Schedule.

3 On August 5, 2025, Liberty Litchfield and Staff docketed a Joint Notice of Filing Proposed
4 Schedule.

5 On August 6, 2025, Liberty Litchfield filed an Application in Docket Nos. W-01427A-25-0163
6 and SW-01428A-25-0163, (“Financing Application Dockets”) for a financing order authorizing the
7 issuance of additional debt, and for related approvals. (“Financing Application”).

8 Also on the same date, Liberty Litchfield filed a Notice of Filing a proposed form of notice.

9 On August 7, 2025, the telephonic procedural conference was held as scheduled. Liberty
10 Litchfield, RUCO, and Staff were present at the procedural conference through counsel. During the
11 procedural conference, the participants discussed RUCO’s intervention request, to which no parties
12 objected. The participants also discussed various schedule and deadline issues. In addition, they
13 discussed consolidation of the Water Rate Application Docket, the Wastewater Rate Application
14 Docket, and the Financing Application Docket. The parties agreed that consolidation was reasonable
15 and that no party would be harmed by the dockets’ consolidation.

16 On August 7, 2025, by Procedural Order, RUCO’s Application to Intervene was granted.

17 On the same date, a Procedural Order regarding consent to email service was issued in the
18 Financing Application Docket.

19 On August 7, 2025, a Procedural Order granting the consolidation of the Water Rate
20 Application Docket, the Wastewater Rate Application Docket, and the Financing Application Docket
21 was issued.

22 On August 8, 2025, by Procedural Order, a hearing was scheduled to begin on March 23, 2026,
23 and other procedural requirements and deadlines were established.³

24 On September 8, 2025, Liberty Litchfield filed its Certification of Mailing and Publication. The
25 Company stated that notice of the hearing was mailed to customers on August 29, 2025, and published
26 in the *West Valley View*, a newspaper in circulation for the City of Goodyear, Maricopa County, on

27 ³ On the same date, by Procedural Order, the prior Procedural Order was modified to change the date for provision of the
28 USBs from August 22, 2026, to August 22, 2025. The deadline for intervention was changed from October 17, 2026, to
October 17, 2025.

1 August 27, 2025.

2 On January 16, 2026, RUCO filed the Direct Testimony of Cynthia Zwick, Jeffrey M. Michlik,
3 Crystal Brown, and Baylor Sai.

4 On the same date, Staff filed the Direct Testimony of Matthew Malone, Helen Betzomayeh,
5 Mark Swiler, and Eunyoung Lee.

6 On January 23, 2026, RUCO filed the Direct Rate Design Testimony of Jeffrey M. Michlik.

7 On the same date, Staff filed the Direct Testimony of Helen Betzomayeh, Teresa Hunsaker,
8 Guadalupe Ortiz, and Eunyoung Lee.

9 On January 26, 2026, RUCO docketed a Notice of Errata correcting errors within the testimony
10 and schedules of Baylor Sai.

11 On February 5, 2026, Liberty Litchfield filed a Notice of Settlement Meeting. In the Notice, the
12 Company advised the Commission that the parties would be meeting on February 17, 2026, to conduct
13 settlement negotiations.

14 On February 18, 2026, Liberty Litchfield filed a Notice of Settlement and Request for
15 Procedural Conference, and RUCO filed a Notice of RUCO's Position RE: Notice of Settlement and
16 Request for Procedural Conference.

17 On February 19, 2026, Liberty Litchfield filed a Status Report. The Company noted that it had
18 circulated a proposed schedule to the parties that preserved the current hearing dates and provided for
19 the filing of the formal Settlement Agreement and the attendant testimonies. As such, Liberty Litchfield
20 stated that it would not be filing any rebuttal testimony on Friday, February 20, 2026, as directed in the
21 August 8, 2025, Procedural Order because a new schedule was anticipated as a result of the Settlement
22 Agreement.

23 On February 20, 2026, by Procedural Order, a telephonic procedural conference was scheduled
24 for February 27, 2026. The Procedural Order also required Liberty Litchfield to submit its Rebuttal
25 Testimony on or before February 25, 2026, and other procedural requirements and deadlines were
26 established.

27 On February 23, 2026, RUCO filed its Status Report and Proposed Schedule.

28 On February 25, 2026, Commissioner Lea Márquez Peterson filed letters in the Water Rate

1 Application Docket and the Wastewater Rate Application Docket requesting information regarding
2 formula rates and the transparency of the formula rate process.

3 Also on February 25, 2026, Liberty Litchfield docketed the Rebuttal Testimony of Moses
4 Thompson, Manasa Rao, and Thomas Bourassa. In addition, Staff filed its Response to RUCO's Status
5 Report and Proposed Schedule.

6 On February 26, 2026, Liberty Litchfield docketed its Notice of Filing Proposed Settlement
7 Schedule.

8 On February 27, 2026, Staff filed a Notice of Manner of Participation.

9 On February 27, 2026, the procedural conference⁴ was held as scheduled. Liberty Litchfield,
10 RUCO, and Staff all appeared through counsel. During the procedural conference, the parties
11 acknowledged that they agreed to the schedule proposed by Liberty Litchfield. In addition, Liberty
12 Litchfield was requested to provide an exhibit for the hearing listing all states and/or commissions that
13 have approved formula rates other than FERC interstate transmission rates, and a listing of the utilities
14 in those states that have adopted formula rates and when, and how many are water/wastewater utilities.
15 Liberty Litchfield was also asked to compare, to the best of its ability, how those formula rate plans
16 compare to the Commission's Formula Rate Policy.

17 On the same date, RUCO and Liberty Litchfield filed their respective Notices of Manner of
18 Participation.

19 On March 3, 2026, Liberty Litchfield filed a Notice of Filing Settlement Agreement and a Joint
20 Motion to Bifurcate (Phase II Formula Rates) on behalf of Staff and the Company.

21 On March 4, 2026, RUCO filed an Opposition in Response to Joint Motion to Bifurcate.

22 On March 5, 2026, Liberty Litchfield filed a Joint Reply in Support of Motion to Bifurcate
23 (Phase II Formula Rates) on behalf of the Company and Staff.

24 On March 6, 2026, Staff docketed the Pre-Filed Testimony of Briton Baxter in Support of the
25 Settlement Agreement, and Liberty Litchfield filed the Pre-Filed Testimony of Manasa Rao in Support
26 of the Settlement Agreement.

27
28 ⁴ The February 20, 2026, Procedural Order set the procedural conference to be held telephonically. Subsequently, the parties were requested to appear in person at the Commission's Phoenix office.

1 Also on March 6, 2026, a Procedural Order was issued denying the Joint Motion to Bifurcate
2 (Phase II Formula Rates).

3 On March 10, 2026, Liberty Litchfield and Staff submitted a Joint Notice of Errata to Settlement
4 Agreement to reflect the correct percentage of the debt in the Capital Structure.

5 On March 12, 2026, RUCO docketed a Notice of its Filing Witness Summaries for Cynthia
6 Zwick, Jeffrey Michlik, Crystal S. Brown, and Baylor Sai.

7 On March 13, 2026, Liberty Litchfield docketed a Notice of Filing Witness Summaries of
8 Moses Thompson, Matthew Garlick, Peter Eichler, Terry Gilbertson, Thomas Bourassa, Regina Wise,
9 and Manasa Rao, and Staff filed a Notice of Filing Witness Summaries for Matthew Malone, Helen
10 Betzomayeh, Mark Swiler, Eunyoung Lee, Teresa Hunsaker, Guadalupe Ortiz, and Briton Baxter.

11 Also on March 13, 2026, Staff filed an Expedited Motion for Reconsideration of the findings
12 in the March 6, 2026, Procedural Order denying the Joint Motion to Bifurcate (Phase II Formula Rates).

13 On March 16, 2026, RUCO docketed the Pre-Filed Surrebuttal Testimony of Jeffrey M.
14 Michlik, Crystal Brown, and Baylor Sai.

15 On March 17, 2026, RUCO filed its Response to Staff's Expedited Motion For Reconsideration
16 (Phase II Formula Rates).

17 Also on March 17, 2026, a Procedural Order was issued granting Staff's Expedited Motion for
18 Reconsideration, and setting additional hearing dates on May 14 and 15, 2026, specifically for the
19 purpose of taking testimony and receiving additional exhibits on the Cost of Service Reconciliation
20 Mechanism ("CSRM") and extending the time clock.

21 Later the same day, Liberty Litchfield docketed an Emergency Response to Procedural Order,
22 noting that it disagreed with the Procedural Order's findings, and stating that it opposed the extension
23 of the time clock.

24 On March 19, 2026, a Procedural Order was issued vacating the hearing dates set in the March
25 17, 2026, Procedural Order.

26 Also, on March 19, 2026, Liberty Litchfield and Staff filed a joint filing regarding Liberty
27 Litchfield's formula rate plan ("FRP"). The joint filing reflected a change in the name of the proposed
28 FRP from "Cost of Service Reconciliation Mechanism" to "Annual Rate Adjustment Mechanism"

1 (“ARAM”) for purposes of transparency.⁵ The joint filing included a Plan of Administration (“POA”),
2 and a summary of the updated ARAM POA. The Company noted that the proposed associated rate
3 template and customer notice regarding the ARAM were being finalized and would be submitted in a
4 separate filing.

5 On March 19, 2026, Liberty Litchfield filed a Notice of Filing Issues Matrix, and RUCO
6 submitted a List of Witnesses and/or Exhibits.

7 On March 20, 2026, Staff and Liberty Litchfield submitted their respective List of Witnesses
8 and/or Exhibits.

9 On March 23, 2026, the Company docketed a Notice of Filing Late-Filed Exhibits (“LFE”), a
10 Notice of Filing a Revised Issues Matrix, and a copy of the opening statement slide deck to be used at
11 hearing.

12 On the same date, the hearing began as scheduled and public comments were taken. One
13 member of the public was present to present statements in favor of a proposed formula rate plan. All
14 parties were present at the first day of hearing. The hearing continued on March 24 through 27, 2026,
15 and April 3, 2026. At the conclusion of the hearing, the parties discussed a briefing schedule and agreed
16 that the Opening Briefs would be due on May 18, 2026, and the Reply Briefs would be due on June 8,
17 2026.

18 On March 24, 2026, RUCO and Liberty Litchfield each docketed Notices of LFEs.

19 On March 25, 2026, RUCO submitted a Notice of LFEs.

20 On March 26, 2026, RUCO and Liberty Litchfield each docketed Notices of LFEs.

21 On March 27, 2026, Staff submitted a Notice of LFEs.

22 On April 2, 2026, RUCO and Liberty Litchfield each docketed a Notice of LFEs.

23 On April 6, 2026, a Procedural Order was issued confirming the briefing schedule and
24 extending the time clock to August 14, 2026, based on the number of hearing days.

25 On April 8, 2026, Liberty Litchfield docketed a Notice of LFE attaching Late-Filed Exhibit A-
26 33 providing the plant retirement information requested during the hearing.

27
28 ⁵ For simplicity, any reference to the CSRM shall be noted as the ARAM unless otherwise necessary.

1 On April 10, 2026, a Procedural Order was issued directing the parties to submit a response to
2 the Company's Late-Filed Exhibit A-33. On the same day, Staff filed its Response to Late-Filed Exhibit
3 A-33 indicating that Staff did not object to the admission of LFE A-33.

4 On April 15, 2026, RUCO docketed its Response/Objection to Company's Late-Filed Exhibit
5 A-33. RUCO stated that while it does not object to admission of LFE A-33, it takes exception to certain
6 claims made by Liberty Litchfield that the retirement-related adjustments in the Settlement Agreement
7 result in a lower revenue requirement than retiring assets normally.

8 On April 17, 2026, Liberty Litchfield filed a Reply in Support of Late-Filed Exhibit A-33.

9 On April 20, 2026, a Procedural Order was issued granting the admission of LFE A-33.

10 Also on April 20, 2026, RUCO submitted a Notice of Filing indicating that RUCO had provided
11 its Schedules and Workpapers to the Hearing Division.

12 On April 28, 2026, Liberty Litchfield filed a letter responding to a letter docketed on February
13 25, 2026, by Commissioner Lea Márquez Peterson requesting information about formula rate plans.
14 The Company indicated that a response to Commissioner Márquez Peterson's second letter also dated
15 February 25, 2026, would be provided at a later date.

16 On May 12, 2026, Staff docketed a Motion for Admission of Staff Exhibit S-6. Staff stated that
17 it believed that the record was unclear as to the admission of Exhibit S-6 and requested its admission
18 into the record. On May 18, 2026, a Procedural Order was issued granting Staff's Motion.

19 On May 18, 2026, Liberty Litchfield and Staff docketed their Joint Closing Brief, and RUCO
20 submitted its Closing Brief. Additionally, Liberty Litchfield and Staff, and RUCO filed their respective
21 Notices of Filing Final Schedules.

22 On May 19, 2026, Liberty Litchfield filed a letter responding to Commissioner Márquez
23 Peterson's second letter docketed on February 25, 2026, requesting information about formula rate
24 plans.

25 On June 8, 2026, Liberty Litchfield and Staff docketed their Joint Reply Brief, and RUCO filed
26 its Reply Brief.

27 On July 24, 2026, the Recommended Opinion and Order ("ROO") was issued.

28 On July 30, 2026, RUCO docketed a Request for Extension of Time to file their Exceptions to

1 the ROO.

2 On July 31, 2026, a Correction Letter to the ROO was issued, and a Procedural Order granting
3 the Request for Extension of Time was also issued.

4 Also on July 31, 2026, Liberty Litchfield filed a Request to Clarify the Procedural Order issued
5 earlier that day to ensure that the extension of time to file exceptions to the ROO applied to all parties.
6 The Procedural Order responding to the Company's Motion was issued the same day acknowledging
7 that the extension applied to all parties.

8 On August 4, 2026, Hearing Division Proposed Amendment No. 1 was issued.

9 On August 5, 2026, Vice Chair Walden docketed a letter to the Company requesting
10 information regarding the applicability of the ARAM to certain customer classes.

11 Also on August 5, 2026, the Company and Staff docketed their Joint Exceptions to the ROO,
12 and RUCO docketed also their Exceptions.

13 On August 6, 2026, Hearing Division Proposed Amendment No. 2 was issued.

14 On August 10, 2026, RUCO and Liberty Litchfield docketed their respective responses to Vice
15 Chair Walden's August 5, 2026, letter.

16 Also on August 10, 2026, Hearing Division Proposed Amendment No. 3 was issued. Vice Chair
17 Walden docketed her Proposed Amendment No. 1 and Commissioner Thompson docketed his
18 Proposed Amendment No. 1.

19 On August 11, 2026, Vice Chair Walden docketed her Proposed Amendments Nos. 2 and 3.⁶

20 The ROO was considered by the Commission at its August 12, 2026, Open Meeting. The
21 Commission adopted Proposed Hearing Division Amendments No. 1 and No. 2,⁷ Commissioner
22 Thompson's Proposed Amendment No. 1, and Vice Chair Walden's Proposed Amendments No. 1 and
23 No. 3. During the Open Meeting, Staff claimed that the revenues for each Division as reflected in the
24 ROO did not generate the revenues necessary to meet the adopted Revenue Requirement. The
25 Administrative Law Judge advised the Commission that she was unaware of Staff's calculations but
26 that the Hearing Division's financial analyst would work with Liberty Litchfield and Staff to ensure
27

28 ⁶ Vice Chair Walden withdrew her Proposed Amendment No. 2 during the Commission's August 12, 2026, Open Meeting.

⁷ The Commission did not vote on Hearing Division Proposed Amendment No. 3.

1 schedules reflected accurate financial information.

2 **Procedural History of the Proposed ARAM Phase II Proceeding**

3 On February 20, 2026, by Procedural Order, a telephonic procedural conference was scheduled
4 for February 27, 2026, to discuss the required submission of testimony as directed in the August 8,
5 2025, Procedural Order, and to discuss the proposed schedule changes as a result of the anticipated
6 Settlement Agreement. Subsequently, the parties were requested to appear in person at the Commission
7 for the Procedural Conference.

8 On February 27, 2026, the procedural conference was held at the Commission's Phoenix office.
9 Liberty Litchfield, RUCO, and Staff appeared through counsel.

10 At the time of the Procedural Conference, the Settlement Agreement had not yet been filed.
11 RUCO related that recently the Company had proposed that the FRP issue be bifurcated into a Phase
12 II proceeding, but RUCO opposed that proposal. RUCO contended that the ARAM was too interwoven
13 with the issues regarding the Cost of Equity, Post-Test Year Plant and other possible pro forma
14 adjustments. As such, RUCO asserted that all issues should be heard at once. The Company
15 acknowledged that the proposed bifurcation of the ARAM into a Phase II proceeding was addressed in
16 the soon to be filed Settlement Agreement and stated that this eventuality was a term of the Settlement
17 Agreement. The Company stated that it was concerned that RUCO intended to litigate the ARAM issue
18 during the hearing beginning March 23, 2026, despite the bifurcation provision in the Agreement. The
19 parties were told that the issue would be clarified once the Settlement Agreement was docketed and
20 the terms were known.

21 Section III.E.1 of the Settlement Agreement docketed March 3, 2026, reads:

22 **Phase II for Formula Rates / ARAM.** The Company's proposed Formula Rate Plan,
23 termed the Cost of Service Reconciliation Mechanism [("ARAM"),] will be addressed in
24 a Phase II proceeding, and these Consolidated Dockets will be held open for that purpose.
25 The Phase II proceeding will not occur until after the Commission establishes rates for the
26 Company. The Phase II proceeding will be modeled after the Phase II proceedings
27 currently pending for EPCOR Water Arizona, Inc. and Arizona Water Company (Northern
28 Group). The Company will not be permitted to file its Phase II proposal until March 31,
2027.⁷

⁷ Settlement Agreement docketed on March 3, 2026, p. 6.

1 In the Company's Motion to Bifurcate docketed simultaneously with the Settlement
2 Agreement, the Company requested that the ARAM be addressed in a Phase II proceeding. The Motion
3 to Bifurcate highlighted that, "[t]he Settlement Agreement reflects a deliberate choice to not litigate
4 the formula rate issues at this time. ... The Company is reviewing and analyzing the formula rate
5 provisions adopted by the Commission [in Decision No. 81653 (February 27, 2026)]. ... All parties
6 will benefit from additional time to assess and monitor developments in that matter."⁸

7 On March 4, 2026, RUCO filed an Opposition in Response to Joint Motion to Bifurcate. RUCO
8 asserted that it should have the opportunity to litigate the ARAM within the context of the entire
9 Settlement Agreement, as the Agreement states that the terms are not severable and "a formula rate
10 proposal is intricately linked to many of the rate case elements that are part of the revenue requirement
11 and cannot be neatly separated into two phases as bifurcation will allow."⁹ RUCO reasoned that if
12 consideration of the ARAM is put off for a Phase II hearing as outlined in the Settlement Agreement,
13 the matter cannot be filed before March 31, 2027, which is one year later and would result in regulatory
14 lag. RUCO believed that given the delay, the return on equity would have to be reconsidered and, due
15 to market changes, the cost of equity components would be stale. RUCO argued that "the Company
16 should either make the case for the mechanism now or withdraw it until its next rate case."¹⁰ RUCO
17 commented that granting a Phase II proceeding presumes approval of at least part of the Settlement
18 Agreement without giving RUCO an opportunity to present its case against the terms of the Settlement
19 Agreement.

20 On March 5, 2026, Liberty Litchfield filed a Joint Reply In Support Of Motion To Bifurcate
21 (Phase II for Formula Rates) on behalf of the Company and Staff. In the Joint Reply, the Company and
22 Staff asserted that a Phase II proceeding would have no impact on regulatory lag because revenue
23 requirements and rates will have been set in Phase I.

24 On March 6, 2026, a Procedural Order was issued denying the Joint Motion to Bifurcate (Phase
25 II Formula Rates) on the grounds that the proposal for a Phase II proceeding did not provide sufficient
26 good cause to outweigh the negative impact on judicial efficiency.

27 ⁸ Joint Motion to Bifurcate (Phase II for Formula Rates), p. 2.

28 ⁹ RUCO's Opposition In Response To Joint Motion To Bifurcate (Phase II Formula Rates), p. 2.

¹⁰ RUCO's Opposition In Response To Joint Motion To Bifurcate (Phase II Formula Rates), p. 4.

1 On March 13, 2026, Staff filed an Expedited Motion for Reconsideration of the findings in the
2 March 6, 2026, Procedural Order denying the Joint Motion to Bifurcate (Phase II Formula Rates). Staff
3 stated that since issuance of the Procedural Order, in an affidavit of Staff witness Brit Baxter attached
4 to the Expedited Motion, Mr. Baxter confirmed that Staff did not have sufficient information from
5 Liberty Litchfield to fully evaluate the proposed ARAM and raised concerns that the current hearing
6 schedule did not permit a complete record on the formula rate issues. Staff requested that the
7 Administrative Law Judge either grant a 45-day continuance of the entire hearing or allow
8 bifurcation.¹¹

9 On March 17, 2026, RUCO filed its Response to Staff's Expedited Motion For Reconsideration
10 (Phase II Formula Rates). RUCO contended that Staff's Motion for Reconsideration did not address the
11 reasons outlined in the March 6, 2026, Procedural Order for denying the Joint Motion to Bifurcate.
12 RUCO asserted that the Procedural Order's denial of the Joint Motion to Bifurcate correctly
13 encapsulated the Company's entire argument as the "notion that the Company does not want to be one
14 of the first formula rate cases out of the gate."¹² RUCO commented that the Procedural Order noted all
15 of the discussion about the timing of the hearing scheduled in this matter (March 23 – 27, 2026) in
16 procedural conferences going back to the scheduling procedural conference held on August 7, 2025.
17 RUCO agreed with the Procedural Order that the reasons to wait until other matters with formula rates
18 are decided do not outweigh the reasons to consider the issues now, and judicial efficiency does not
19 benefit from more litigation down the road.

20 Subsequently on the same day, a Procedural Order was issued granting Staff's Expedited
21 Motion for Reconsideration, and setting additional hearing dates on May 14 and 15, 2026, specifically
22 for the purpose of taking testimony and receiving additional exhibits on the ARAM, rather than
23 delaying the entire hearing,¹³ and extending the time clock.

24 Later the same day, Liberty Litchfield docketed an Emergency Response to Procedural Order,
25

26 ¹¹ Staff's Expedited Motion for Reconsideration, p. 2.

¹² RUCO's Response to Staff's Expedited Motion for Reconsideration (Phase II Formula Rates), p. 2.

27 ¹³ Staff's request to delay the entire hearing for 45 days would have placed the hearing during the week between the expected
28 ending date for the Tucson Electric Power rate hearing and the anticipated beginning date for the Arizona Public Service
rate hearing. In addition to potentially stretching Staff and RUCO resources, any overlap could also affect the availability
of witnesses, court reporters, and hearing rooms.

1 noting that it disagreed with the Procedural Order's findings, and stating that it would not agree to any
2 extension of the time clock.

3 On March 19, 2026, a Procedural Order was issued vacating the additional hearing dates set in
4 the March 17, 2026, Procedural Order.

5 Also on March 19, 2026, Liberty Litchfield and Staff filed a joint filing regarding the
6 Company's proposed ARAM. The joint filing included a revised ARAM POA and a summary of
7 changes to Liberty Litchfield's original proposals. The Company noted that the associated ARAM
8 Template and customer notice were being finalized and would be submitted in a separate filing.

9 At the hearing, the parties presented their arguments about whether Staff testimony should be
10 taken during the existing hearing dates or whether Staff's ARAM testimony should be heard at a later
11 time.¹⁴ Staff stated that it was ready to present its ARAM testimony during the then scheduled hearing
12 dates. RUCO argued that Staff's testimony should be delayed because there was no written testimony
13 from Staff on which RUCO could base its cross-examination. The Administrative Law Judge ruled that
14 Staff could present its testimony during the hearing and that an additional hearing day would be
15 scheduled for April 3, 2026, giving RUCO an opportunity to prepare its cross-examination of Staff's
16 witnesses Theresa Hunsaker and Brit Baxter about formula rate plans in general and the proposed
17 ARAM.¹⁵

18 **II. Background**

19 **A. Liberty Litchfield Generally**

20 Liberty Litchfield is a Class A public service corporation that provides water and wastewater
21 utility service areas to the west of the City of Phoenix, including the City of Litchfield Park, and
22 portions of the Cities of Goodyear, Phoenix, and Avondale, and has contracts for service with Luke Air
23 Force Base and Valley Utilities Water Company. According to the Company, Liberty Litchfield served
24 approximately 24,205 wastewater customer connections and 22,355 water connections.¹⁶

25 The current rates for both the water and wastewater systems were approved by the Commission
26

27 ¹⁴ Tr. at 877 – 895; 1033 – 1041.

28 ¹⁵ Tr. at 1033 – 1041.

¹⁶ All water customers are also wastewater customers, but not all wastewater customers receive water service from Liberty Litchfield. Tr. at 162.

1 in Decision No. 76799 (August 15, 2018).¹⁷

2 Liberty Litchfield is a wholly owned subsidiary of Liberty Utilities (Sub) Corp.,¹⁸ which is
3 wholly owned by Liberty Utilities Co. (“Liberty Utilities”), a Delaware corporation. In turn, Liberty
4 Utilities is a subsidiary of Liberty Utilities (Canada) Corp. (“Liberty Utilities Canada”). Algonquin
5 Power Utilities Corp. (“APUC”) is the ultimate parent company of all Liberty entities. APUC’s shares
6 are traded on the New York and Toronto Stock Exchanges.¹⁹

7 Affiliated water utilities of Liberty Litchfield include Liberty Utilities’ Beardsley Water
8 Company, Bella Vista Water, and Cordes Lakes, which were recently consolidated by the Commission
9 in Decision No. 81361 (June 18, 2025). In addition to Liberty Litchfield, APUC is the ultimate parent
10 company for other wastewater systems in Arizona including Entrada Del Oro, Gold Canyon Sewer,
11 Black Mountain, and two evaporation ponds in its Rio Rico plant.²⁰

12 **B. Liberty Litchfield Water System²¹**

13 The Liberty Litchfield water system’s current Certificate of Convenience and Necessity
14 (“CC&N”) for water service was most recently modified in Decision No. 79292 (February 15, 2024).²²

15 The system includes 17 wells with a yield of 16,450 gallons per minute, three storage tanks
16 with a combined total capacity of 10,800,000 gallons, four pressure tanks, 12 booster pumps, and a
17 distribution system. The majority of customers on the system use a 3/4-inch meter. Staff notes that
18 during the test year Liberty Litchfield’s water system experienced a water loss of 9.9 percent, just
19 below Staff’s recommended maximum allowable water loss level of 10.0 percent. Based on Staff’s
20 analysis, Staff concludes that Liberty Litchfield’s water system has sufficient production and storage
21 capacity to serve its current customer base.

22 Staff observes that Liberty Litchfield’s water system’s service area is within the Arizona
23 Department of Water Resources (“ADWR”) Phoenix Active Management Area (“AMA”) and is
24 subject to ADWR AMA reporting and conservation requirements. Staff notes that according to a Water
25

26 ¹⁷ Ex. S-3, pp. 3 – 4.

¹⁸ Also referred to as LU 8020.

27 ¹⁹ Ex. S-3, pp. 2 – 3.

²⁰ Ex. S-7, Appendix D: Affiliate Compliance, Table D.1.

28 ²¹ Information in Water and Wastewater Sections was compiled by Staff engineering witness, Eunyoung Lee, Ex. S-7.

²² In which a portion of the CC&N of Valley Utilities Water Company, Inc. was transferred to Liberty Litchfield.

1 Provider Compliance Report dated October 9, 2025, Liberty Litchfield's water system is compliant
2 with ADWR requirements governing water providers and/or community water systems.

3 Staff states that according to an Arizona Department of Environmental Quality ("ADEQ")
4 Compliance Status Report ("CSR") dated December 1, 2025, Liberty Litchfield's water system is
5 currently delivering water that meets water quality standards required under C.F.R. Title 40, Part 141,
6 and A.A.C. Title 18, Chapter 4.

7 Staff notes that Liberty Litchfield has an approved Curtailment Tariff for the Liberty Litchfield
8 water system that became effective on May 8, 2024. The Company is not proposing any changes to the
9 tariff and Staff notes that it does not have any recommendations regarding the Curtailment Tariff.

10 Staff notes that Liberty Litchfield has an approved Cross-Connection/Backflow Prevention
11 tariff that became effective on May 8, 2014. Staff observes that the Company proposed an updated
12 Cross-Connection/Backflow Prevention Tariff that includes additional terms that allow the Company
13 to require customers to pay for repairs to a backflow-prevention assembly. Staff states that because
14 customers are responsible for the installation, repair, and testing of the backflow-prevention assembly,
15 Staff agrees with the proposal. As such, Staff recommends that the Commission approve the
16 Company's updated Cross-Connection/Backflow Prevention Tariff.

17 We find that Staff's recommendation is reasonable, and we adopt it.

18 **C. Liberty Litchfield Wastewater System**

19 Liberty Litchfield's wastewater system's current CC&N was most recently modified in
20 Decision No. 81433 (August 19, 2025).²³

21 Liberty Litchfield's wastewater system is comprised of two water reclamation facilities
22 ("WRF")—the Palm Valley WRF and the Sarival WRF – and one effluent recharge facility. The Palm
23 Valley WRF has two lift stations, approximately 15,900 linear feet ("LF") of force collection mains,
24 approximately 1,182,200 LF of gravity collection mains, and approximately 17,860 service laterals.
25 The Palm Valley WRF is permitted to produce Class A+ effluent with an average monthly flow
26 capacity of 6,900,000 gallons per day ("gpd"). Treated effluent from the Palm Valley WRF is

27
28 ²³ In which the Commission approved an extension of the wastewater CC&N to a 10-acre parcel located at the northwest corner of West Camelback Road and North Perryville Road within an unincorporated area of Maricopa County.

1 discharged to the Sustainable Effluent to Aquifer Project ("SEAP") recharge facility located
2 approximately three miles north of the plant, to the Roosevelt Irrigation District ("RID") canal and can
3 be reused for any allowable purpose.

4 The Sarival WRF is gravity fed and consists of approximately 453,500 LF of gravity collection
5 mains and approximately 6,355 service laterals. The Sarival WRF has a one way interconnection sewer
6 main to the Palm Valley WRF, which allows it to send flows from the Sarival WRF influent to the
7 Palm Valley WRF. The Sarival WRF is permitted to produce Class A+ effluent with an average
8 monthly flow capacity of 4,400,000 gpd. Treated effluent from the Sarival WRF is delivered to the
9 effluent reuse distribution system and is also discharged to the SEAP discharge facility and to the RID
10 canal.

11 Staff notes that ADEQ regulates the Liberty Litchfield wastewater system through APP No.
12 100310 for Palm Valley, APP No. 513981 for Sarival WRF, and APP No. 514107 for SEAP. Staff
13 states that according to an ADEQ CSR dated October 9, 2025, the Sarival WRF and SEAP were in
14 compliance with ADEQ regulations during the compliance period of October 3, 2024, through October
15 3, 2025. Staff notes that during the same period, the Palm Valley WRF was not in compliance with
16 ADEQ regulations due to exceedances of fecal coliform discharge limits and other reported
17 deficiencies.

18 Staff explains that ADEQ also regulates the Liberty Litchfield wastewater system through
19 AZPDES, No. AZ0025712 for the Palm Valley WRF and No. AZ 0026425 for Sarival WRF.
20 According to an ADEQ CSR dated December 5, 2025, the Palm Valley and Sarival WRFs were in
21 compliance with ADEQ regulations during the compliance period of January 1, 2025, through October
22 31, 2025.

23 As a result, Staff concluded that the Sarival WRF and SEAP were in compliance with ADEQ
24 regulations, but the Palm Valley WRF was not.

25 **D. Other Compliance**

26 Staff states that according to its review of the Commission's Compliance Database completed
27 on November 13, 2025, Liberty Litchfield was in compliance with all trackable compliance
28 requirements entered into the Commission's compliance database.

Staff notes that it also checked the compliance status of the Company's affiliated water and wastewater systems to determine if those systems were in compliance with ADEQ, ADWR, and the Commission. Staff states that all of the Company's affiliated water systems are in compliance with ADEQ requirements. Staff notes that two affiliated wastewater systems—Entrada Del Oro and Gold Canyon Sewer—are out of compliance with ADEQ requirements. Further, Staff states that the Company's Bella Vista Sulgar water system is out of compliance with ADWR. Finally, Staff states that all of the Company's affiliated water and wastewater systems are in compliance with Commission compliance requirements.

E. Consumer Services

Staff states that its review of its Consumer Services records for the period between January 1, 2022, through November 12, 2025, reflects that 116 consumer complaints against Liberty Litchfield were filed with the Commission.

- 2025 – 13 complaints: seven billing, five quality of service, and one repair issue.
- 2024 – 16 complaints: 11 billing, two disconnect and three quality of service.
- 2023 – 76 complaints: 40 billing, one construction, two deposit issues, one disconnect, 29 quality of service, one rates complaint, one repair issue, and one service complaint.
- 2022 – 11 complaints: eight billing, one disconnect, one new service, and one quality of service.

Staff notes that as of January 16, 2026, one 2025 complaint remained open. Staff states that 31 opinions opposing the Applications have been received.

F. Intervenors

RUCO is the sole intervenor in this matter. RUCO was established by the enactment of Arizona Revised Statutes ("A.R.S."), § 40-461, "et seq.", for the purpose of representing residential utility consumers in matters before the Commission concerning regulated public service corporations.

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G. Witnesses

WITNESSES	POSITION	AREAS OF TESTIMONY	EXHIBIT #S AND TRANSCRIPT ("Tr") PAGES
Liberty Litchfield			
Moses Thompson	Liberty Litchfield Utilities Service Corp., President Arizona and Texas Regions; President of Liberty Litchfield Utilities (Litchfield Park Water & Sewer) Corp.	Case Overview; Sarival WRF	A-6, 7 Vol. I, Tr. at 56 – 73
Matthew Garlick	Vice President, Technical Services	Sarival WRF; Pre-treatment Tariff; FCCRM; Impact of Forever Chemicals; HUF	A-8 Vol. I, Tr. at 79 – 116
Terry Gilbertson	Senior Manager of Operations	Other Capital Improvements and Post Test Year Plant	A-10 Vol II, Tr. at 141 – 165
Manasa Rao	Senior Director Rates and Regulatory Affairs, West Region	Revenue Requirement; Certain Rate Base and Income Statement Adjustments; Formula Rate Plan	A-16, 17, 18 Vol III, Tr. at 346 – 544, 576 – 594
Regina Wise	Senior Director of Rates and Regulatory Affairs	Emergency Water Augmentation Tariff; Fire Services Tariff; FCCRM; Customer Assistance Tariff; HUF	A-15 Vol. II, Tr. at 303 – 325
Peter Eichler	Senior Vice President, Business and Financial Planning	Cost Allocation Manual; Corporate Shared Services	A-9 (Written Testimony Stipulated)
Tom Bourassa	Rate Consultant	Schedules; Cost of Service Study, Cost of Capital	A-11, 12, 13, 14 Vol II, Tr. at 168 – 285
RUCO			
Cynthia Zwick	Director of RUCO	Formula Rate Plan	RUCO-1 Vol. IV, Tr. at 594 – 628
Jeffrey Michlik	RUCO Public Utilities Manager	COSS; Rate Design; Formula Rate Plan	RUCO-2, 3, 4 Vol. IV, Tr. at 630 – 755
Crystal Brown	RUCO Public Utilities Analyst V	Rate Base; Depreciation Expense; Amortization Expense	RUCO-5, 6 Vol. V, Tr. at 823 – 867
Baylor Sai	RUCO Public Utilities Analyst	Cost of Capital; Revenue Requirement; Operating Income; Operating Expenses; Settlement Agreement	RUCO-7, 7A, 8, 9 Vol. IV, Tr. at 758 – 800
STAFF			
Teresa Hunsaker	Public Utilities Manager, Utilities Division	Formula Rate Plan; Other Adjustor Mechanisms	S-9 Vol. V, Tr. at 953 – 992, Vol. VI, Tr. at 1061 – 1130

Eunyoung Lee	Utilities Engineer II, Utilities Division	Water and Wastewater Systems; Rate Base Additions; Cost of Service Study	S-7, 8 Vol. V, Tr. at 907 – 910
Matthew Malone	Public Utilities Analyst, Utilities Division	Rate Base; Revenue Requirement; Financing Application	S-3 Vol. V, Tr. at 898 – 901
Guadalupe Ortiz	Public Utilities Analyst IV, Utilities Division	Tariff Analysis	S-10 (Written Testimony Stipulated)
Mark Swiler	Public Utilities Analyst, Utilities Division	Cost of Capital	S-6 Vol. V, Tr. at 918 – 951
Helen Betzomayeh	Public Utilities Analyst, Utilities Division	Operating Revenue; Operating Expenses; Operating Income; Operating Income Adjustments; Rate Design	S-4, 5 (Testimony adopted at hearing by Ms. Hunsaker)
Briton Baxter	Co-Director, Utilities Division	Settlement Agreement	S-11 Vol. V, Tr. at 995 – 1033, Vol. VI, 1131 – 1237

III. Relevant Commission Decisions

A. **Decision No. 79647 (December 31, 2024)**²⁴

On December 31, 2025, the Commission issued Decision No. 79647 regarding the adoption of a formula rate plan policy (“Policy”) for the Commission. An FRP is a regulatory mechanism for utilities where rates are adjusted annually using a pre-defined mathematical formula, rather than by filing a full rate application. In Decision No. 79647, the Commission concluded that the Policy and FRPs “advance multiple ratemaking objectives, including improving transparency, oversight and stakeholder engagement, effecting a timelier cost recovery, reducing regulatory burden, and enhancing administrative efficiency.”²⁵ The terms of the Policy state that regulated utilities may propose an FRP pursuant to the Policy. According to the Policy, any proposal offered should:

- Include a plan to reduce the number of existing adjustors;
- Use an historical test year pursuant to A.A.C. R14-2-103(A)(3)(p);
- Include an annual update;
- Include an earnings test, preventing utilities from exceeding an authorized return outside of a deadband;

²⁴ *In the Matter of the Commission's Inquiry into Possible Modifications to the Commission's Test Year Rules*, Docket No. AU-00000A-23-0012

²⁵ Decision No. 79647, p. 5.

- Include protocols modeled after the FERC MISO protocols that establish a broad scope of participation in the information exchange, transparency of the information exchange, and the ability of ratepayers, stakeholders, and parties to challenge the information; and
- Include key inputs from the utility's operating expenses, capital investments, taxes, depreciation, plant in service, and a Commission-approved ROE.

The Policy outlines a sample timeframe for the presentation of an Annual Update representing the terms authorized by the Commission in a utility's general rate case.²⁶

B. Decision No. 80122 (March 20, 2025)²⁷

On August 12, 2024, Liberty Litchfield filed an application with the Commission for approval of an Accounting Order to defer annual Depreciation Expense for its new \$108 million Sarival WRF ("Accounting Order Application"). In the Accounting Order Application, the Company stated that the Sarival WRF was a critically needed and long-planned addition to Liberty Litchfield wastewater system that was recently placed in service. After review of the Company's Accounting Order Application, the Commission adopted Staff's recommendation to approve it, subject to certain limitations, including: 1) that the cost deferral associated with the Sarival WRF eliminate all costs associated with Indirect Overhead Allocations ("INDOH") and Allowance for Funds Used During Construction ("AFUDC"); 2) that the costs eligible for deferral be limited to the Depreciation Expense, subject to the removal of INDOH and AFUDC; 3) that the cut off point for recording costs related to the Sarival WRF to be included in the deferral will end on December 31, 2024; and 4) that the Commission would specifically reserve any finding of prudence regarding the Sarival WRF until after the details are reviewed within the context of a general rate case filing.²⁸

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²⁶ Decision No. 79647, Attachment A, pp. 1 – 3.

²⁷ *In the Matter of the Application of Liberty Utilities (Litchfield Park Water and Sewer) Corp. for an Accounting Order Authorizing the Deferral of Certain Costs Relating to the Sarival Water Reclamation Facility*, Docket No. SW-01428A-24-0179.

²⁸ Decision No. 80122, p. 5.

1 **C. Decision No. 81361 (June 18, 2025)**²⁹

2 Decision No. 81361, the Commission authorized, among other things, consolidation of a
3 number of Liberty Utilities smaller water and wastewater systems (“Liberty Consolidated Systems”)
4 and approved a rate increase for the Liberty Consolidated Systems. In that matter, a point of contention
5 among the parties was the issue of what percentage of overhead costs (INDOH) could be allocated to
6 the parent company and other administrative functions not performed by Liberty Consolidated
7 Systems. In that matter, Liberty explained that all APUC operating units are managed and operated
8 with shared corporate and business support services, combined with decentralized local management
9 and operational control of day-to-day utility operations. As such, each regulated utility benefits from
10 access to a variety of shared corporate and business support services, access to capital for infrastructure
11 investments, and receives substantial benefits for the utility and its customers through these shared
12 corporate services.³⁰ Liberty defined shared services as corporate administrative, financial and
13 accounting, human resources and other business support services provided to and paid for by more than
14 one entity or division within an entity. The cost for these shared services is pooled and allocated in
15 accordance with the APUC Cost Allocation Manual (“CAM”), which is based on the National
16 Association of Regulatory Utility Commissioners (“NARUC”) guidelines regarding transactions
17 between affiliates. Liberty noted that although the CAM provides direction as to how costs should be
18 *allocated*, the CAM does not present a process as to how the portion of the administrative and general
19 costs that are indirectly incurred for the benefit of capital or construction projects should be *capitalized*.
20 Liberty explained that INDOH refers to that portion of administrative and general costs that support
21 capital projects and, in turn, are capitalized and become part of the rate base instead of included as
22 operating expenses. Once capitalized, INDOH costs become part of the asset on the utility’s books and
23 included as part of rate base. Liberty related that after the administrative and general costs have been
24 allocated to the appropriate cost pools through the application of the CAM, a capitalization rate will be
25 applied to determine the percentage of the costs allocated to a utility.

26 _____
27 ²⁹ *In the Matter of the Application of Liberty Utilities (Beardsley Water) Corp., an Arizona Corporation, for a Determination*
28 *of the Fair Value of its Utility Plants and Property and for Increases in its Rates and Charges for Utility Service Based*
Thereon, Docket No. W-02074A-23-0337, *et al.*

³⁰ Docket No. W-02074A-23-0337, *et al.*, Hearing Ex. A-7, p. 4.

1 There are two entities that provide a variety of corporate shared services to Liberty Litchfield—
2 APUC and Liberty Utilities West Region. In a Settlement Agreement approved in Decision No. 81361,
3 the parties specifically acknowledged and agreed that an INDOH capitalization rate of 14 percent for
4 APUC corporate shared service costs, and 21 percent for West Region shared service costs is an
5 appropriate resolution for the indirect current shared services provided to Liberty's Arizona utilities
6 going forward. Although the parties agreed in the Settlement Agreement that the establishment of
7 capitalization rates did not bind the Commission in future rates cases, the parties stated that it was their
8 intention that the capitalization rates would be utilized on a going-forward basis unless the Commission
9 orders otherwise.

10 Further, under the terms of that Settlement Agreement, the parties agreed to adjustments for the
11 corporate shared services Operating Expenses allocated to Liberty's regulated utilities in Arizona,
12 resulting in the removal of 50 percent of shared services costs for Bonuses, Long-Term Incentive Plan,
13 Board of Directors Fees, Directors and Officers Insurance, Meals & Entertainment, Travel, and Dues
14 and Memberships. The Company agreed to the removal of 100 percent of the shared services costs for
15 the Supplemental Executive Retirement Plan, Charitable Contributions, Housing/Car Allowance,
16 Gift/Awards, Employee Immigration Costs, and Employee Relocation Costs. The parties stated that it
17 was their intention that the adjustments to corporate shared services Operating Expenses would be
18 utilized on a going-forward basis unless the Commission orders otherwise.

19 Although in the Settlement Agreement the parties agreed to exclude 50 percent of the Board of
20 Directors Fees from Operating Expenses, the Commission modified the terms of the Settlement
21 Agreement to exclude 100 percent of the Board of Directors Fees from Operating Expenses.

22 **D. Decision No. 81653 (February 27, 2026)**

23 The Commission authorized the first application for an FRP in Arizona in Decision No. 81361
24 for UNS Gas, Inc. ("UNSG").³¹ In that Decision, the Commission stated that, in general, an FRP is a
25 way for a utility to adjust annually its rates that had been approved by the Commission in a company's
26 last full rate case without having to file a formal rate case. The Commission noted that a formula rate

27 ³¹ *In the Matter of the Application of UNS Gas, Inc. for the Establishment of Just and Reasonable Charges Designed to*
28 *Realize a Reasonable Rate of Return on the Fair Value of the Properties of UNS Gas, Inc. Devoted to its Operations*
 Throughout the State of Arizona and for Related Approvals, Docket No. G-04204A-24-0237.

1 is a pre-approved, pre-set calculation. Although the formula is pre-set, the Commission may still step
 2 in if the results are not just and reasonable. The Commission also noted that an FRP is different from
 3 a cost tracker such as a System Improvement Benefit or a Purchased Gas Adjustor, which are designed
 4 to recover specific costs for specific purposes. The Commission stated that a formula rate typically
 5 specifies which cost and revenue components may be updated, how those components are calculated,
 6 how the resulting rate changes are implemented, and the timing and procedures for review.³² Under the
 7 terms of an FRP, the utility would file an Annual Update every year after the issuance of the decision
 8 in the general rate case setting the FRP terms going forward. At the sixth year, rather than filing another
 9 Annual Update, the utility is required to file a general rate case. However, a company may file a general
 10 rate application at any point during those five years.

11 For UNSG's FRP proposal, the Commission revised a number of the requirements, or protocols,
 12 proposed by UNSG in its FRP, which UNSG called the Annual Revenue Adjustment Mechanism.
 13 Proposed Protocols included the application and level of a dead band, the use of PTYP in an Annual
 14 Update, the treatment of Cost of Debt, Cost of Equity, Capital Structure, and a Rate of Return on a Fair
 15 Value Increment on Rate Base. The Commission revised certain protocols regarding the provision of
 16 notice to ratepayers regarding an upcoming submission of an Annual Update, timeline of formal
 17 challenges to the Annual Update, and the involvement of the Hearing Division in disputes on the inputs
 18 to the Annual Filing. Further, the Commission found that it was reasonable to add a provision to the
 19 ARAM stating that at any time during the Annual Update process, the Commission may, at the request
 20 of Staff for good cause and/or at the Commission's discretion, suspend the ARAM protocols.

21 **IV. Rate Applications**

22 **A. Summary of Parties' Direct Testimonies to Rate Applications**

23 **I. Liberty Litchfield**

24 In its Rate Applications, Liberty Litchfield stated that a rate increase is needed for both its water
 25 and its wastewater systems because the Company has made significant infrastructure investments for
 26 new wells providing additional water supply, and for the new Sarival WRF. The Company also noted
 27

28 ³² Decision No. 81653, p. 91.

1 the impact of inflation on operating costs, which were based on a 2016 test year, had been significant.

2 In its Water Rate Application, Liberty Litchfield's Water Division proposed a revenue increase
3 of \$6,203,028, or 38.40 percent, over test year revenues of \$16,152,011, to \$22,355,039, yielding
4 Operating Income of \$5,893,283, based on a Rate of Return ("ROR") on Rate Base of 8.45 percent on
5 a proposed adjusted Fair Value Rate Base ("FVRB") of \$69,765,704.³³

6 Liberty Litchfield's Wastewater Rate Application proposed a revenue increase of \$11,586,379,
7 or 53.76 percent, over test year revenues of \$21,569,086 to \$33,165,465, which would yield Operating
8 Income of \$11,309,783, based on an ROR of 8.45 percent on a proposed adjusted FVRB of
9 \$133,887,159.

10 The ROR for both Divisions was based on a pro forma Capital Structure consisting of 54 percent
11 equity and 46 percent debt and a proposed a Cost of Debt of 5.69 percent and Return on Equity of 10.80
12 percent.

13 The bill resulting from the Company's requested Revenue Requirement and rate design for a
14 water customer using a 3/4-inch meter, with average usage of 8,150 gallons per month, would increase
15 from \$24.16 to \$34.60, an increase of \$10.43, or 43.21 percent. The bill for a wastewater customer
16 resulting from the Company's requested Revenue Requirement would increase from \$45.23 to \$69.72,
17 and an increase of \$24.49, or 54.15 percent.

18 In addition, the Company proposed a Rate Case Expense of \$800,000 divided between the
19 Divisions, recovered through a surcharge collected over three years. Liberty Litchfield estimated a
20 surcharge of \$0.43 for water customers and \$0.52 for wastewater customers.

21 Liberty Litchfield proposed continuation of its Property Tax Adjustor Mechanism and
22 Purchased Power Adjustor Mechanism; revision of certain current tariffs, such as its Hookup Fee Tariff
23 and the Pre-Treatment Tariff; and presented new tariffs for Commission consideration, such as a
24 Federal Compliance Cost Recovery Mechanism, and an Industrial Fire Services Tariff.

25 In the Company's Rate Applications, it proposed an ARAM, through which Liberty Litchfield
26 could adjust its rates annually based on historical changes in the Company's Revenue Requirement.

27
28 ³³ The Company proposed treating its Original Cost Rate Base as its Fair Value Rate Base.

1 The Company stated that the framework for the ARAM was derived from the Policy approved in
 2 Commission Decision No. 79647. Liberty Litchfield asserted that its proposed ARAM does not include
 3 a future test year or future expenses. The Company noted that the plan will allow timely cost recovery
 4 and reduce regulatory lag, which Liberty Litchfield asserted will benefit both the customers and the
 5 Company.³⁴ The Company explained that the Annual Updates provided to the Commission will not
 6 include typical rate case elements such as depreciation studies, cost of service studies, cost of equity
 7 studies, or other elements of a full, general rate case. Liberty Litchfield noted that upon approval of the
 8 ARAM, some tariffs would no longer be necessary as the costs would be subsumed under the ARAM's
 9 provisions.³⁵

10 Finally, Liberty Litchfield claimed that the ARAM will enhance the Company's efforts to
 11 manage costs efficiently while providing safe, reliable, and affordable service.³⁶

12 2. Staff Direct Testimony

13 Staff recommended a Revenue Requirement increase for the Water Division of \$4,935,184, or
 14 30.55 percent, from \$16,152,011 to \$21,087,195. Staff's recommended revenue increase would result
 15 in an Operating Income of \$5,266,897, a 7.63 percent ROR on its recommended FVRB of
 16 \$69,028,791.³⁷

17 Staff recommended a Revenue Requirement increase for the Wastewater Division of
 18 \$9,584,080, or 44.43 percent, from \$21,569,086 to \$31,153,166. Staff's recommended revenue
 19 increase would result in an Operating Income of \$10,124,490, a 7.63 percent ROR on its recommended
 20 FVRB of \$132,693,180.³⁸

21 Staff accepted the Company's proposal to treat the OCRB as the FVRB for both Divisions.³⁹
 22 Staff also accepted Liberty Litchfield's proposed Capital Structure of 54 percent equity and 46 percent
 23 debt. Staff recommended a Cost of Debt of 5.49 percent and an ROE of 9.45 percent.⁴⁰

24 Under Staff's recommended revenue and rate design, the bill for a water customer using a 3/4-

25 ³⁴ Ex. A-16, p. 10.

26 ³⁵ Ex. A-16, p. 15.

27 ³⁶ Ex. A-16, pp. 13 – 16.

28 ³⁷ Ex. S-3, p. 8.

³⁸ Ex. S-3, p. 9.

³⁹ Ex. S-3, p. 9.

⁴⁰ Ex. S-6, p. 9.

1 inch meter, with average usage of 8,150 gallons per month, would increase from \$24.16 to \$32.98, an increase of \$8.82, or 36.51 percent.⁴¹ The bill for a wastewater customer would increase from \$45.23 to \$65.00, an increase of \$19.77, or 43.70 percent.⁴²

4 Staff recommended a Rate Case Expense of \$400,000 for the combined divisions, to be recovered through a surcharge collected over three years. Staff estimated a Rate Case Expense surcharge of \$0.25 for water customers and \$0.23 for wastewater customers.⁴³

7 In its Direct Testimony, Staff stated that it had reviewed the Company's proposed ARAM. Although Staff agreed with certain terms of the ARAM, Staff disagreed with others. Staff noted that it and the Company would work together to revise the ARAM for Commission approval.⁴⁴

10 3. RUCO Direct Testimony

11 In its Direct Testimony, RUCO proposed two different Revenue Requirement values and Rate Designs—one if no FRP is adopted and the second using RUCO's proposals if the Commission adopts an FRP.

14 Without the adoption of an FRP, RUCO proposed a Revenue Requirement increase for the Water Division of \$5,280,100, or 32.69 percent, to \$21,432,111 from RUCO's adjusted test year revenues of \$16,152,011. RUCO's proposed revenue increase would result in Operating Income of \$5,292,579, a 7.70 percent ROR on its proposed FVRB of \$68,734,797.⁴⁵ If the Commission adopts the Company's proposed FRP, RUCO proposed a Revenue Requirement increase for the Water Division of \$4,080,070, or 25.26 percent, from \$16,152,011 to \$20,232,081. RUCO's adjusted test year revenues of \$16,152,011, would result in Operating Income of \$4,620,756, a 7.62 percent FVROR on RUCO's proposed FVRB of \$60,657,355.⁴⁶

22 Without the adoption of an FRP, RUCO proposed a Revenue Requirement increase for the Wastewater Division of \$9,342,418, or 43.31 percent, from \$21,569,086 to \$30,911,504. RUCO's proposed revenue increase would result in an Operating Income of \$9,342,418, a 7.70 percent ROR on

26 ⁴¹ Ex. S-5, Direct Schedule HB-W-19.

26 ⁴² Ex. S-5, Direct Schedule HB-S-19.

27 ⁴³ Ex. S-5, pp. 12 – 13.

27 ⁴⁴ Ex. S-9, p. 8.

28 ⁴⁵ Ex. RUCO-5, Water Division Schedule 1, without formula rates.

28 ⁴⁶ Ex. RUCO-5, Water Division Schedule 1, with formula rates.

its recommended FVRB of \$125,767,526.⁴⁷ If the Commission adopts the Company's proposed FRP, RUCO proposed a Revenue Requirement increase for the Wastewater Division of \$9,085,536, or 42.12 percent, from RUCO's adjusted test year revenues of \$21,569,086 to \$30,654,622. RUCO's proposed revenue increase would result in an Operating Income of \$9,485,761, a 7.62 percent ROR on RUCO's proposed Rate Base of \$124,521,000.⁴⁸

RUCO accepted the Company's proposal to treat the OCRB as its FVRB for both Divisions. RUCO also accepted Liberty Litchfield's proposed Capital Structure of 54 percent equity, 46 percent debt, and a Cost of Debt of 5.69.⁴⁹ RUCO proposed an ROE of 9.32 percent if an FRP is not approved.⁵⁰ If the Commission approves an FRP, RUCO requested a reduction of 15 basis points, for an ROE of 9.17 percent.⁵¹

Under RUCO's proposed rate design without the adoption of an FRP, the bill for a water customer using a 3/4-inch meter, with average water usage of 8,150 gallons per month, would increase from \$24.16 to \$31.97, an increase of \$7.81, or 32.34 percent.⁵² The bill for a wastewater customer would increase from \$45.23 to \$64.89, an increase of \$19.66, or 43.46 percent.⁵³

Under RUCO's proposed rate design with the adoption of an FRP, the bill for a water customer using a 3/4-inch meter, with average water usage of 8,150 gallons per month, would increase from \$24.16 to \$29.57, an increase of \$5.41, or 22.39 percent.⁵⁴ The bill for a wastewater customer would increase from \$45.23 to \$64.34, an increase of \$19.11, or 42.23 percent.⁵⁵

RUCO proposed a Rate Case Expense of \$400,000 for both Divisions, recovered through a surcharge collected over four years.⁵⁶

RUCO opposed the Company's proposed ARAM. RUCO asserted that there are other adjustor mechanisms already available that would achieve similar results, such as the System Improvement

⁴⁷ Ex. RUCO-5, Wastewater Division Schedule 1, without formula rates.

⁴⁸ Ex. RUCO-5, Wastewater Division Schedule 1, with formula rates.

⁴⁹ Ex. RUCO-7, p. 45.

⁵⁰ Ex. RUCO-9, p. 2.

⁵¹ Ex. RUCO-9, p. 2.

⁵² Ex. RUCO-4, Water Division Rate Design Schedule 2, without formula rates.

⁵³ Ex. RUCO-4, Wastewater Division Rate Design Schedule 2, with formula rates.

⁵⁴ Ex. RUCO-4, Water Division Rate Design Schedule 2, without formula rates.

⁵⁵ Ex. RUCO-4, Wastewater Division Rate Design Schedule 2, with formula rates.

⁵⁶ Ex. RUCO-7, p. 13.

Benefit ("SIB"); that the proposed ARAM does not comport with the Commission's Policy; and that the ARAM's dead band guarantees a minimum return to the Company and shifts the risks to ratepayers. If the Commission adopts the ARAM, RUCO offered proposals for modifications to the ARAM.⁵⁷

4. Contested Issues Prior to Settlement Agreement

Unresolved issues after submission of the parties' Direct Testimonies consisted of Rate Base disagreements, including treatment of Post-Test Year Plant, AFUDC, Cash Working Capital, lag days for Interest Expense, Advances in Aid of Construction, and Contributions in Aid of Construction adjustments, Accumulated Depreciation Synchronization, Plant Retirements, and the Sarival WRF Depreciation Deferral; Operating Expenses, including Depreciation Expense related to Plant Retirements, Management Fees, Water and Wastewater Testing Expenses, Income Taxes, Property Taxes—Assessment Ratio; Cost of Capital; proposed Tariffs; and the proposed FRP.

We discuss these items in order to evaluate the reasonableness of the terms of the Settlement Agreement.

B. Rate Base

The table below reflects the Rate Base elements found in each parties' Direct Testimony for the Water Division.

DESCRIPTION	COMPANY PROPOSED OCRB ⁵⁸	RUCO ADJUSTED OCRB ⁵⁹	RUCO ADJUSTED FRP OCRB ⁶⁰	STAFF ADJUSTED OCRB ⁶¹
Plant in Service	\$175,471,361	\$175,168,233	\$166,885,006	\$176,220,543
<i>Less: Accumulated Depreciation</i>	(57,924,762)	(58,449,424)	(58,274,763)	(58,533,524)
Net Plant in Service	\$117,546,598	\$116,718,810	\$108,610,243	\$117,687,020
<i>LESS:</i>				
Contributions in Aid of Construction ("CIAC")	\$47,178,391	\$47,178,391	\$47,178,391	\$50,108,475
<i>Less: Accumulated Depreciation</i>	(9,426,295)	(9,426,295)	(9,426,295)	(9,507,686)
Net CIAC	\$37,752,096	\$37,742,096	\$37,752,096	\$40,600,789
Advances in Aid of Construction ("AIAC")	\$6,827,331	\$6,827,331	\$6,827,331	\$5,646,965

⁵⁷ Ex. RUCO-3, p. 1.

⁵⁸ Ex. A-11, Water Schedule B-2, p. 1.

⁵⁹ Ex. RUCO-5, Water Non-Formula Based Schedule 3.

⁶⁰ Ex. RUCO-5, Water Formula Based Schedule 3.

⁶¹ Ex. S-3, Direct Schedule MM-W-3.

Customer Meter Deposits	--	\$252,360	\$252,360	\$252,360
Customer Security Deposits	\$532,699	\$280,339	\$280,339	\$280,339
Accumulated Deferred Income Tax	\$1,205,972	\$1,205,972	\$1,205,972	\$425,800
Accumulated Deferred Income Tax Credit	\$80,748	\$80,748	\$80,748	\$80,748
Excess Accumulated Deferred Income Taxes	\$1,505,147	\$1,505,147	\$1,505,147	\$1,505,147
<i>PLUS:</i>				
Prepayments	\$273,548	\$273,548	\$273,548	\$273,548
Working Capital	(\$150,450)	(\$353,568)	(\$322,444)	(\$139,629)
TOTAL OCRB/FVRB	\$69,765,704	\$68,734,797	\$60,657,355	\$69,028,791

The table below reflects the Rate Base elements found in each parties' Direct Testimony for the Wastewater Division.

DESCRIPTION	COMPANY PROPOSED OCRB ⁶²	RUCO ADJUSTED OCRB ⁶³	RUCO ADJUSTED FRP OCRB ⁶⁴	STAFF ADJUSTED OCRB ⁶⁵
Plant in Service	\$273,971,889	\$273,939,450	\$272,639,321	\$268,004,501
Less: Accumulated Depreciation	(\$62,157,853)	(\$64,533,654)	(64,484,646))	(\$62,003,504)
Net Plant in Service	\$211,814,036	\$209,405,796	\$208,14,675	\$206,000,997
<i>LESS:</i>				
Contributions in Aid of Construction ("CIAC")	\$89,687,625	\$89,687,625	\$89,687,625	\$86,270,883
Less: Accumulated Amortization	(\$20,279,742)	(\$20,279,742)	(\$20,279,742)	(\$20,083,978)
Net CIAC	\$69,407,884	\$69,407,884	\$69,407,884	\$66,186,906
Advances in Aid of Construction ("AIAC")	\$11,726,776	\$11,726,776	\$11,726,776	\$9,282,824
Accumulated Deferred Income Tax	\$228,048	\$228,048	\$228,048	\$1,147,284
Excess Accumulated Deferred Income Taxes	\$1,612,052	\$1,612,052	\$1,612,052	\$1,612,052
<i>PLUS:</i>				
Sarival Depreciation Deferral Accounting Order	\$5,204,310	\$0	\$0	\$5,204,310
Unamortized Finance Charges	\$143,964	\$0	\$0	\$0
Prepayments	(\$42,101)	(\$42,101)	(\$42,101)	(\$42,101)
Working Capital	(\$258,291)	(\$621,409)	(\$616,815)	(\$240,961)
TOTAL OCRB/FVRB	\$133,887,159	\$125,767,526	\$124,521,000	\$132,693,180

⁶² Ex. A-11, Wastewater Schedule B-2, p. 1.

⁶³ Ex. RUCO-5, Wastewater Non-Formula Based Schedule 3.

⁶⁴ Ex. RUCO-5, Wastewater Formula Based Schedule 3.

⁶⁵ Ex. S-3, Direct Schedule MM-WW-3.

1 1. Liberty Litchfield's Direct Testimony Adjustments to Test Year Rate Base

2 a. Water Division⁶⁶

3 In its Direct Testimony, Liberty Litchfield proposed seven adjustments to its pre-adjustment
4 test year Rate Base amounts, increasing Rate Base by \$20,017,177, from \$49,748,526 to \$69,765,703.

5 Gross Plant in Service—Liberty Litchfield's pre-adjustment original cost for Plant in Service
6 for the test year was \$154,311, 001. The Company made the following five adjustments:

- 7 • Allocated Corporate Plant: Liberty Litchfield proposed the addition of \$8,229,771 to
8 Plant in Service to reflect the corporate plant allocated to Liberty Litchfield.
- 9 • PTYP: The Company proposed the inclusion of \$8,283,228 in PTYP. Liberty
10 Litchfield stated that its adjustment reflects revenue neutral plant necessary to serve
11 the year-end number of customers and expected to be placed into service within 12
12 months of the of the test year.
- 13 • Capitalized Overhead: the Company stated that its proposed capitalized INDOH
14 adjustment of (\$1,828,943) Plant-in-Service is consistent with the findings of Decision
15 No. 81361, which permitted a 21 percent capitalized overhead rate related to allocated
16 corporate shared services for the West Region and 14 percent for APUC.
- 17 • Construction Work-in-Process ("CWIP"): the Company proposed the transfer of plant
18 that was used and useful at the end of test year from CWIP to Plant-in-Service in an
19 amount of \$7,428,064.
- 20 • Reconciliation of Plant-in-Service: Liberty Litchfield stated that this adjustment of
21 (\$951,770) reflects the reconciliation of the Company's Plant-in-Service to the amount
22 recorded at the end of the test year.

23 Accumulated Depreciation—The Company proposed an addition of \$155,500 to Accumulated
24 Depreciation related to the five adjustments to Gross Plant-in-Service. Liberty Litchfield noted that the
25 Accumulated Depreciation amount from the end of the last test year through to the end of the present
26 test year used the half-year convention for depreciation.

27
28 ⁶⁶ Ex. A-11, p. 4 – 10; Water Division Schedules B-2, pages 1 – 8.1.

Contributions in Aid of Construction ("CIAC") and Accumulated Amortization—The Company proposed to increase its test year CIAC by \$711,810 from \$46,466,580 to \$47,178,391 and its related Accumulated Amortization by (\$1,496,822), from (\$7,929,473) to (\$9,426,295) to reflect the reconciled balances from the last test year.

Advances in Aid of Construction ("AIAC")—The Company's adjustment to AIAC reflected a reconciled balance of \$6,827,331, a \$506,509 increase over the test year balance of \$6,320,823.

Accumulated Deferred Income Taxes ("ADIT")—Liberty Litchfield's adjustment to ADIT is based on the timing difference between book and tax depreciation through December 31, 2024. This resulted in adjusted ADIT of \$1,205,972, an increase of \$1,115,735 over test year ADIT of \$90,236.

Excess Accumulated Deferred Income Taxes ("EADIT")—The Company's proposed EADIT balance of \$1,505,147 shows no adjustment to that of the prior test year.

Working Capital—Liberty Litchfield stated that its Cash Working Capital Allowance is based on a Lead/Lag Study completed by the Company, which determines the revenue and expense lags that are then applied (on a weighted basis) to the Company's proposed Operating Expenses. Liberty Litchfield proposed a Working Capital in the amount of \$150,450 based on the findings of its Study.

b. Wastewater Division⁶⁷

In its Direct Testimony, Liberty Litchfield proposed eight adjustments to its pre-adjustment test year Rate Base amounts, increasing Rate Base by \$14,441,385, from \$119,445,773 to \$133,887,159.

Gross Plant in Service—Liberty Litchfield's pre-adjustment original cost for Plant in Service for the test year was \$259,436,891. The Company made the following five adjustments:

- Allocated Corporate Plant: Liberty Litchfield proposed the addition of \$11,840,509 to Plant in Service to reflect the corporate plant allocated to Liberty Litchfield.
- PTYP: The Company proposed the inclusion of \$1,300,129 in PTYP. Liberty Litchfield stated that its adjustment reflected revenue neutral plant necessary to serve the year-end number of customers and expected to be placed into service within 12 months of the test year.

⁶⁷ Ex. A-11, p. 4 – 10; Wastewater Division Schedules B-2, pages 1 – 8.1.

- 1 • Capitalized Overhead: the Company stated that its proposed capitalized INDOH-
2 related adjustment of (\$1,291,306) was consistent with the findings of Decision No.
3 81361, which permitted a 21 percent capitalized overhead rate related to allocated
4 corporate shared services for the West Region and 14 percent for APUC.
- 5 • CWIP: the Company proposed the transfer of plant that was used and useful at the end
6 of test year from CWIP to Plant-in-Service in the amount of \$2,662,283.
- 7 • Reconciliation of Plant-in-Service: Liberty Litchfield stated that this adjustment of
8 \$23,383 reflected the reconciliation of the Company's Plant-in-Service to the amount
9 recorded at the end of the test year.

10 Accumulated Depreciation—The Company proposed \$62,157,853 in additional Accumulated
11 Depreciation related to the five adjustments to Gross Plant-in-Service. Liberty Litchfield noted that the
12 Accumulated Depreciation amount from the end of the last test year through the end of the present test
13 year used the half-year convention for depreciation.

14 CIAC and Accumulated Amortization—The Company proposed to adjust its test year CIAC by
15 \$5,195,255, from \$84,492,370 to \$89,687,625, and to adjust its related Accumulated Amortization by
16 (\$1,875,340), from (\$18,404,402) to (\$20,279,742) to reflect the reconciled balances from the last test
17 year.

18 AIAC—The Company's adjustment to AIAC reflects a reconciled balance of \$11,726,776, a
19 \$68,161 increase over the test year balance of \$11,658,616.

20 ADIT—Liberty Litchfield's adjustment to ADIT is based on the timing difference between
21 book and tax depreciation through December 31, 2024. This resulted in adjusted ADIT of \$228,048,
22 an increase of \$257,559 over test year ADIT of (\$29,511).

23 EADIT—The Company's proposed EADIT balance of \$1,612,052 showed no adjustment to
24 that of the prior test year.

25 Sarival Depreciation Deferral Accounting Order—the Company noted that this adjustment of
26 \$5,204,310 reflected the Rate Base adjustment related to the deferred debit approved in Decision No.
27 80122.

28 Working Capital—The Company stated that its Cash Working Capital Allowance is based on

its Lead/Lag Study and proposed a Working Capital amount of \$258,291.

2. Staff's Direct Testimony Recommended Rate Base Adjustments

a. Water⁶⁸

For Liberty Litchfield's Water Division, Staff recommended an OCRB/FVRB of \$69,028,791, which is \$736,913 less than the Company's proposed \$69,765,704.

Reclassification of Wastewater Plant to Water Plant⁶⁹ – Staff's review of documentation provided by Liberty Litchfield found plant that required reclassification from the Wastewater Division to the appropriate plant accounts in the Water Division. This reclassification results in an increase in Plant-in-Service for the Water Division of \$1,355,386 and a decrease to the Wastewater Division Plant-in-Service in a corresponding amount.

Plant Removals – Staff noted that it found plant listed that was no longer used and useful, had been incorrectly classified, or otherwise inappropriate for inclusion in Rate Base. Staff asserts that removing these items ensured that only plant actively serving customers is included in Plant-in-Service. Staff recommended a decrease of \$116,924 to the Company's proposed Water Division Plant-in-Service.

Corporate Plant Additions and Removals – Staff explained that "corporate plant consists of shared assets that support the utility and the affiliates such as office facilities, administrative systems, and customer platforms. Because these items are not dedicated to a specific system, Staff reviews the reasonableness and prudence of them separately, and that they are properly allocated for inclusion in rate base."⁷⁰ Based on Staff's review, Staff recommended an increase to the Water Division Plant-in-Service of \$10,011.

PTYP Adjustments – According to Staff, Liberty Litchfield proposed a total for PTYP additions through December 31, 2025, of \$8,046,963. Staff noted that its adjustment for PTYP is based on a site inspection and information gathered during the analysis of the Rate Application, as reflected in the Direct Testimony of Ms. Lee, and recommended an increase to PTYP of \$452,907.

⁶⁸ Ex. S-3, Direct Schedules MM-W-1 through MM-W-9.

⁶⁹ Staff notes that some of the adjustments in Mr. Malone's Rate Base testimony will differ from that of Staff engineering witness, Eunyong Lee due to the inclusion of Indirect Overhead in Mr. Malone's schedules.

⁷⁰ Ex. S-3, p. 12.

1 Corporate PYTP – Staff noted that the Company is proposing a total of \$1,234,029 for
 2 Corporate PTYP additions through December 31, 2025, related to Computers and Software. Based on
 3 the information gathered by Staff during the Rate Application process, Staff recommended an increase
 4 to Plant-in-Service of \$218,447, for a total Corporate PTYP of \$1,452,476.

5 AFUDC – Staff explained that:

6 AFUDC represents the financing or carrying cost during the construction of long-term
 7 assets and is a return tied to the monies that are associated with the project. Because these
 8 assets are not yet providing service, AFUDC is capitalized to plant and recovered over time
 9 through depreciation. AFUDC must be accurately recorded and supported to ensure only
 proper amounts are included in rate base. NARUC criteria for recording AFUDC during
 various periods is that AFUDC should only be accrued during active construction.⁷¹

10 Staff related that based on information provided by the Company, Staff found that the Company
 11 was compounding AFUDC in a manner not approved by prior Commission Decisions for Liberty
 12 Litchfield. Staff also found that Liberty Litchfield's AFUDC calculations included the capitalized
 13 overhead/INDOH prior to making the adjustments in accordance with the Settlement Agreement that
 14 was approved by the Commission in Decision No. 81361. Based on this information, Staff
 15 recommended that all AFUDC, \$915,088, be removed.⁷²

16 AFUDC / PTYP – For the AFUDC related to PTYP, Staff stated that it recommends the same
 17 treatment as AFUDC noted above. Thus, Staff recommends that AFUDC related to PTYP be removed,
 18 reflecting a reduction of \$255,556.

19 CIAC – Staff stated that during its review of the information related to CIAC provided by the
 20 Company, Staff identified several discrepancies in contributed plant activity and accumulated
 21 amortization. Staff recommended corrections to remove incorrectly recorded contributed plant and
 22 incorporate omitted contributed plant, and to adjust prior-year CIAC balances so that the roll forward
 23 aligns with the Company's plant records and general ledger.⁷³ Staff explained that its recommendations
 24 apply the appropriate amortization rates and align corrected net CIAC balances. Staff asserted that its
 25 revisions result in corrected net CIAC balances reflecting accurate contributed plant activity and
 26 properly calculated accumulated amortization. As such, Staff recommended a net CIAC increase of

27 ⁷¹ Ex. S-3, p. 14.

28 ⁷² Ex. S-3, p. 15.

⁷³ Ex. S-3, p. 16.

1 \$2,242,422.⁷⁴

2 CIAC – PTY Additions – Staff made adjustments to correct the CIAC PTY balances and
3 accumulated amortization. Staff asserted that these revised amounts ensure that only the Company-
4 funded portion of PTYP is included in Rate Base. As a result, Staff recommended an increase to net
5 CIAC of \$593,303.⁷⁵

6 Unsupported Plant – Staff identified a plant addition recorded to water utility plant that lacked
7 an invoice or other verifiable evidence; thus, Staff concluded that the plant addition is unsupported.
8 Consistent with Staff practice, when a plant addition lacks support, Staff assigns 10 percent of the
9 disallowed amount to CIAC and includes the plant addition in Plant-in-Service, subject to verification
10 by Staff that the plant is used and useful in the provision of service. Due to the unsupported plant
11 addition, Staff recommended an increase to gross CIAC of \$12,968.⁷⁶

12 AIAC – During its review, Staff identified certain customer advances that had been refunded
13 or converted to non-refundable contributions but had remained in AIAC, while other reconciliation
14 items related to prior rate case treatment and ledger activity were not reflected in the Company's
15 schedules. Accordingly, Staff recommended decreasing AIAC by \$1,180,367, from \$6,827,331 to
16 \$5,646,965.⁷⁷

17 ADIT – Staff reviewed the Company's ADIT balances and recalculated ADIT using Staff's
18 recommended Plant-in-Service, CIAC, AFUDC and PTYP balances for each division. Staff
19 recommended adjusting ADIT to reflect updated book-tax timing differences resulting from Staff's
20 recommended Rate Base adjustments. Staff contended that this ensures Rate Base reflects only
21 investor-supplied capital and prevents customers from paying a return on deferred tax balances. As
22 such, Staff recommended a decrease to ADIT of \$780,172, from \$1,205,972 to \$425,800.⁷⁸

23 Allowance for Cash Working Capital – Staff evaluated Liberty Litchfield's Lead/Lag Study to
24 ensure that only appropriate and reasonable working capital requirements were included in Rate Base,
25 and that the net lag days are accurate and reasonable. Based on Staff's review, Staff recommended

26 ⁷⁴ Ex. S-3, Direct Schedules MM-W-4 and MM-W-7a.

27 ⁷⁵ Ex. S-3, Direct Schedules MM-W-4 and MM-W-7b.

28 ⁷⁶ Ex. S-3, Direct Schedules MM-W-4 and MM-W-7c.

⁷⁷ Ex. S-3, Direct Schedules MM-W-4 and MM-W-7d.

⁷⁸ Ex. S-3, Direct Schedule MM-W-4 and MM-W-7e.

1 adjustments to reflect test-year adjusted expenses and to exclude items that were not properly included
 2 in the Lead/Lag Study. Staff recommended an decrease to Cash Working Capital of (\$10,821) from the
 3 Company's proposed reduction of (\$150,450) for a net reduction of (\$139,629).⁷⁹

4 Accumulated Depreciation – Staff updated Accumulated Depreciation to reflect the combined
 5 impact of Staff's recommended plant-related adjustments. However, Staff stated that upon review of
 6 the Company's Accumulated Depreciation schedules, Staff found that Liberty Litchfield had not been
 7 including Plant Retirements since 2019.⁸⁰ According to Staff, the Company explained that the failure
 8 to properly adjust retirements was due to an accounting software issue. In Staff's Direct Testimony,
 9 based on the information provided to Staff regarding the retirements, Staff recommended an increase
 10 to Accumulated Depreciation of \$608,762, from \$57,924,762 to \$58,533,524. Staff also recommended
 11 that the Company properly record plant retirements for future rate proceedings.⁸¹

12 b. Wastewater⁸²

13 Reclassification of Wastewater Plant to Water Plant – Staff notes that its review of
 14 documentation provided by the Company indicated that certain plant recorded in Wastewater Division
 15 accounts required reclassification to appropriate Water Division accounts. Thus, Staff recommends a
 16 decrease to wastewater Plant-in-Service of \$1,355,386.

17 Plant Reclassification – Staff noted that based on the testimony of Ms. Lee, certain plant needed
 18 to be reclassified to a different NARUC account, However, the reclassification has no effect on total
 19 Plant-in-Service.

20 Removals – Staff found that some plant items were either no longer used and useful, incorrectly
 21 classified, or otherwise inappropriate for inclusion in Rate Base. The resulting adjustments result in a
 22 decrease to Plant-in-Service of \$781,074.

23 Corporate Plant Additions and Removals – Based on the information gathered by Ms. Lee
 24 during her Rate Application analysis, Staff recommended an increase to Plant-in-Service of \$14,399
 25 related to Corporate Plant allocations.

26 _____
 27 ⁷⁹ Ex. S-3, Direct Schedule MM-W-4 and MM-W-8a.

⁸⁰ Ex. S-3, p. 21.

⁸¹ Ex. S-3, p. 22.

⁸² Ex. S-3, Direct Schedules MM-S-4 and MM-S-5a through MM-S-9.

1 PTYP Adjustments – Staff recommended a decrease to Plant-in-Service for PTYP of \$418,648
2 because several PTYP projects had not yet been initiated and should be excluded.⁸³

3 Corporate PTYP – Staff recommended an increase to Plant-in-Service for Corporate PTYP of
4 \$314,215.

5 AFUDC – Staff recommended removal of AFUDC, thereby reducing Plant-in-Service by
6 \$3,690,801.

7 CIAC – Staff recommended a net CIAC decrease of \$6,153,547.

8 CIAC PTY – Staff recommended an increase to net CIAC PTY additions of \$2,932,570.

9 AIAC – Staff recommended adjustments to AIAC to reflect only supported, refundable
10 advances outstanding as of the end of test year period. Staff recommended a decrease to AIAC by
11 \$2,443,953, from \$11,726,776 to \$9,282,824.

12 ADIT – Staff recommended an increase in ADIT of \$919,236, from \$228,048 to \$1,147,284.

13 INDOH – Staff explained that capitalized indirect overhead represents non-direct costs, such as
14 administrative, management, or support functions, that are allocated to construction projects. Staff
15 recommended reducing INDOH related to a specific project, where the overhead component represents
16 an unreasonably large portion of the project cost, and did not follow what was approved by the
17 Commission in Decision No. 81361. Staff asserted that removing unsupported portions of plant ensures
18 only reasonable, used-and-useful costs are included in Rate Base. Staff recommended reducing
19 INDOH, which reduces Plant-in Service by \$50,094.

20 Allowance for Cash Working Capital – Staff recommended an increase to Cash Working
21 Capital of \$17,331, from a reduction of \$258,291 to a reduction of \$240,961.

22 Unamortized Finance Charges – Staff noted that it identified that the Company included
23 unamortized finance charges in Rate Base, which charges represent deferred financing costs that have
24 not been expensed over the life of the loan. As such, Staff recommended removing the unamortized
25 finance charges because the Company secured the loans from APUC and affiliates. Staff recommends
26 decreasing unamortized finance charges by \$143,964, from \$143,964 to \$0.

27
28 ⁸³ Ex. S-7, p. 44.

1 Accumulated Depreciation – Staff recommended a decrease in Accumulated Depreciation of
 2 \$154,349, from \$62,157,853 to \$62,003,504. Additionally, Staff recommended that the Company
 3 properly record the Accumulated Depreciation related to Plant Retirements for future rate proceedings.

4 Sarival Depreciation Deferral Accounting Order – Staff stated that it reviewed the Sarival
 5 Depreciation Deferral Accounting Order reflected in Decision No. 80122. Staff reviewed the
 6 Company's proposed addition of \$5,204,310 related to Depreciation Expense deferral in Rate Base to
 7 ensure that the proposal met the terms of that Decision. Staff agreed with the Company's proposed
 8 treatment to include \$5,204,310 into Rate Base.

9 3. RUCO's Direct Testimony Proposed Rate Base Adjustments

10 a. Water and Wastewater

11 In its Direct Testimony for the Water Division, RUCO's proposed adjustments that resulted in
 12 a net decrease of \$1,030,907 the Company's proposed FVRB of \$69,765,704 for a total proposed
 13 adjusted Rate Base of \$68,734,797. RUCO's adjustments include: 1) PTYP Retirements, 2)
 14 Accumulated Depreciation related to PTYP, 3) Accumulated Depreciation to reflect Depreciation
 15 Annualization, and 4) Cash Working Capital.⁸⁴

16 PTYP and Related Accumulated Depreciation –In its Direct Testimony, schedules for the
 17 scenario with no approved FRP, RUCO did not make any changes to Liberty Litchfield's proposed
 18 PTYP and the related Accumulated Depreciation. For RUCO's Direct Testimony schedules related to
 19 the proposed FRP-based rates for the Water Division, RUCO removed \$8,283,228 and related
 20 Accumulated Depreciation of \$174,661, and \$1,300,129 for PTYP and \$49,008 for the related
 21 Accumulated Depreciation. For the Wastewater Division, RUCO removed \$1,300,129 for PTYP and
 22 \$49,008 in related accumulated depreciation. RUCO explained that it made these adjustments because
 23 Liberty Litchfield's proposed PTYP additions and related Accumulated Depreciation can be accounted
 24 for in the Company's ARAM Annual Update, if it is appropriate to do so.

25 However, for its schedules in the event a FRP is adopted, RUCO proposed to remove the
 26 Company's request for 12 months of PTYP because that plant could be included in Liberty Litchfield's
 27

28 ⁸⁴ Ex. RUCO-5, p. 7, Table 2.

1 first ARAM Annual Update.

2 PTYP Retirements – RUCO observed that Liberty Litchfield failed to account for any plant
3 retirements from the beginning of 2021 and continuing through to the present. RUCO pointed out that
4 the NARUC Uniform System of Accounts (“USoA”) requires that a company record a plant retirement
5 by removing the original cost and accumulated depreciation of the plant asset from the appropriate
6 accounts. RUCO expressed concern that this failure could indicate that the Company may not be
7 following the accounting procedures outlined in the NARUC UsoA, which under Commission rules
8 the Company is required to follow.⁸⁵

9 RUCO asserted that if plant retirements are not properly recorded, “the plant accounts will be
10 over-stated which leads to incorrect information being provided to parties. More importantly,
11 depreciation expense is calculated based on the plant that is actually used to serve customers. When
12 retirements are not removed, ratepayers will pay depreciation expense on plant that is no longer serving
13 them.”⁸⁶ Based on information provided by the Company, RUCO stated that it normalized the
14 retirements beginning with the Company’s last rate case decided in 2017⁸⁷ through to 2024. As such,
15 RUCO proposed decreasing Plant in Service by \$303,127 for the Water Division and \$32,440 for the
16 Wastewater Division.⁸⁸

17 Accumulated Depreciation Synchronized to Depreciation Annualization – RUCO noted that
18 Liberty Litchfield made an adjustment to annualize test year Depreciation Expense, which increased
19 Depreciation and Amortization Expense by \$621,518 for the Water Division and by \$1,420,689 for the
20 Wastewater Division. However, RUCO observed that the Company did not make a corresponding
21 adjustment to annualize test year Accumulated Depreciation. RUCO asserted that the failure to make
22 a corresponding adjustment is improperly one-sided because it violates the matching principle of
23 accounting and benefits the Company at the expense of ratepayers.⁸⁹ RUCO recommended a
24 synchronizing annualization adjustment for Accumulated Depreciation in the amount of \$827,788 for
25 the Water Division and \$2,408,240 for the Wastewater Division, which RUCO asserted more

26 ⁸⁵ Ex. RUCO-5, p. 20.

27 ⁸⁶ Ex. RUCO-5, p. 22.

28 ⁸⁷ Decision No. 76799 (August 15, 2018).

⁸⁸ Ex. RUCO-5, p. 23.

⁸⁹ Ex. RUCO-5, pp. 26 – 27.

1 accurately reflects normal, on-going operations.⁹⁰

2 Cash Working Capital, Lag Days for Interest Expense on Long-Term Debt – RUCO remarked
3 that Liberty Litchfield proposes to apply 50 lag days for the Interest Expense on long-term debt. RUCO
4 noted that “most utilities typically use lag days ranging from 74.50 to 91.25 lag days.”⁹¹ RUCO asserted
5 that the fewer the number of lag days used by the Company for Interest Expense on long-term debt, the
6 higher its customers’ rates will be.

7 RUCO also expressed its belief that the Company’s proposed 50 lag days is abnormally low
8 because it is based on a related party transaction—the lender is Liberty Litchfield’s affiliate Liberty
9 Utilities. This relationship, according to RUCO, should be subject to further scrutiny since it is not an
10 arms-length transaction.

11 Noting that in the Company’s last rate case the Commission approved 90.25 lag days for Interest
12 Expense, RUCO proposed that lag days for the Company’s Interest Expense on long-term debt should
13 be 91.25 days.⁹²

14 Sarival WRF Depreciation Expense Deferral – RUCO proposed that the deferred Depreciation
15 Expense for Sarival WRF be removed from Rate Base and instead recovered on the Income Statement
16 as an Amortization Expense.

17 RUCO explained that a deferred expense is an Operating Expense “that has been included in
18 the income statement of a prior year and a regulated utility asks and receives Commission approval to
19 defer that expense and recover it through rates over future years.”⁹³ RUCO asserted that approval of a
20 deferred expense represents “extraordinary treatment” of that expense, which is why a regulated utility
21 must first receive Commission approval.⁹⁴ RUCO claimed that the Company’s Wastewater Rate
22 Application seeks to defer its 2024 and 2025 Depreciation Expense on the Sarival WRF with a carrying
23 cost calculated using a cost of debt of 4.19 percent, but did not request that its “extraordinary treatment”
24 of the Depreciation Expense be included in Rate Base. Nor did the Commission’s Decision No. 80122
25 that authorized the Accounting Order state that the deferred depreciation expense should be included

26 ⁹⁰ Ex. RUCO-5, pp. 29 – 32.

27 ⁹¹ Ex. RUCO-5, p. 33.

28 ⁹² Ex. RUCO-5, p. 33.

⁹³ Ex. RUCO-5, p. 36.

⁹⁴ Ex. RUCO-5, p. 36.

1 in Rate Base.

2 RUCO maintained that not only is Liberty Litchfield proposing that the deferred depreciation
3 expense be included in Rate Base, but that the Company has not explained why it changed its original
4 proposal of calculating the carrying cost using only debt as stated in its Accounting Order application,
5 to now calculating the carrying cost using both debt and equity in the Wastewater Application.⁹⁵ RUCO
6 argued that the carrying cost on the deferred asset should not include an equity component, stating:

7 [T]he Commission has approved extraordinary treatment of the depreciation expense by
8 allowing it to be deferred and recovered from ratepayers over future accounting periods.
9 Second, the Commission could have allowed the Company to recover the deferred
10 depreciation expense *without* any carrying cost but, instead, allowed a carrying cost
11 calculated using the weighted average cost of debt which is in addition to the extraordinary
12 treatment. Third, depreciation expense is not an investment and, therefore, should not
13 receive an equity return. The investments in the plant that gave rise to the deferred
14 depreciation expense is in rate base and will receive a full return using the Commission
15 approved equity. Depreciation is an expense and should be recovered on the income
16 statement. Finally, the Company did not originally request an equity return and the
17 Commission did not approve one. The Company has not provided a reason to justify
18 treating the depreciation expense deferral differently than the treatment approved by the
19 Commission.⁹⁶

14 RUCO used the 4.19 percent authorized in Decision No. 80122 for the carrying cost for
15 RUCO's calculations and proposed decreasing the Rate Base by \$5,204,310 to remove the Depreciation
16 Expense deferral. Further, RUCO proposed increasing Amortization Expense by \$207,851 to reflect
17 the carrying cost using the 4.19 percent cost of debt. Finally, RUCO recommended that the
18 Depreciation deferral amounts be tracked and any over-collections be refunded to customers or be
19 treated as a regulatory liability.⁹⁷

20 Unamortized Finance Charges – RUCO noted that Liberty Litchfield included \$143,964 of
21 unamortized finance charges in the Wastewater Rate Base. RUCO claimed that NARUC USoA
22 requires that these charges should be amortized over the life of the debt and included on the Income
23 Statement in the Interest Expense account, which is a “below-the-line” item to be borne by
24 shareholders.⁹⁸ RUCO stated that it removed the \$143,964 in unamortized finance charges from the
25 Wastewater Rate Base. RUCO noted that Liberty Litchfield properly recorded the interest expense for
26

27 ⁹⁵ Ex. RUCO-5, pp. 37 – 38.

⁹⁶ Ex. RUCO-5, p. 40.

⁹⁷ Ex. RUCO-5, pp. 40 – 41.

⁹⁸ Ex. RUCO-5, p. 42.

the Water Division as a below-the-line charge.

4. Company's Rebuttal to RUCO's Proposed Rate Base Adjustments⁹⁹

In the Company's Rebuttal Testimony, Liberty Litchfield explained that it was responding only to the adjustments proposed by RUCO unrelated to the ARAM because in the Settlement Agreement the Company was proposing a Phase II proceeding focused on the proposed ARAM in the Settlement Agreement. As such, the Company did not address RUCO's position on PTYP and Accumulated Depreciation related to PTYP because RUCO accepted the Company's proposals if the Commission does not adopt an FRP.

PTYP Plant Retirements – The Company stated that it does not agree with RUCO's proposed Rate Base Adjustments for Plant Retirements for the Water and Wastewater Divisions. Liberty Litchfield claimed that RUCO proposes to impute PTYP retirements using average activity since the last rate case. The Company argued that this methodology risks removing used and useful plant from Rate Base without a factual foundation. Nevertheless, Liberty Litchfield agreed to adjust its Rate Base for Plant Retirements identified during discovery. As such, the Company agreed to the following Plant Retirement adjustments, which are Rate Base neutral, but will result in a lower Depreciation Expense on the Income Statement.¹⁰⁰

- Water Division: Plant Retirements of \$569,969 in NARUC Acct. 311
- Wastewater Division: Plant Retirements of \$2,451,551 in NARUC Acct. 371

According to the Company, these retirements are Rate Base neutral because the plant items were fully depreciated.¹⁰¹

Accumulated Depreciation and Depreciation Annualization

Liberty Litchfield opposed RUCO's proposal to increase Accumulated Depreciation to synchronize with the Company's Depreciation Annualization adjustment. The Company stated: "The

⁹⁹ The Company's responses to RUCO's testimony are found in the Rebuttal Testimony of Ms. Rao, Mr. Thompson, and Mr. Bourassa, as well as Ms. Rao's Settlement Testimony. In the Company's Notice of Filing Rebuttal Testimony, Liberty Litchfield states that because it had reached a "settlement in principle" with the Commission Staff, the Company's Rebuttal Testimony does not respond to Staff's Direct Testimony and only provides a rebuttal to RUCO's Direct Testimony. (Notice of Filing Rebuttal Testimony, p. 1.)

¹⁰⁰ Ex. A-13, p 3.

¹⁰¹ The Company asserts: "Even if not fully retired, retirements would have a zero impact on rate base as the amount of retirement taken from plant-in-service is taken out of accumulated depreciation per the NARUC USOA netting to a zero rate base impact." Ex. A-13, p. 3, fn. 2.

Rules of this Commission allow for proforma adjustments to the test year to obtain a more realistic relationship between revenues, expenses, and rate base on a going forward basis. RUCO's adjustment does not achieve that result."¹⁰² Liberty Litchfield contended that RUCO's synchronization adjustment would improperly reduce Rate Base before the depreciation impacts would be realized by the Company, creating an imbalance.¹⁰³

Working Capital – Liberty Litchfield disagreed with RUCO's adjustments to Cash Working Capital for the Water and Wastewater Divisions that arise from RUCO's use of 91 lag days for determining Working Capital related to Interest Expense on long-term debt. The Company stated that its proposal to use 50 lag days reflects the term sheet submitted by Liberty Litchfield with the Financing Application. The terms are based on a monthly payment, which is what the Company applied when determining the appropriate number of lag days. The Company noted that both Staff and RUCO have recommended approval of the Financing Application, and the "inclusion in the capital structure, which reduces the weighted average cost of capital. It is inconsistent to accept these benefits of the proposed financing while rejecting other terms of the same financing."¹⁰⁴

Sarival WRF Depreciation Expense Deferral – Liberty Litchfield disputed RUCO's evaluation of the Sarival Accounting Order. The Company noted that the August 2024 Sarival Accounting Order allowed the Company to defer Depreciation Expense for the Sarival WRF, which had been placed into service in March 2024. In Decision No. 80122, the Commission placed the following conditions on the deferral:

- That the cost deferral would not include any capitalized overhead of AFUDC for the Sarival WRF plant;
- That the costs eligible for deferral would be limited to Depreciation Expense subject to the removal of capitalized overhead and AFUDC;
- That the cut-off point for including Sarival WRF project costs in the deferral would be December 31, 2024; and
- That the Commission specifically reserves any prudence finding for the Sarival plant

¹⁰² Ex. A-13, p. 4, citing A.A.C R14-2-103(3)(i).

¹⁰³ Ex. A-13, p. 4.

¹⁰⁴ Ex. A-13, p. 6.

1 until the final components are reviewed within the context of the Company's general
2 rate case application.¹⁰⁵

3 Liberty Litchfield took issue with RUCO's arguments about the exclusion of the Sarival
4 depreciation deferral from Rate Base, asserting that recovery in Rate Base is standard treatment for any
5 asset, including a regulatory asset like deferred Depreciation Expense. The Company explained:

6 In the Accounting Order application, the Company requested carrying charges to be
7 recorded on the deferred expenses at a rate of 4.19%. If approved, the deferred costs would
8 not only include deferred depreciation expenses but also carrying charges on the deferred
9 costs at 4.19%. In the application, the Company noted that the recovery of the deferred
10 costs would be requested and addressed in a future Litchfield Park rate case but did not
11 propose a specific recovery method. Moreover, the Staff Analysis and Recommendation,
12 as well as Decision No. 80122, did not specifically address the request or authorize the
13 Company to accrue carrying charges on the deferred depreciation expenses. The Company
14 therefore did not accrue carrying charges on the depreciation expense. The regulatory asset
15 (deferred depreciation expense) is thus lower than it would have been had the Commission
16 authorized those carrying charges. The question now, is not whether to include those
17 carrying charges in the regulatory asset, but whether the regulatory asset should be included
18 in rate base. Normally, both regulatory assets and regulatory liabilities are reflected in rate
19 base, reflecting the treatment of regulatory assets in the NARUC Uniform System of
20 Accounts.¹⁰⁶

21 Liberty Litchfield asserted that RUCO misunderstood the Company's request, claiming that the
22 recovery proposal outlined in the Wastewater Rate Application does not represent a change in the
23 Company's proposal from the Sarival Accounting Order application. The Company also noted that the
24 Commission had previously approved the recovery of similar regulatory assets of Liberty Litchfield's
25 sister company, Liberty Black Mountain, for the Boulders Wastewater Treatment Plant. The Company
26 noted that in that case, the closure costs were deferred, including depreciation, and both pre- and post-
27 in-service AFUDC.¹⁰⁷ Liberty Litchfield noted that Staff agreed with the Company's proposal to
28 include the Sarival Depreciation Deferral costs in Rate Base.

29 Unamortized Finance Charges for Wastewater Division – Liberty Litchfield states that it agrees
30 with RUCO's removal of the unamortized finance costs from Rate Base for the Wastewater Division.¹⁰⁸

31 5. RUCO's Surrebuttal to Rate Base Rebuttal Testimony and Settlement 32 Agreement

33 ¹⁰⁵ Ex. A-17, p. 12; Decision No. 80122.

34 ¹⁰⁶ Ex. A-17, p. 13. (Footnotes omitted.)

35 ¹⁰⁷ Ex. A-17, p. 14; Decision No. 75510 (April 22, 2016).

36 ¹⁰⁸ Ex. A-17, pp. 11 – 12.

1 Lag Days – RUCO responded to the Company’s arguments about the use of 50 lag days for
 2 the calculations for Interest Expense on long-term debt, by providing a table outlining the Interest
 3 Expense lag days adopted by the Commission for other utilities. Table 1 to the Surrebuttal Testimony
 4 of Crystal Brown reflects that in 11 cases between 2010 and 2025, the Commission approved lag days
 5 ranging from 74.53 to 91.25.¹⁰⁹ RUCO explained that the Company’s proposal will result in an increase
 6 to Cash Working Capital and thus, an increase to Rate Base and ultimately higher rates. RUCO asserted
 7 that applying 50 lag days increases Rate Base by \$409,475 and creates a \$46,708 increase in the
 8 Revenue Requirement.¹¹⁰

9 Plant Retirements – Initially, RUCO clarified what it believes to be a misconception by Staff
 10 and Liberty Litchfield that RUCO’s proposed adjustment to retirements relates to PTYP. RUCO
 11 explained that its adjustments pertain only to test year plant retirements, noting that the Company stated
 12 that it made no retirements after the test year.¹¹¹ However, RUCO noted that the Settlement
 13 Agreement¹¹² only reflected the Company’s PTYP retirements adjustment, ignoring the fact that
 14 Liberty Litchfield had not recorded any plant retirements since 2019. RUCO disputed the Signatories’
 15 position in the Settlement Agreement that no further adjustments should be made for plant retirements,
 16 contending:

17 [T]he Company knew it had retirements in the test year and failed to make them, claiming
 18 that they were immaterial and onerous. RUCO also disagrees with the Settlement
 19 Agreement’s position to treat the fully depreciated plant as plant that is no longer in service
 20 because...the Company does not know whether or not any of the plant is still being used
 to provide service. Additionally, the Company has not physically removed the plant and
 recorded the retirements in its books and records.¹¹³

21 RUCO also disagreed with the Company’s statement that RUCO’s normalization adjustment
 22 risks removing used and useful plant from Rate Base without a factual foundation. RUCO responded
 23 that the information provided by the Company in Staff Data Request 4.06¹¹⁴ set out factual evidence
 24 that plant retirements occurred during the test year, but Liberty Litchfield failed to record them in the

25 ¹⁰⁹ Ex. RUCO-6, p. 5, Table 1.

26 ¹¹⁰ Ex. RUCO-6, pp. 5 – 6, Table 2.

27 ¹¹¹ Ex. RUCO-6, pp. 7 – 8.

28 ¹¹² The Settlement Agreement was docketed on March 3, 2026. RUCO’s Surrebuttal Testimony was docketed on March 16, 2026.

¹¹³ Ex. RUCO-6, p. 8.

¹¹⁴ Ex. RUCO-6, Attachment 1.

1 books, other than to reflect an adjusted test year plant retirement amount of \$0.00. RUCO maintained
2 that this is an “abnormal amount.”¹¹⁵ RUCO believed that it is more reasonable to adjust test year Plant
3 Retirements to reflect a normalized amount for both the Water and Wastewater Divisions.

4 RUCO related that in response to Staff Data Request 4.04, Liberty Litchfield stated that in 2019
5 the Company’s software malfunctioned, causing negative asset balances and that since 2019, the
6 Company had not recorded Plant Retirements. RUCO noted that in Liberty Litchfield’s response to
7 Staff Data Request 4.04, the Company stated that it did not propose any additional pro forma
8 retirements in its Applications, “as such an undertaking would be onerous given the substantial volume
9 of plant additions in the case and is immaterial in this rate application.”¹¹⁶ RUCO disputed the
10 Company’s explanation and noted that the Plant Retirement entries are required by the NARUC USoA.

11 Depreciation Expense, Adjustment for Fully Depreciated Plant – RUCO noted that in Liberty
12 Litchfield’s Rebuttal Testimony, the Company rejected RUCO’s recommendation that plant that was
13 fully depreciated within 12 months after the test year be treated as plant that continues to provide
14 service. Instead, the Settlement Agreement reflects the Company’s proposal that the \$569,969 in fully
15 depreciated plant for the Water Division and the \$2,451,551 in fully depreciated plant for the
16 Wastewater Division be treated as PTY retirements rather than plant that continues to provide service.

17 Sarival Accounting Order – RUCO repudiated the Company’s claim that it is standard
18 Commission practice to include Depreciation Expense deferrals in Rate Base. According to RUCO, the
19 Commission decides rate case issues on a case-by-case basis. In addition, the Commission has no
20 written policy on the ratemaking treatment for Depreciation Expense deferrals. RUCO further
21 contended that if the Commission does not explicitly approve deferred expenses in Rate Base, those
22 deferred expenses should not be included in Rate Base; rather, RUCO believed that it is more
23 appropriate in this case to recover the deferred Depreciation Expense as an Operating Expense with a
24 debt return of 4.19 percent.¹¹⁷

25 RUCO also believed that the deferral should not be included in Rate Base because it could
26 receive an equity return. RUCO stated that to allow a return on equity of a deferral is improper because

27 ¹¹⁵ Ex. RUCO-6, p. 9.

28 ¹¹⁶ Ex. RUCO-6, p. 11.

¹¹⁷ Ex. RUCO-6, pp. 16 – 17.

1 Depreciation Expense is not an investment but “represents the portion of the plant that has been
 2 returned to the investor and, therefore, because it is no longer an investment it should not receive an
 3 equity return.”¹¹⁸ RUCO pointed out that Liberty Litchfield is already earning a return on equity on the
 4 Sarival plant because it is already in Rate Base. As such, RUCO claimed that ratepayers would be
 5 paying the same costs twice – once through rates paid in 2024 and 2025 and again going forward
 6 through the Depreciation Expense deferral.¹¹⁹

7 Finally, RUCO recommended that the depreciation deferral amounts be tracked and any over-
 8 collections be refunded to customers or be treated as a regulatory liability.¹²⁰

9 Synchronized Accumulated Depreciation – RUCO noted that the Company’s assertion that
 10 RUCO’s position does not achieve a more realistic relationship between revenues, expenses, and Rate
 11 Base consistent with A.A.C. R14-2-103(A)(h), is reflected in the Settlement Agreement. RUCO
 12 disputed this statement and continued to assert that its position regarding the synchronization of
 13 Accumulated Depreciation and Depreciation Expense is proper and comports with the matching
 14 principle in accounting.

15 C. Income Statement

16 1. Operating Revenues

17 a. Water Division

18 For the Water Division, in its Application, the Company proposed test year Metered Water
 19 Revenues of \$15,967,126 and Other Water Revenues of \$184,885 for total test year Water Division
 20 Operating Revenues of \$16,152,011. Staff and RUCO accepted Liberty Litchfield’s proposed test year
 21 revenue amounts.

22 b. Wastewater Division

23 Liberty Litchfield proposed test year Wastewater Revenues of \$20,846,881 and Miscellaneous
 24 Revenues of \$772,205, for total test year Wastewater Division Operating Revenues of \$21,569,086.
 25 Staff and RUCO accepted Liberty Litchfield’s proposed amounts.

26 ...

27 ¹¹⁸ Ex. RUCO-6, p. 17.

28 ¹¹⁹ Ex. RUCO-6, pp. 18 – 21; Tables 5 and 6.

¹²⁰ Ex. RUCO-6, p. 21.

2. Operating Expenses

a. Water Division

Liberty Litchfield proposed test year Operating Expenses for the Water Division of \$14,816,428 resulting in total test year Operating Income of \$1,335,583.

Staff recommended Operating Expenses for the Water Division of \$14,520,404, reflecting a decrease of \$296,024 to the Company's proposed amount and resulting in total test year Operating Income of \$1,631,606.¹²¹ Staff's adjustments reflected decreases to the Company's proposed Purchased Power, Contractual Services – Management Fees, Contractual Services – Water Testing, Bad Debt Expense, Depreciation¹²² and Amortization Expense, and Property Taxes. Staff's adjustments increased the proposed Income Taxes and Customer Deposit Interest.

RUCO proposed Operating Expenses for the Water Division of \$14,529,103, reflecting a decrease of \$287,325 to the Company's proposed amount and resulting in total test year Operating Income of \$1,622,908.¹²³ RUCO's adjustments reflected an increase in Income Tax and a decrease to Depreciation and Amortization.

b. Wastewater Division

Liberty Litchfield proposed test year Operating Expenses for the Wastewater Division of \$18,846,854 resulting in total test year Operating income of \$2,722,232.

Staff recommended Operating Expenses for the Wastewater Division of \$18,547,471, reflecting a decrease of \$299,383 to the Company's proposed amount and resulting in total test year Operating Income of \$3,021,615.¹²⁴ Staff's adjustments reflected decreases to the Company's proposed Contractual Services – Management Fees, Contractual Services – Water Testing, Bad Debt Expense, Depreciation¹²⁵ and Amortization Expense, and Property Taxes. Staff increased the proposed Contractual Services – Other, Income Taxes and Customer Deposit Interest.

RUCO proposed Operating Expenses for the Wastewater Division of \$18,803,396, reflecting a

¹²¹ Ex. S-4, p. 7.

¹²² In Direct Testimony, Staff indicated that it would address the erroneous plant retirements in Surrebuttal Testimony. Ex. S-4, p. 10. However, Staff entered into the Settlement Agreement and Staff did not file Surrebuttal Testimony.

¹²³ Ex. RUCO-5; Water Schedule 12.

¹²⁴ Ex. S-4, p. 7.

¹²⁵ In Direct Testimony, Staff indicated that it would address the erroneous plant retirements in Surrebuttal Testimony. Ex. S-4, p. 10. However, Staff entered into the Settlement Agreement and Staff did not file Surrebuttal Testimony.

1 decrease of \$43,4658 to the Company's proposed amount and resulting in total test year Operating
 2 Income of \$2,765,690.¹²⁶ RUCO's adjustments reflected an increase in Income Tax and a decrease to
 3 Depreciation and Amortization.

4 In its Rebuttal Testimony, the Company asserted that RUCO's adjustments to Depreciation
 5 Expense, Property Tax Expense, and Income Tax Expense for the Water Division, and to Depreciation
 6 and Income Tax for the Wastewater Division, represent recalculated expenses due to RUCO's proposed
 7 Rate Base adjustments. The Company pointed out that these adjustments do not reflect a disagreement
 8 between RUCO and the Company about the methodologies used for calculating these Operating
 9 Expenses.¹²⁷

10 **D. Cost of Capital ("COC")**

11 **1. Liberty Litchfield**

12 The Company based its COC determinations on evaluations of publicly traded water and gas
 13 utilities comprising the proxy group – six water utilities and nine gas utilities. Liberty Litchfield
 14 acknowledges that the proxy group are not directly comparable to the Company, but because it is not
 15 publicly traded, Liberty Litchfield has no historical or market information on which to calculate
 16 COC.¹²⁸

17 The Company proposed a Capital Structure of 46 percent debt and 54 percent equity, which is
 18 a pro forma adjustment reflecting Liberty Litchfield's requested debt financing to rebalance its Capital
 19 Structure from its current 30 percent debt and 70 percent equity. In the Rate Applications Liberty
 20 Litchfield proposed a weighted Cost of Debt ("COD") of 5.69 percent.

21 Liberty Litchfield stated that its Cost of Equity ("COE") proposal is based on evaluation of: a)
 22 COE estimates using a Discounted Cash Flow ("DCF") and different Risk Premium ("RP") methods,
 23 including variations of the Capital Asset Pricing Model ("CAPM"), b) the economic conditions
 24 expected to prevail while new rates are in effect, c) the risks associated with relatively small utilities

25
 26 ¹²⁶ Ex. RUCO-5; Wastewater Schedule 12.

¹²⁷ Ex. A-17, pp. 14 – 15. But for the Settlement Agreement, the same is true of Staff's adjustments to these expenses.

27 ¹²⁸ Publicly traded water utilities: American States Water, American Water Works, Essential Utilities, California Water
 28 Company, Middlesex Water, and York Water Company. Publicly traded gas utilities: Atmos Energy Corp., Chesapeake
 Holdings, Spire Inc., and UGI Corp.

like the Company that are otherwise not captured by typical COC analyses and market data of publicly traded utilities, d) any financial risk associated with the amount of debt in the Company's proposed Capital Structure, and, e) other specific business and operation risks facing Liberty Litchfield.¹²⁹ The Company concluded that application of these methodologies resulted in a COE range of 10.20 to 11.40 percent. Liberty Litchfield explained that based on variations in financial and business risks between Liberty Litchfield and the proxy groups, the Company adopted a COE of 10.80 percent that recognizes a 40-basis point risk premium for business risk and a downward 40-basis point financial risk adjustment for an investment in the Company.¹³⁰

Based on the Company's proposals, the resulting Weighted Average Cost of Capital ("WACC") is as follows:¹³¹

	Ratio	Rate	Weighted Cost
Debt	46.00%	5.69%	2.62%
Equity	54.00%	10.80%	5.83%
WACC			8.45%

2. Staff

Staff calculated its recommended COE for the Company based on its evaluation of the publicly traded water utilities comprising its proxy group.¹³² Staff stated that its COE recommendation is based on application of the DCF, CAPM, RP, and Comparable Earnings methodologies.¹³³ Staff noted that this analysis applied to both the Water and Wastewater Divisions.¹³⁴ Using these multiple market-based approaches as applied to Staff's proxy group, Staff determined a COE range of 8.96 to 9.93 percent, and recommended a COE of 9.45 percent.

Staff recommended adoption of the Company's proposed pro forma Capital Structure of 46 percent debt and 54 percent equity. Staff further recommended a COD of 5.49 percent rather than the

¹²⁹ Ex. A-12, pp. 2 – 3.

¹³⁰ Ex. A-12, p. 2. For purposes of the Cost of Capital Direct Testimony, the evaluation reflects the combined debt and equity for the Company as a whole.

¹³¹ Ex. A-12, p. 3.

¹³² Publicly traded water utilities/holding companies: American States Water, American Water Works, California States Water, Essential Utilities, H2O Water, and Middlesex Water. Staff did not include any publicly traded gas utilities in its proxy group.

¹³³ Ex. S-6, p. 3.

¹³⁴ Ex. S-6, p. 2.

5.69 percent proposed by the Company, stating: "Using the most recent three months of treasury yields, the resulting cost of debt is 5.49, lower than the Company's proposed 5.69 percent due to the decline in yields following the Company's applications..."¹³⁵ Based on Staff's calculations, its recommended WACC is as follows:¹³⁶

	Ratio	Rate	Weighted Cost
Debt	46.00%	5.49%	2.53%
Equity	54.00%	9.45%	5.10%
WACC			7.63%

3. RUCO

RUCO calculated its proposed COE for the Company based on its evaluation of the publicly traded water utilities comprising its proxy group.¹³⁷ RUCO stated that its COE recommendation is based on application of the DCF, RP, and a traditional CAPM.¹³⁸ Using these multiple market-based approaches as applied to RUCO's proxy group, RUCO determined a COE range of 9.07 to 10.12 percent, and proposed a COE of 9.32 percent. RUCO noted that the key difference between RUCO's proposed 9.32 percent COE and the Company's 10.80 percent COE stems from the difference in applied methodologies and the Company's inclusion of gas utilities in its proxy group.¹³⁹

RUCO proposed the adoption of the Company's proposed pro forma Capital Structure of 46 percent debt and 54 percent equity and the proposed COD of 5.69 percent.¹⁴⁰ Based on RUCO's calculations, its proposed WACC without Commission adoption of an FRP is as follows:¹⁴¹

	Ratio	Rate	Weighted Cost
Debt	46.00%	5.69%	2.62%

¹³⁵ Ex. S-6, p. 9.

¹³⁶ Ex. S-6, p. 3.

¹³⁷ Publicly traded water utilities/holding companies: American States Water, American Water Works, California Water Service Group, Essential Utilities, H2O America, and Middlesex Water. RUCO did not include any publicly traded gas utilities in its proxy group.

¹³⁸ Ex. RUCO-7, p. 4.

¹³⁹ In addition, RUCO stated that if the Commission adopts the Company's proposed ARAM, a downwards adjustment to the ROE is necessary to match the overall lessened financial risks related to reduced regulatory lag and improved financial predictability. In that instance, RUCO recommended a fifteen-basis point reduction in COE, from 9.41 percent to 9.26 percent. Ex. RUCO-7, p. 5.

¹⁴⁰ Ex. RUCO-7, p. 3.

¹⁴¹ Ex. RUCO-7, p. 3.

Equity	54.00%	9.32%	5.08%
WACC			7.70%

However, if the Commission approves an FRP, RUCO recommends a 15 basis point downward adjustment to is proposed COE. RUCO asserted that the adoption of the ARAM lessens the financial risk to the Company and the COE should reflect that reduction in risk.¹⁴² RUCO asserted that by Commission approval of the ARAM, Liberty Litchfield would have a noticeable reduction in risk because they have the ability to recoup and normalize earnings. RUCO noted that the lack of an adjustor, however, does not increase risk. The risk remains the same.¹⁴³

4. Liberty Litchfield's Rebuttal Testimony to RUCO's Proposed COE

The Company asserted that RUCO's COE recommendation does not reflect the additional risk of an investment in Liberty Litchfield over investment in RUCO's proxy group or a financial risk adjustment recognizing the difference in capital structure of Liberty Litchfield and RUCO's proxy group.¹⁴⁴ In addition, the Company contested RUCO's use of a number of methodologies that Liberty Litchfield contends inaccurately calculate the range of COE estimates. Further, the Company rejected RUCO's argument that the Company's inclusion of gas utilities in the proxy group improperly skews the figures. Liberty Litchfield stated that it included gas utilities because the sample size for water utilities is small and increasing the number of utilities in the proxy group provides a more robust analysis and asserted that gas utilities present a comparable risk to water utilities.¹⁴⁵

E. Revenue Requirement Summary

The following table reflects the parties' Direct Testimony Revenue Requirement for the Water Division.

	Company Application	Staff Direct	RUCO Direct (No FRP)	RUCO Direct (with FRP)
Adjusted Rate Base	\$69,765,704	\$69,028,791	\$68,734,797	\$60,657,355
Adjusted Operating Income	\$1,335,583	\$1,631,606	\$1,413,004	\$1,622,908
Current Rate of Return	1.91%	2.36%	2.06%	2.68%
Required Rate of Return	8.45%	7.63%	7.70%	7.62%
Required Operating Income	\$5,893,283	\$5,266,897	\$5,292,579	\$4,620,756
Operating Income Deficiency	\$4,557,700	\$3,635,290	\$3,879,575	\$2,997,848

¹⁴² Ex. RUCO-7, p.

¹⁴³ Ex. RUCO-8, pp. 12 – 13.

¹⁴⁴ Ex. A-14, p. 3.

¹⁴⁵ Ex. A-14, p. 9.

GRCF	1.3610	1.3576	1.3610	1.3610
Required Revenue Increase	\$6,203,028	\$4,935,185	\$5,280,100	\$4,080,070
Adjusted Test Year Revenue	\$16,152,011	\$16,152,011	\$16,152,011	\$16,152,011
Proposed Annual Revenue	\$22,355,039	\$21,087,195	\$21,432,111	\$20,232,081
Required Revenue Increase	38.40%	30.55%	32.69%	25.26%

The following table reflects the parties' Direct Testimony Revenue Requirement for the Wastewater Division.

Category	Company Application	Staff Direct	RUCO Direct (No FRP)	RUCO Direct (With FRP)
Adjusted Rate Base	\$133,887,159	\$132,693,180	\$125,767,526	\$124,520,000
Adjusted Operating Income	\$2,722,232	\$3,021,615	\$2,765,690	\$2,757,582
Current Rate of Return	2.03%	2.28%	2.20%	2.21%
Required Rate of Return	8.45%	7.63%	7.70%	7.62%
Required Operating Income	\$11,309,783	\$10,125,490	\$9,684,099	\$9,485,761
Operating Income Deficiency	\$8,587,551	\$7,102,874	\$6,918,409	\$6,728,178
GRCF	1.3504	1.394	1.3504	1.3504
Required Revenue Increase	\$11,596,379	\$9,584,080	\$9,342,418	\$9,085,536
Adjusted Test Year Revenue	\$21,569,086	\$21,569,086	\$21,569,086	\$21,569,086
Proposed Annual Revenue	\$33,165,465	\$31,153,166	\$30,911,504	\$30,654,622
Required Revenue Increase	53.76%	44.43%	43.31%	42.12%

F. Cost of Service Study and Revenue Allocation

Liberty Litchfield conducted a Cost of Service Study ("COSS") to determine the adequacy of revenues by each customer classification under both existing and proposed rates. The Company explained that the COSS allocates utility plant and expenses into cost and asset functions, which are then allocated to customer classifications. The study attempts to trace the costs associated with meeting the customers' service requirements.¹⁴⁶ Additionally, the Company noted that cost based rates can be used to send an appropriate price signal to customers because the amount paid for service approximates the cost to provide the service.¹⁴⁷

Liberty Litchfield used the Commodity Demand Method to allocate each item providing water or wastewater service to several cost functions, which are then allocated to the several customers classifications served by the respective systems.¹⁴⁸

In its Rate Applications, the Company calculated the COSS distribution of revenues by customer class and the revenue distribution as a result of the Company's proposed rates (discussed in

¹⁴⁶ Ex. A-11, p. 13.

¹⁴⁷ Ex. A-11, p. 14

¹⁴⁸ Ex. A-11, p. 15

Section V, below). The proposed revenue allocations are reflected in the following tables.¹⁴⁹

Water Division Rates of Return

Customer Class	Rate of Return/Current Rates	Rate of Return/Proposed Rates
Residential	-1.29%	4.71%
Residential – Multi-Family	9.55%	18.48%
Commercial	8.88%	17.09%
Irrigation	5.52%	12.15%
Resale Bulk	-0.97%	2.42%
Standpipe/Construction	18.90%	45.04%
Private Fire	-7.48%	-0.20%

Wastewater Division Rates of Return

Customer Class	Operating Margin Under Current Rates	Rate of Return/Proposed Rates
Residential	0.05%	5.40%
Residential – Multi-Family	11.71%	22.64%
Commercial	9.91%	21.06%
Wigwam Resort	3.47%	12.15%
Schools	-5.42%	-3.88%

Comparison of Proposed Revenue Distribution – Water Division

Customer Class	Indicated COSS Revenues	% of COSS Revenues	Revenues as Proposed	% of Proposed Revenues
Residential	\$14,334,141	64.12%	\$12,265,879	54.87%
Residential – Multi-Family	\$809,157	3.62%	\$1,179,265	5.28%
Commercial	\$2,120,487	9.49%	\$2,968,589	13.28%
Irrigation	\$4,722,537	21.13%	\$5,553,590	24.84%

¹⁴⁹ Ex. A-11, pp. 20 – 21.

1	Resale Bulk	\$218,270	0.29%	\$156,423	0.70%
2	Standpipe/Construction	\$65,161	0.29%	\$163,828	0.73%
3	Private Fire	\$85,186	0.38%	\$67,664	0.30%
4	TOTAL	\$22,355,039	100.00%	\$22,355,039	100.00%

5 Comparison of Proposed Revenue Distributions – Wastewater Division

6	Customer Class	Indicated	% of COSS	Revenues as	% of Proposed
7		COSS Revenues	Revenues	Proposed	Revenues
8	Residential	\$25,150,652	75.91%	\$21,114,591	63.66%
9	Residential – Multi-Family	\$2,063,936	6.20%	\$3,758,635	11.33%
10	Commercial	\$4,425,650	13.30%	\$7,631,083	23.01%
11	Wigwam Resort	\$273,447	0.82%	\$306,119	0.92%
12	Schools	\$1,251,780	3.76%	\$355,036	1.07%
13	TOTAL	\$33,165,465	100.00%	\$33,165,465	100.00%

14 Liberty Litchfield noted that its proposed rate designs in the Rate Applications do not recover
 15 revenues exactly as suggested by the COSS because although the COSS “is a useful tool in designing
 16 rates, other consideration are factored into the design of rates.”¹⁵⁰

17 Staff stated that it did not perform an independent COSS. Staff noted that after reviewing the
 18 water and wastewater COSSs, Staff concluded that Liberty Litchfield used a methodology generally
 19 accepted in the industry and developed the allocation factors appropriately. Staff also concluded that,
 20 based on the evaluation of the COSS model used by the Company, the results of the COSS are
 21 satisfactory.¹⁵¹

22 RUCO stated that it reviewed Liberty Litchfield’s COSS and did not make any changes to the
 23 study. Like the Company, RUCO noted that the COSS should not be the sole factor considered when
 24 developing a rate design. RUCO explained that in addition to the results of the Company’s COSS,
 25 “RUCO considered other factors such as sending appropriate price signals to reflect incremental cost,
 26 the promotion of cost-effective conservation and making conservation efforts effective for residential
 27

150 Ex. A-11, p. 22.

151 Ex. S-8, pp. 2 – 3.

customers, the degree of subsidization of one group of customers at the expense of others, and revenue stability.”¹⁵² RUCO noted that it used the COSS as a tool in its recommendations to the Commission.

V. Rate Designs Proposed in the Rate Applications and Direct Testimony

A. Water

The table below reflects the Water Division’s present rates, its proposed rates in the Water Rate Application, RUCO’s Direct Testimony proposed rates without an FRP, RUCO’s Direct Testimony proposed rates with an FRP, and Staff’s Direct Testimony recommended rates.

Rates for a 3/4" Meter - Residential	Present Rates	Company Proposed	RUCO (No FRP)	RUCO (With FRP)	Staff Recommended
Monthly Minimum Charge	\$12.54	\$16.52	\$15.59	\$12.54	\$16.29
No Gallons in Minimum					
Commodity Charges					
5/8x3/4" and 3/4" Meter					
0 Gallons to 3,000 Gallons	\$0.7091	\$0.8864	\$0.8864	\$0.8155	\$0.89
3,001 Gallons to 10,000 Gallons	\$1.8437	\$2.9937	\$2.9937	\$2.8320	\$2.73
10,001 Gallons to 20,000 Gallons	\$2.8437	\$3.9937	\$3.9937	\$3.9138	\$3.71
Over 20,000 Gallons	\$3.2676	\$4.3937	\$4.3937	\$4.4838	\$4.07

Liberty Litchfield’s current rate design for the Water Division consists of an inclining four-tier rate structure for 5/8 x 3/4-inch, 3/4-inch, and 1-inch metered residential and multi-family customers, and an inclining two-tier rate structure for all other meter sizes and customer classes, except for the bulk and hydrant classes, which are billed a single commodity rate for all gallons consumed. Liberty Litchfield did not propose any changes to this basic rate design or to the existing break-over points, which the Company proposed to continue from the last rate case. Under the Company’s proposed rates, the monthly bill for a 3/4-inch metered residential customer using an average of 8,150 gallons would increase from \$24.16 to \$34.60, an increase of \$10.43, or approximately 43 percent.

Staff recommended retaining Liberty Litchfield’s existing rate design for the Water Division, including its four-tier and two-tier rate structures and existing break-over points, which Staff incorporated into Staff’s recommended rate design. Staff’s recommended rates employ an inverted block structure, in which the price per unit of the commodity charge increases as usage increases, which

¹⁵² Ex. RUCO-4, p. 5.

is intended to send a pricing signal that encourages the efficient use of water resources. Under Staff's recommended rates, the monthly bill for a 3/4-inch metered residential customer using an average of 8,150 gallons would increase from \$24.16 to \$32.98, an increase of \$8.82, or approximately 37 percent.

RUCO's recommended rate structure follows Liberty Litchfield's proposed rate design for the Water Division, with rates scaled to conform to RUCO's recommended Revenue Requirement. RUCO stated that this rate structure is reasonably cost-based, offers a fair opportunity for the Company to recover its revenue requirement, and, through its inclining tiered design, encourages water conservation.

Without the adoption of an FRP, RUCO's recommended rates would increase the monthly bill for a 3/4-inch metered residential customer using an average of 8,150 gallons from \$24.16 to \$31.97, an increase of \$7.81, or approximately 32 percent.

If an FRP is adopted, RUCO's recommended rates based on its lower recommended Revenue Requirement would instead increase the bill from \$24.16 to \$29.57, an increase of \$5.41, or approximately 22 percent.

If the Commission approves the ARAM, RUCO is opposed to the Company's proposal to take the revenue increase or decrease that would result from application of a return that falls outside of the deadband and apply it equally to Minimum Monthly Charges and volumetric charges. RUCO proposed that the approved Monthly Minimum Charge remain the same and the revenues should be allocated to the volumetric charges. RUCO reasoned that the Monthly Minimum Charge "does not change with usage, while the commodity charge is based on usage. Thus, the higher the monthly minimum charge, the less opportunity customers have if they choose to conserve or reduce their usage, which translates into a higher bill and goes to the customer affordability issue."¹⁵³

B. Wastewater Division

Residential	Present Rates	Company Proposed	RUCO (Without Formula Rates)	RUCO (With Formula Rates)	Staff Recommended
Monthly Usage Charge	\$45.23	\$69.72	\$64.89	\$64.34	\$65.00

Liberty Litchfield does not propose any changes to the basic rate design for the Wastewater

¹⁵³ Ex. RUCO-4.

Division, which employs a flat monthly customer charge by class. Under the Company's proposed rates, the monthly bill for a residential wastewater customer would increase from \$45.23 to \$69.72, an increase of \$24.49, or approximately 54 percent.

Staff recommends retaining Liberty Litchfield's existing rate design for the Wastewater Division, a flat-rate structure by customer class, with a commodity charge retained for certain commercial customers. Under Staff's recommended rates, the monthly bill for a residential wastewater customer would increase from \$45.23 to \$65.00, an increase of \$19.77, or approximately 44 percent.

RUCO's recommended rate structure for the Wastewater Division also follows Liberty Litchfield's proposed flat-rate design. Without the adoption of an FRP, RUCO's recommended rates would increase the monthly bill for a residential wastewater customer from \$45.23 to \$64.89, an increase of \$19.66, or approximately 43 percent.

If an FRP is adopted, RUCO's recommended rates would instead increase the bill from \$45.23 to \$64.34, an increase of \$19.10, or approximately 42 percent.

C. Bill Impacts

1. Water Division

The table below compares the monthly bill impact on a 3/4-inch metered residential customer using an average of 8,150 gallons under the rates proposed or recommended by each party for the Water Division prior to the Settlement.

	Present Bill	Bill Under Proposed / Recommended Rates	\$ Increase	% Increase
Liberty Litchfield*	\$24.16	\$34.60	\$10.43	43.18%
Staff**	\$24.16	\$32.98	\$8.82	36.51%
RUCO (without FRP)	\$24.16	\$31.97	\$7.81	32.34%
RUCO (with FRP)	\$24.16	\$29.57	\$5.41	22.39%

*Liberty Litchfield calculated a Rate Case Expense Surcharge for all water customers of \$0.44.

** Staff calculated a Rate Case Expense Surcharge for all water customers of \$0.25.

...

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...

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2. Wastewater Division

The table below compares the monthly bill impact on a residential wastewater customer under the rates proposed or recommended by each party for the Wastewater Division prior to the Settlement.

	Present Bill	Bill Under Proposed / Recommended Rates	\$ Increase	% Increase
Liberty Litchfield*	\$45.23	\$69.72	\$24.49	54.14%
Staff**	\$45.23	\$65.00	\$19.77	43.70%
RUCO (without FRP)	\$45.23	\$64.89	\$19.66	43.46%
RUCO (with FRP)	\$45.23	\$64.34	\$19.10	42.23%
*Liberty Litchfield calculated a Rate Case Expense Surcharge for all wastewater customers of \$0.53				
**Staff calculated a Rate Case Expense Surcharge for all wastewater customers of \$0.23.				

D. Service Charges**Service Charges – Water Division**

Service Charges	Present Charges	Company Proposed Charges	RUCO Proposed Charges	Staff Recommended Charges
Establishment	\$20.00	\$30.00	\$30.00	\$30.00
Re-Establishment	(a)	(a)	(a)	(a)
Reconnection (Delinquent)	\$50.00	\$50.00	\$50.00	\$35.00
Meter Test (If Correct)	\$25.00	\$30.00	\$30.00	\$30.00
Meter Reread (If Correct)	\$5.00	\$20.00	\$20.00	\$20.00
Fire Hydrant Meter Relocation	\$50.00	\$50.00	\$50.00	\$50.00
Fire Hydrant Meter Repair	At Cost	At Cost	At Cost	At Cost
NSF Check	\$25.00 (b)	\$25.00 (b)	\$25.00 (b)	\$25.00 (b)
Deferred Payment, Per Month	1.50%	1.50%	1.50%	1.50%
Late Charge	(c)	(c)	(c)	(c)
After Hours Service Charge (At Customer's Request)	\$40.00(d)	\$125.00(d)	\$125.00(d)	\$75.00(d)
Deposit Requirements	(e)	(e)	(e)	(e)
Deposit Interest	6% (f)	6% (f)	6% (f)	6% (f)
Water Hook-Up Fee	(g)	(g)	(g)	(g)
Failed Final Inspection Fee	No Tariff	\$75.00	\$75.00	\$75.00

(a) Minimum charges times number of full months off the system per A.A.C. R14-2-403.D.

(b) Liberty Litchfield may charge only on NSF Fee when customers are billed for water and sewer services in one bill.

(c) Greater of 1.50% of unpaid balance or \$5.00.

(d) Customer shall be charged for after-hours service calls outside of normal working hours for work performed at the customer's request or convenience per A.A.C. R14-2-403.D2.

(e) Per A.A.C. R14-2-403.B.7, residential – two times the bill by class. Non-residential – two and one-half times the customer's estimated monthly bill.

(f) Per A.A.C. R14-2-403.B.3.

(g) Customers shall pay the applicable water hook-up fees per tariff.

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, or use tax. Per commission rule A.A.C. R14-2-409.D.5.

Service Charges – Wastewater Division

Charge	Present Charges	Company Proposed Charges	RUCO Proposed Charges	Staff Recommended Charges
Establishment (Regular Hours)	\$20.00	\$30.00	\$30.00	\$30.00
Re-establishment (Within 12 Months)	(a)	(a)	(a)	(a)
Reconnection (Delinquent)	At Cost (b)	At Cost (b)	At Cost (b)	At Cost (b)
Disconnection	At Cost (b)	At Cost (b)	At Cost (b)	At Cost (b)
NSF Check	\$25.00 (c)	\$25.00 (c)	\$25.00 (c)	\$25.00 (c)
Deferred Payment (Per Month)	1.50%	1.50%	1.50%	1.50%
Late Charge (Per Month)	(d)	(d)	(d)	(d)
After Hours Service Charge (at Customer's Request)	\$40.00 (e)	\$40.00 (e)	\$40.00 (e)	\$40.00 (e)
Deposit Requirement	(f)	(f)	(f)	(f)
Deposit Interest per A.A.C. R14-2-603.B	6.0%	6.0%	6.0%	6.0%
Service Lateral Connection Charge – All Sizes	At Cost (g)	At Cost (g)	At Cost (g)	At Cost (g)
Main Extension, Tariff	At Cost (g)	At Cost (g)	At Cost (g)	At Cost (h)
Influent Meter Installation Charge	At Cost (g)	At Cost (g)	At Cost (g)	At Cost (i)
Wastewater Hook-Up Fees	At Cost (g)	At Cost (g)	At Cost (g)	At Cost (j)
Failed Final Inspection Fee	No Tariff	\$75.00	\$75.00	\$75.00

(a) Minimum charge times number of full months off the system per A.A.C. R-14-603.D.1.

(b) Per A.A.C. R14-2-603.D.1.

(c) Liberty Litchfield charge only one NSF when customers are billed for both water and wastewater 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. R-14-2-603.B residential – two times the bill by class. Non-residential – two and one-half times the customer's estimated monthly bill.

(g) At Cost. Customer/developer shall install or cause to be installed all service laterals as refundable advances-in-aid of construction.

(h) Per A.A.C. R14-2-603.B. 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 customer/developers shall pay the applicable wastewater hook-up fees per tariff.

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, or use tax. Per commission rule A.A.C. R14-2-608.D.5.

E. Meter and Service Line Charges

Liberty Litchfield does not propose any changes to its existing Service Line and Meter Installation charges. Neither Staff nor RUCO objected to the charges.

SERVICE LINE AND METER INSTALLATION CHARGES

***Refundable Pursuant to A.A.C. R14-2-403.**

	Service Line	Meter Charge	Total Charge
5/8" x 3/4" Meter	\$565	\$158	\$723
3/4" Meter	565	260	825
1" Meter	629	321	950
1 1/2" Meter	699	536	1,235
2" Turbine Meter	At Cost	At Cost	At Cost
2" Compound Meter	At Cost	At Cost	At Cost
3" Turbine Meter	At Cost	At Cost	At Cost
3" Compound Meter	At Cost	At Cost	At Cost
4" Turbine Meter	At Cost	At Cost	At Cost
4" Compound Meter	At Cost	At Cost	At Cost
6" Turbine Meter	At Cost	At Cost	At Cost
6" Compound Meter	At Cost	At Cost	At Cost

Note: A \$75 fee applies for any service line or meter line installation that fails inspection.

VI. Pre-Settlement Proposed Revised Tariffs and New Tariffs

A. Summary

At present, Liberty Litchfield has a Purchased Power Adjustment Mechanism ("PPAM"),¹⁵⁴ a Water SIB Surcharge Mechanism,¹⁵⁵ a Wastewater SIB Surcharge Mechanism,¹⁵⁶ and a Property Tax Adjustment Mechanism ("PTAM").¹⁵⁷

In addition to the Curtailment Tariff and the Cross Connection/Backflow Prevention Tariff adopted in Section II of this Decision, above, Liberty Litchfield also proposed in its Rate Applications a Federal Compliance Cost Recovery Mechanism ("FCCRM"); an Emergency Water Augmentation Tariff ("EWAT") and an accompanying Plan of Administration ("POA"); Customer Assistance Tariff ("CAT"), an Industrial Fire Service Tariff ("IFST"); and revisions to the Off-Site Hookup Fee Tariffs

¹⁵⁴ The Commission authorized the PPAM in Decision No. 74437 (April 18, 2014), which was reauthorized by the Commission in Decision No. 76779 (August 15, 2018).

¹⁵⁵ Staff noted that the Company has not sought to implement an SIB Surcharge for Liberty Litchfield. Ex S-9, p. 14.

¹⁵⁶ The Commission authorized the SIB Surcharge Mechanisms in Decision No. 74437.

¹⁵⁷ The Commission authorized the PTAM in Decision No. 76799.

1 (“HUF”).

2 **B. Federal Compliance Cost Recovery Mechanism (“FCCRM”)**

3 1. Liberty Litchfield

4 Liberty Litchfield explained that if its proposed ARAM is not adopted by the Commission, the
 5 Company requests approval of an FCCRM. The Company noted that its proposed FCCRM bears the
 6 same terms the Commission approved for a Liberty Litchfield affiliate in Decision No. 81361 (June
 7 18, 2025).¹⁵⁸ Through the FCCRM, the Company may recover the costs incurred to remediate federally
 8 regulated Per- and polyfluoroalkyl substances, known as PFAS, through this rate adjustment
 9 mechanism. Liberty Litchfield stated that the FCCRM will allow the Company to recover expenses
 10 funding plant additions and operating and maintenance expenses necessary to remain in compliance
 11 with all federally mandated Maximum Contaminant Levels (“MCLs”) for PFAS and similar
 12 substances. Liberty Litchfield maintained that the FCCRM is necessary to reduce the impact of
 13 regulatory lag in the recovery of the disproportionate expenditures needed to fund anticipated United
 14 States Environment Protection Agency (“EPA”) regulations related to PFAS. The Company noted that
 15 at least ten wells in the water system will require treatment at an estimated cost of \$40 million,
 16 excluding operating and maintenance costs. Liberty Litchfield asserted that approval of the FCCRM is
 17 in the public interest as it is a valuable tool in the mitigation of health risks associated with PFAS and
 18 aid in avoiding rate volatility.

19 2. Staff and RUCO

20 Staff and RUCO noted that the FCCRM proposed by the Company is similar to the one for an
 21 affiliate of Liberty Litchfield’s in Decision No. 81361.¹⁵⁹ Both Staff and RUCO noted that if the
 22 Commission does not adopt the ARAM, then no modifications to the FCCRM as proposed are
 23 necessary and recommended approval of the FCCRM. However, should the Commission approve the
 24 ARAM, then the FCCRM is not needed.¹⁶⁰

25 ¹⁵⁸ *In the Matter of the Application of Liberty Utilities (Beardsley Water) Corp., an Arizona Corporation, for a*
 26 *Determination of the Fair Value of its Utility Plants and Property and for Increases in its Rates and Charges for Utility*
Service Based Thereon, Docket No. W-02074A-23-0337, *et al.*

27 ¹⁵⁹ *In the Matter of the Application of Liberty Utilities (Beardsley Water) Corp., an Arizona Corporation, for a*
Determination of the Fair Value of its Utility Plants and Property and for Increases in its Rates and Charges for Utility
Service Based Thereon, Docket No. W-02074A-23-0337, *et al.*

28 ¹⁶⁰ Ex. S-9, pp. 14 – 15; Ex. S-5, p. 10 – 12; Ex. RUCO-2, p. 9.

1 **C. Emergency Water Augmentation Tariff (“EWAT”)**

2 1. Liberty Litchfield

3 Liberty Litchfield stated that it proposed an EWAT to cover costs incurred in the event of a
4 serious water shortage. The Company noted that in such a situation, it is possible that Liberty Litchfield
5 will need to purchase water and water hauling services. Under the proposed EWAT, the Company
6 defines an “emergency water shortage” as one that is serious; develops suddenly or unexpectedly; is
7 out of the Company’s control; demands immediate attention; and triggers at least a Stage 3 water use
8 curtailment. Liberty Litchfield explained that if it is necessary to implement the tariff, the Company
9 must provide notice to Commission Staff. With approval from Staff, the Company may include the
10 EWAT surcharge as a separate line item on customers’ monthly bills. The EWAT contains a provision
11 that states, “the Company shall notify its customers of this new tariff as part of its next regularly
12 scheduled billing after the effective date of the tariff but no later than sixty (60) days after the effective
13 date of the tariff in a form acceptable to Staff.”

14 2. Staff

15 Staff stated that it believes the proposed EWAT is an appropriate proposal. Thus, Staff
16 recommended that the Commission approve the Company’s proposed EWAT and related POA.¹⁶¹

17 3. RUCO

18 RUCO stated that the EWAT is needed to address potential shortage and safety issues. Thus,
19 RUCO recommended that the Commission approve the EWAT.¹⁶²

20 **D. Industrial Fire Service Tariff (“IFST”)**

21 1. Liberty Litchfield

22 Liberty Litchfield’s proposed IFST is a new tariff that includes a charge equal to 20 percent of
23 the Monthly Minimum Charge for the applicable meter size and the applicable commodity charges.
24 The Company noted that it has several industrial customers that utilize private industrial fire services.
25 Liberty Litchfield observed that there has been significant industrial development in the Company’s
26 service area. The Company asserted that this new tariff addresses the costs for such service and, under

27 _____
28 ¹⁶¹ Ex. S-7, p. 24.

¹⁶² Ex. RUCO-2, p. 50.

1 the proposed tariff, industrial customers subject to the tariff are responsible for the entire cost of the
2 private fire service. The IFST requires that private fire services obtain a flow meter and a backflow
3 prevention device. Further, the Company noted that the fire service is completely separate from the
4 domestic water service and explains that unauthorized use or cross-connections are prohibited and may
5 result in termination of service. Liberty Litchfield notes that a similar tariff was approved for Arizona
6 Water Company.¹⁶³

7 2. Staff

8 Staff noted that because this is a new tariff, and the Company has not provided a cost of service
9 study demonstrating that its proposed charges reflect the actual cost of providing this service, Staff is
10 not able to verify the reasonableness of the rates proposed in the IFST. However, Staff noted that based
11 on the information provided by the Company, Staff did not object to the implementation of the proposed
12 tariff and recommends that the Commission approve the proposed IFST on an interim basis. Staff
13 further recommended that Liberty Litchfield be directed to submit a Cost-of Service Study related to
14 the IFST in its next rate case if the Company wishes to continue with the use of this tariff. Staff stated
15 that based on the COSS, Staff will reassess the cost components underlying the tariff to determine
16 whether they are cost-justified.

17 3. RUCO

18 RUCO stated that it believes that the IFST is necessary to address potential safety issues.
19 Further, RUCO asserted that this tariff places the costs on the potential cost causers and not on
20 residential customers. Thus, RUCO recommended that the Commission approve the IFST.¹⁶⁴

21 **E. Customer Assistance Tariff (“CAT”)**

22 1. Liberty Litchfield

23 Liberty Litchfield proposed the new CAT, which will replace the Company’s existing Alternate
24 Rates for Water and Wastewater (“ARWW”) tariff. The Company explained that the CAT includes
25 Low-Income, Deployed Service Members, and Disabled Veteran programs that are designed to
26 alleviate financial hardship that these customers might be facing. The Company noted that the CAT is

27 _____
28 ¹⁶³ Decision No. 77956 (April 15, 2021).

¹⁶⁴ Ex. RUCO-2, p. 51.

1 consistent with what the Commission approved for other Liberty Litchfield affiliates in Decision No.
 2 81361. Liberty Litchfield explained that under the ARWW, only customers that have qualifying annual
 3 incomes at or below 150 percent of the Federal Poverty Level (“FPL”) qualify for the tariff. In contrast,
 4 the CAT expands the applicability of the tariff to additional groups of customers, including deployed
 5 service members and disabled veterans. The CAT also increases the qualifying annual income to up to
 6 200 percent of the FPL. According to the Company, costs associated with the CAT are recovered
 7 through a surcharge applied to all non-participating customers. Company witness Regina Wise testified
 8 that at present, there are 103 customers, combined, for both Divisions under the ARWW. The cap for
 9 each Division under the CAT is set at 5,000 customers.¹⁶⁵

10 2. Staff and RUCO

11 Both Staff and RUCO recommended that the Commission approve Liberty Litchfield’s
 12 proposed CAT.¹⁶⁶

13 F. Off-Site Hook-Up Fee Tariff (“Off-Site HUF”)

14 1. Liberty Litchfield

15 Liberty Litchfield related that the Company is attempting to address the challenges posed by
 16 large industrial plants. The Company explained that the current Off-Site HUF fees include meter
 17 multipliers that increase the fee as the meter sizes increase. Liberty Litchfield noted that this generally
 18 works well but in the case of large industrial customers, the resulting Off-Site HUF does not adequately
 19 contribute towards the cost of the facilities necessary to serve the industrial customer.

20 a. Water

21 Liberty Litchfield noted that its current Off-Site HUF—Water was approved in Decision No.
 22 76799 (August 15, 2018). The Company observed that its existing fees have not been updated since
 23 2018. The Company proposed updated Off-Site HUF water tariffs for all customer classes and meter
 24 sizes to more accurately reflect Liberty Litchfield’s current costs. Liberty Litchfield proposed a revised
 25 water Off-Site Hookup Fee Tariff that increases the current fee of \$1,800 per Equivalent Residential
 26 Unit (“ERU”) with an ERU Flow Allotment of 320 gallons per day (“GPD”). Under the Company’s

27 ¹⁶⁵ Hearing Transcript at 325 (“Tr. at ___.”)

28 ¹⁶⁶ Ex. S-5, p. 10; Ex. RUCO-2, p. 50.

1 proposal, the Off-Site HUF would increase to \$2,584 per ERU, which would be an ERU Flow
2 Allotment of 405 GPD.¹⁶⁷

3 b. Wastewater

4 The Company presently has an Off-Site HUF Tariff—Wastewater approved by the Commission
5 in Decision No. 78485 (March 2, 2022). Liberty Litchfield observed that:

6 A new large industrial customer can require wastewater treatment capacity that requires
7 millions of dollars' worth of capital investment to meet these capacity needs and support
8 growth. The current hook-up fees fall far short of addressing this. If the Company invests
9 to make up the difference, the resulting increase in rate base creates rate increases that will
be passed on to all of the capacity costs that they impose on the wastewater systems.
Accordingly, we are proposing that individual contribution contracts be required for each
large industrial customer.¹⁶⁸

10 2. Staff

11 a. Water

12 Staff reviewed the Company's proposed water Off-Site HUF and explained:

13 A review of the updated hook-up fee calculation indicates that the Company anticipates
14 capital improvement projects to upgrade the existing water systems and to construct new
15 water facilities to meet projected service needs by 2030, with a total estimated cost of
approximately \$146 million. Upon completion of these projects, the Company will have
the capacity to serve 56,667 customers. Based on the net book value including the planned
16 projects and the total number of service units, the cost per unit is calculated to be \$4,698.
The Company has proposed a cost-sharing structure in which 55 percent of the cost per
17 unit is allocated to developers and 45 percent to the Company, which is consistent with the
structure used in the current Off-Site Hookup Fee Tariff for wastewater. This results in a
hook-up fee of \$2,584.¹⁶⁹

18 Staff stated that it did not oppose this proposal and recommended that the Commission approve
19 the Company's proposed water Off-Site HUF.

20 b. Wastewater

21 Staff reviewed Liberty Litchfield's proposal and recommended that the Commission approve
22 the proposed wastewater Off-Site HUF.¹⁷⁰ Staff noted that the Company proposed updated tariff
23 language regarding customers that need a wastewater treatment capacity greater than 25,000 GPD.
24 These customers would be classified as Large Users and would enter into individual agreements with
25 the Company. Staff asserted that this approach allows the terms of service, including hook-up fees and
26

27 ¹⁶⁷ Ex. S-7, p. 25.

¹⁶⁸ Ex. A-8, pp. 14 – 15.

¹⁶⁹ Ex. S-7, p. 25.

28 ¹⁷⁰ Ex. S-7, p. 26.

1 other conditions, to be customized to unique needs of high-volume users but maintains clarity by
2 defaulting to the terms of the tariff when the agreements do not specify otherwise.

3 Staff recommends that the Commission approve the Company's proposed wastewater Off-Site
4 Hookup Fee Tariff.¹⁷¹

5 3. RUCO

6 RUCO stated that it believed that the changes to the Off-Site HUFs are necessary to ensure that
7 the customer costs are put on the cost causers, rather than being shifted to the residential customers.
8 Thus, RUCO recommended that the Commission approve the updated water wastewater Off-Site
9 HUFs.¹⁷²

10 **G. Pretreatment Tariff**

11 1. Liberty Litchfield

12 The Company noted that a pretreatment tariff requires "certain wastewater customers to pretreat
13 their wastewater and design their facilities so that their wastewater flows meet certain standards and do
14 not interfere with the operations of the WRFs or threaten worker's health and safety."¹⁷³ The Company
15 has a Commission-approved Pretreatment Tariff for the Wastewater Division that was most recently
16 modified in Decision No. 76799. Liberty Litchfield stated that its proposed updated Pretreatment Tariff
17 allows the Company to maintain compliance with AZDPES and APP permits and protect the integrity
18 of wastewater conveyance, treatment, reuse, and disposal infrastructure, and reduce the level of
19 pollutants discharged by industry and non-domestic wastewater resources. The Company explained
20 that it has recently seen significant industrial development in its service area since its last rate case.
21 Liberty Litchfield observed that "[s]erving large industrial clients can be challenging, especially
22 depending on the constituents of their waste stream. We are updating the tariff to further protect our
23 WRFs, and thus, to ensure that our other customers do not suffer either unwarranted expense or service
24 disruption caused by these industrial customers."¹⁷⁴

25 The Company noted that the proposed pretreatment program and tariff includes: 1) updates to

26 ¹⁷¹ Ex. S-7, p. 26.

27 ¹⁷² Ex. RUCO-2, pp. 53 – 54.

28 ¹⁷³ Ex. A-8, p. 8.

¹⁷⁴ Ex. A-8, pp. 8 – 9.

1 both WRFs, 2) provides more general and specific prohibitions of waste, 3) enhances the restricted
 2 types of waste and updated limits, 4) provides general updates to ensure stringent compliance with
 3 current standards, and 5) allows the Company to terminate service to industrial customers that endanger
 4 the WRFs through improper discharges.¹⁷⁵

5 2. Staff

6 Staff reviewed the Company's proposed Pretreatment Tariff and stated that Staff supports the
 7 intent of the proposed Tariff, with the exception of the proposed PFAS pretreatment local limit. Staff
 8 acknowledged the Company's proactive approach to managing PFAS at the point source, given that
 9 the Liberty Litchfield sewer system recharges Class A+ effluent to a shallow aquifer. The Company
 10 proposed a 4 parts per trillion ("ppt") PFAS limit as a pretreatment standard but did not specify the
 11 individual PFAS compounds to which this limit would apply. Staff noted that the 4 ppt standard
 12 currently applies only to PFOA and PFOS in drinking water under federal regulations, and that PFAS
 13 compounds are not currently regulated for sewer discharges or reuse; Staff stated its concern that
 14 applying the drinking-water standard to industrial wastewater pretreatment may not be appropriate at
 15 this time. Staff recommended that the Company resubmit the updated Pretreatment Tariff with a
 16 reasonable interim PFAS limit, such as the 2016 EPA Health Advisory level of 70 ppt, and that the
 17 Tariff specify individual PFAS compounds with an established limit for each. Staff did not support the
 18 Company's proposed Pretreatment Tariff as filed and recommended that it be revised and resubmitted
 19 for re-evaluation.¹⁷⁶

20 3. RUCO

21 RUCO observed that even though the Pretreatment Tariff relates to industrial customers, it
 22 believed that the proposed changes are necessary because the Pretreatment Tariff places the costs on
 23 the industrial cost causers, which otherwise might be shifted to residential ratepayers. Thus, RUCO
 24 recommended that the Commission approve the proposed updates to the Pretreatment Tariff.¹⁷⁷

25 . . .

26 . . .

27 ¹⁷⁵ Ex. A-8, p. 9.

28 ¹⁷⁶ Ex. S-7, p. 27.

¹⁷⁷ Ex. RUCO-2, p. 53.

1 **VII. ARAM**

2 **A. Original Proposal**

3 Liberty Litchfield noted that at the time that the Company filed its Rate Applications on June
4 25, 2026, the Commission had not yet had the opportunity to consider an FRP for any utility, although
5 a number of companies had already proposed FRPs. Ms. Rao stated that the Company already had a
6 Commission-approved SIB but the ARAM is more comprehensive.¹⁷⁸

7 The Company asserted that the ARAM benefits customers and the Company alike by
8 implementing smaller incremental changes to rates, timely cost savings, enhanced transparency,
9 reduced regulatory lag, and investment in infrastructure. In addition, if the ARAM is approved, a
10 number of the Company's adjusters and would be eliminated. Finally, the Company stated that without
11 the ARAM, it expects there will need to be full rate case filings.¹⁷⁹ Liberty Litchfield attached its
12 proposed CSRM POA, now referred to as its ARAM POA, as Appendix 1 to the Direct Testimony of
13 Manasa Rao. The ARAM POA outlined the Protocols to be followed in the Annual Update process.

14 Key elements of the originally proposed ARAM POA were as follow:

- 15 • The Company will follow the methodology specified in the ARAM Template
16 ("Template") to determine each year its revenue requirement, revenue deficiency or
17 excess, rate base, and rates and applicable to service on and after September 1st of each
18 calendar year.
- 19 • The first Annual Update will be filed by May 1, 2027, using a 12-month test year ending
20 December 31, 2026, with future filings using a December 31st test year.
- 21 • By May 1st of each year, the Company will file the Annual Update calculations
22 reflecting the ARAM surcharge or sur-credit in the Rate Application Dockets. Liberty
23 Litchfield will also provide its workpapers electronically to the parties in the Dockets.
- 24 • In compliance with the Policy, the Annual Update will include a true-up, and earnings
25 test, and dead band of +/- 20 basis points.
- 26 • For transparency and ease of review, the Template inputs shall reflect the values

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178 Ex. A-16, p. 11.

28 179 Ex. A-16, p. 6.

1 authorized by the Commission in the Company's last general rate case, including: 1)
2 capital structure, 2) ROE, 3) COD, 4) Depreciation and CIAC Amortization rates, 4)
3 GRCF, and 5) Income Taxes.

- 4 • The Template will reflect data accurately recorded and maintained consistent with
5 NARUC USoA.
- 6 • The Annual Update will not include depreciation studies, COSS, COE statements,
7 certain contractual services fees, INDOH, lead/lag studies, new tariffs or language
8 changes to existing tariffs, rules, and regulations.
- 9 • Twice yearly, the Company will email the Utilities Division Co-Directors and
10 Engineering Manager, among other things, a list, description, location, NARUC
11 account and total cost of all capital projects greater than \$500,000.
- 12 • The surcharge/sur-credit will be a fixed monthly amount based on the active meters and
13 bill counts and will increase based on meter capacity multipliers.
- 14 • Within 30 days of the Annual Update filing, the Company will provide Staff with a
15 proposed form of customer notice that includes a summary of the Annual Update,
16 relating the individual surcharge/sur-credit by meter size and a summary of all capital
17 projects included in the surcharge/sur-credit. Once approved the Company will provide
18 the notice to customers via newsletter or bill insert and post the notice on it website.
- 19 • The ARAM POA sets out a timeline for the Annual Update review process, which
20 begins on May 1 with the filing of the Annual Update and ends with the issuance of a
21 Commission decision authorizing a surcharge/sur-credit by August 31. The Company
22 will implement the surcharge/sur-credit by October 1.
- 23 • The Company may file up to five Annual Updates before it must file a general rate
24 application, but it may voluntarily file a full rate case at any time.

25 Ms. Rao noted that the proposed ARAM adopts a shorter timeline than noted in the Policy, but
26 stated that the Company believes that the proposed changes are reasonable "when applying the Policy
27
28

1 Statement to water and wastewater utilities and the Company's size."¹⁸⁰

2 **B. Staff Direct Testimony**

3 In Staff witness Teresa Hunsaker's Direct Testimony, she stated that in addition to the ARAM
4 POA included in the Rate Applications, Liberty Litchfield provided the Template schedules to Staff on
5 November 7, 2025, and an Excel workbook with a fixed framework for updating rates on December
6 23, 2025.¹⁸¹

7 Staff agreed with the Company's assessment of the benefits of the ARAM for Liberty Litchfield
8 and its customers. However, Staff did not agree with Liberty Litchfield's proposal to shorten the
9 Annual Update timeline. Ms. Hunsaker explained that Staff will process the Annual Update in a timely
10 manner. Staff stated that it did not believe that the language in the POA setting strict deadlines was
11 appropriate as the dates bind the Commission in terms of the issuance of a final order. Additionally,
12 Staff explained that its "preferred language would allow Staff the flexibility to manage its workload in
13 conjunction with other items that will be required to be taken to the Commission around [the same time
14 as other utilities' Annual Update orders]."¹⁸² Further, Staff disagreed with the proposed dead band of
15 +/-20 basis points. Ms. Hunsaker testified: "While Staff agrees that there are benefits to such a
16 mechanism for all involved, this type of mechanism is close to a guaranteed return and addresses
17 regulatory lag, but Staff believes it is important to ensure that the rate payers are protected and, one
18 way to do so is to have a broader deadband until it can be quantified exactly how much the risk to the
19 Company is reduced with this type of mechanism."¹⁸³

20 Staff recommended that Contractual Services – Management Fees, INDOH, and AFUDC
21 should not be included in the Annual Updates because these are typically contested issues that should
22 not be included in the Company's Annual Updates due to their complexity and historical
23 contentiousness. As such, Staff recommended modifications to Section II.g of the ARAM POA to state
24 that Contractual Services – Management Fees typically found on Schedule C-1 shall be those
25 authorized by the Commission in the underlying decision. In addition, Staff asserted that the Company

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27 ¹⁸⁰ Ex. A-16, p. 13.

¹⁸¹ Ex. S-9, p. 3.

¹⁸² Ex. S-9, p. 13.

28 ¹⁸³ Ex. S-9, p. 8.

1 should not include any INDOH or AFUDC in its Plant in Service and CWIP as typically found on
 2 Schedule B-1 – again, due to their complexity and prior contentiousness. Staff also recommended
 3 modifications to Section.II.h.i of the ARAM POA for cost disallowances: after “by the parties” the
 4 term “or changed by the Commission.”¹⁸⁴

5 Staff commented that it and the Company should continue to work together on issues regarding
 6 the timeline, provision of notice to interested parties, whether threshold amount for twice yearly capital
 7 project updates should be reduced to \$200,000, should be provided quarterly and whether they should
 8 be provided to any stakeholder, and whether language be included stating that Staff and any stakeholder
 9 may request the supporting documentation for the project updates.¹⁸⁵

10 Staff objected to the Company’s proposal to implement an ARAM surcharge/sur-credit if the
 11 Company’s revenues fall outside of the authorized deadband. Instead, Staff stated that it believed that
 12 “it is proper and accurate to capture the revenue deficiency calculated from the [ARAM] Rate Template
 13 and allocate it between a fixed monthly charge and volumetric rate proportional to what is approved
 14 by the Commission in the underlying rate case.”¹⁸⁶

15 **C. RUCO Direct Testimony**¹⁸⁷

16 RUCO is opposed to the proposed ARAM because in Arizona a utility must be given an
 17 opportunity to earn its authorized return, not a guarantee to earn a return. RUCO argued that FRPs
 18 provide utilities with a guaranteed return on investment.

19 RUCO asserted that the proposed ARAM violates the Commission’s Policy because, among
 20 other things: the ARAM POA does not reflect the FERC MISO protocols; limits sharing of workpapers
 21 and the semi-annual capital projects reports only with Staff; does not promote participation in the
 22 process; and it appears that the Company only intends to provide a summary of capital projects
 23 supporting the ARAM surcharge/sur-credit.

24 In addition, RUCO declared that the proposed timeline is inadequate and will not give parties
 25 a sufficient opportunity to conduct discovery, analyze data, and make informed challenges to the

26 ¹⁸⁴ Ex. S-9, p. 9.

27 ¹⁸⁵ Ex. S-9, p. 11.

28 ¹⁸⁶ Ex. S-9, p. 12.

¹⁸⁷ RUCO discusses the current status of the litigation in appellate courts of the Commission’s Policy. We do not address that here.

1 Annual Update. According to RUCO, the timeline does not provide a for an Information and Exchange
2 and Informal Challenge period as outlined in the Policy. Nor does it outline sufficient Formal Challenge
3 information. Further, RUCO asserted that the 91-day period between filing the Annual Update on May
4 1 and issuance of a Staff-proposed order by July 31 does not provide adequate time to conduct
5 discovery to obtain any substantial evidence regarding prudence.¹⁸⁸

6 RUCO also suggested that the rushed timeframe for the Annual Update will make the rate
7 process less transparent and accessible to individual ratepayers. There will be no pre-filed testimony,
8 which lessens the level of transparency. RUCO contended that this lack will increase the need for
9 expanded discovery if stakeholders are expected to process a prudence review.¹⁸⁹

10 RUCO also disputed that Liberty Litchfield has a need for an FRP. RUCO argued that, other
11 than reiterating the findings of the Policy, the Company offers no other evidence that it is incurring any
12 harm under the traditional ratemaking models. RUCO pointed out that Liberty Litchfield's parent,
13 APUC, is a publicly traded company and thus, the Company is well funded.¹⁹⁰

14 RUCO maintained that even though the Company claims that the ARAM will promote rate
15 gradualism, due to the cumulative effect of formula rates on ratepayers potentially being charged
16 higher—even if smaller—rates each year, the cumulative effect of these increases means customers
17 will pay more that they might under a general rate case every three to five years. In addition, RUCO
18 surmised that implementation of an FRP removes any incentive a company may have to control costs.

19 RUCO acknowledged that formula rates may reduce regulatory lag for utilities but it does so at
20 the expense of customers. RUCO argued that the Annual Update “filings shift the burden onto
21 intervenors to challenge cost ‘updates’ that are unsupported in the Company’s application. The annual
22 rate filing is an abbreviated process which does not provide intervenors the necessary process to do a
23 detailed examination.”¹⁹¹

24 RUCO concluded that there is nothing in the ARAM that would cause the formula rate process
25 to be more favorable to ratepayers than traditional ratemaking. Accordingly, RUCO urged the
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27 ¹⁸⁸ Ex. RUCO-4, pp. 11 – 20.

¹⁸⁹ Ex. RUCO-4, p. 25.

¹⁹⁰ Ex. RUCO-4, p. 20.

28 ¹⁹¹ Ex. RUCO-4, p. 26.

Commission to deny approval of the ARAM.¹⁹²

However, should the Commission approve the ARAM, RUCO made the following recommendations:

- An upper deadband of +50 basis points and a lower deadband of -80 basis points.
- No additional cap above the upper deadband of +50 basis points.
- A collar or floor mechanism set at -80 basis points.
- A global rate increase limit for the full five years of the formula-rate return.
- The equity ratio adopted by the Commission should be used for the ARAM.
- Ensure that all parties be allowed to issue discovery.
- Commission Staff should have 90 – 180 days to file its report or proposed order.
- An overall process time of not less than nine months.
- If formula rates are approved, Rate Case Expense should not be included in the yearly filings.
- No pro forma adjustments for known and measurable changes, annualizations, and PTYP.
- An increase in rates should only apply to the commodity rate.

D. Company Rebuttal Testimony

1. Response to Staff Direct Testimony

Other than making a few observations on points of agreement, the Company stated that it would not be providing rebuttal testimony to Staff's Direct Testimony.

First, Liberty Litchfield stated that Staff agreed with the filing timelines proposed by the Company generally but noted that Staff expressed concern about setting firm deadlines. The Company disagreed with Staff's assertions and claimed that firmly established timelines are an important feature of formula rate mechanisms. Regarding Staff's recommendation to exclude management fees, INDOH, and AFUDC from Annual Updates, the Company asserted that the proposed ARAM already includes safeguards that prohibit Rate Base and Operating Expense adjustments from being "run back through

¹⁹² Ex. RUCO-4, p. 30.

1 the mechanism. To the extent that Staff believes it is appropriate to further exclude additional cost
2 elements from the [ARAM], we agree that these warrant continued discussion in Phase Two.”¹⁹³ As
3 for Staff’s other concerns and recommendations, Liberty Litchfield commented that a Phase Two
4 proceeding would be the most appropriate setting.

5 2. Response to RUCO Direct Testimony

6 Liberty Litchfield contended that RUCO’s proposed modifications would undermine the
7 purpose of the ARAM and potentially reduce the ratepayer benefit of gradualism. Liberty Litchfield
8 disagreed with RUCO’s assertion that the Company’s proposed deadband would disincentivize the
9 Company to control its capital and Operating Expenses. The Company pointed out that the ARAM
10 POA subjects all costs included in the Annual Update to a prudence determination, which would
11 exclude any imprudent or unreasonable costs. Further, Liberty Litchfield asserted that RUCO’s
12 proposed collar would, “for years with particularly significant underearning, prevent annual
13 adjustments fully addressing that underearning and thus increase regulatory lag as compared to a
14 deadband without a collar. The Company claimed that RUCO’s proposal also risks creating larger,
15 more abrupt rate increases in subsequent years undermining the principle of gradualism.”¹⁹⁴ In addition,
16 Liberty Litchfield argued that RUCO’s proposed cap or collar on the cumulative rate increases impacts
17 on the Company’s ability to provide rate gradualism.

18 3. RUCO Surrebuttal Testimony¹⁹⁵

19 RUCO reiterated its objections to the ARAM. However, if the Commission chooses to approve
20 an ARAM, RUCO stated that more terms that should be added for the protection of ratepayers.

21 Pilot Program – RUCO asserted that a Pilot Program should be put in place to ensure that the
22 ARAM functions as it is supposed to. RUCO asserted that a Pilot Program would achieve many of the
23 goals sought by the Commission, including accountability, transparency, and certainty.

24 Productivity Credit – RUCO explained that a productivity credit works to normalize the
25 Revenue Requirement that Liberty Litchfield recovers from the ARAM to ensure that amounts
26 recovered from customers embed a proper amount of productivity gains that are expected to be

27 ¹⁹³ Ex. A-17, p. 4.

28 ¹⁹⁴ Ex. A-17, p. 5.

¹⁹⁵ Ex. RUCO-3, p. 5.

1 achieved each year. RUCO believed this is reasonable because this credit would reflect an expectation
2 of savings the Company should achieve by focusing its efforts on running the Company rather than
3 frequent rate cases. RUCO recommends a 10 percent productivity credit.

4 **VIII. Financing Application**

5 In its Financing Application, Liberty Litchfield seeks Commission approval to issue long-term
6 debt in the amount of \$65 million from its parent Liberty Utilities. Liberty Litchfield states that
7 combined with its current debt of approximately \$40 million approved in Decision No. 76799 (August
8 18, 2018), the request would bring the total long-term debt authorization to approximately \$105
9 million.

10 Liberty Litchfield asserted that the key factors necessitating the finance authority are due to
11 significant capital investments and related expenses, the cost of capital projects, and increases in
12 interest rates. In addition, the Company stated that the loan will rebalance Liberty Litchfield's Capital
13 Structure in the coming years, which will require significant additional borrowing authority. Thus, the
14 Company requests authority to borrow an additional \$65 million in debt to be authorized over 10 years.
15 In addition to the current request, Liberty Litchfield advised that the Company is in the process of
16 applying for a low-cost loan from the Water Infrastructure Finance Authority ("WIFA") for the design
17 and construction costs to comply with the EPA's current rules regarding PFAS. Liberty Litchfield
18 relates that it will submit a separate financing application for the WIFA financing at the appropriate
19 time if the WIFA financing proves beneficial.

20 Liberty Litchfield noted that based on its most recent annual financial statements attached to its
21 Financing Application, and assuming the entirety of the authorized debt is drawn, pro forma
22 calculations indicate that Liberty Litchfield would have a Debt Service Coverage Ratio ("DSC") of
23 5.95 percent and Times Interest Earned Ratio ("TIER") of 2.96, which demonstrate that the proposed
24 debt is within Liberty Litchfield's ability to pay and is consistent with sound financial practices.

25 Under the provisions of the Term Sheet provided as an attachment to the Financing Application,
26 "Liberty Utilities will provide the subject financing at the 10-year U.S. Treasury rate plus a credit
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spread which reflects Liberty Utilities' most recent private placement financing.”¹⁹⁶ Interest Payments are to be made monthly. The principal balance would be due and payable on or before the maturity date, which is 10 years after the Closing Date.

In their respective Direct Testimonies, neither RUCO¹⁹⁷ nor Staff¹⁹⁸ objected to Commission approval of the Financing Application.

IX. Settlement Agreement

Settlement discussions were held on February 17, 2026. Liberty Litchfield and Staff asserted that the settlement discussions were open, transparent, and inclusive of all the parties to the proceedings. The Company, RUCO, and Staff were present. On March 3, 2026, Liberty Litchfield and Staff submitted a Settlement Agreement signed by Moses Thompson, President on behalf of Liberty Litchfield Park Water & Sewer Corp., and by Briton Baxter, Co-Director, Utilities Division, on behalf of Staff (“Signatories”). RUCO is not a signatory to the Settlement Agreement. The Settlement Schedules are attached to the Settlement Agreement as Attachment A. The Settlement Agreement in its entirety is attached to this Decision as Exhibit A.

A. Settlement Terms

The Signatories stated that the Settlement Agreement reflects the Signatories’ agreement and intent to settle and compromise on all claims and issues in the dockets, including, but not limited to, the determination of an adjusted Fair Value Rate Base, establishment of a Revenue Requirement, resolution of disputed issues involving corporate cost allocations and methodologies, the setting of rates for water and wastewater utility service by the Company, and approval of the Financing Application.

Section II.D references a prior rate case involving Liberty Litchfield affiliates, which was resolved through a settlement agreement.¹⁹⁹ This earlier settlement agreement included a resolution concerning all disputes relating to capitalized overhead rates for the Corporate and West region shared service costs, capitalized overhead post-test year plant additions, other capitalized overhead

¹⁹⁶ Ex. A-3, p. 3; Ex. A-3, Appendix 4.

¹⁹⁷ Ex. RUCO-7, p. 44.

¹⁹⁸ Ex. S-3, p. 5 – 7.

¹⁹⁹ Decision No. 81361 (June 18, 2025).

1 adjustments, and cost pool allocations (the “Capitalized Overhead Provisions”). The Signatories agreed
2 that the Capitalized Overhead Provisions are incorporated by reference into this Settlement Agreement
3 and are fully binding against the Company.

4 The Settlement states that the terms and conditions of the current Agreement are just,
5 reasonable, fair, and the public interest in that they, among other things, establish just and reasonable
6 rates and purport to resolve the issues in this matter, and avoid unnecessary litigation expense and
7 delay.

8 In Section III of the Settlement Agreement, the Signatories address the main ratemaking terms
9 being adopted:

10 Section III.A. Revenue Requirement

11 The Signatories agree to a total Revenue Requirement for the water system of \$21,468,602,
12 resulting in an increase in revenues of \$5,316,591 over test year revenues, or 32.92 percent. The
13 Signatories agree to a total Revenue Requirement of \$31,585,039 for the wastewater systems, resulting
14 in an increase in revenues of \$10,015,953 over test year revenues, or 46.44 percent.

15 Section III.B. Fair Value Rate Base

16 The Signatories agree to an FVRB of \$70,007,480 for the water system and \$136,328,067 for
17 the wastewater systems. The Signatories agree that the FRVB the is the same as its OCRB; as such, the
18 Company has not requested a Return on the Fair Value Increment. The Signatories state that they
19 determined and resolved the proposed FVRBs through negotiation and agreement on the disputed
20 issues present in pre-settlement testimonies as follows:

21 1) The Signatories agree to the inclusion in Rate Base of all in service, used and useful,
22 post-test year plant (“PTYP”) as proposed by Staff in its Direct Testimony.

23 2) The Signatories agree to the inclusion of AFUDC in Rate Base, as proposed by the
24 Company, with the exception of an adjustment of (\$83,463) for the water systems and (\$61,606) for
25 the wastewater systems.

26 3) The Signatories agree to the inclusion in Rate Base of the Sarival Depreciation Deferral
27 of \$5,204,310 for the wastewater systems as approved by the Commission in Decision No. 80122.

28 4) The Signatories agree to other adjustments to Cash Working Capital, Plant

1 Reclassifications, Plant Addition Removal, Corporate Plant adjustment, Contributions in Aid of
2 Construction ("CIAC"), Advance in Aid of Construction ("AIAC") as proposed by Staff.

3 5) The Signatories agree to the application of the INDOH provisions set forth in the
4 settlement agreement approved in Decision No. 81361, discussed in Section III.C of this Decision. The
5 Signatories further acknowledge and agree that a capitalization rate for corporate costs of 14 percent
6 for APUC, and a capitalization rate of 21 percent for West Region services costs by Liberty Litchfield
7 is appropriate and acceptable for Liberty Litchfield's corporate allocations and shared services costs
8 for Liberty Litchfield's current shared services provided to the Arizona entities.

9 6) The Signatories agree to adjustments for the corporate shared services costs allocated to
10 Liberty Litchfield's regulated utilities in Arizona, which results in the removal of 50 percent of shared
11 services costs for Bonuses, Long-Term Incentive Plan, Board of Directors Fees, Directors and Officers
12 Insurance, Meals & Entertainment, Travel, and Dues and Memberships. The Company agreed to the
13 removal of 100 percent of the Supplemental Executive Retirement Plan, Charitable Contributions,
14 Housing/Car Allowance, Gift/Awards, Employee Immigration Costs, and Employee Relocation Costs.

15 7) The Signatories agree to combined adjusted test year total Operating Expenses of
16 \$32,987,485.

17 8) The Signatories agree to the adoption of the proposed CAT, which offers a discount on
18 water and wastewater bills for low-income customers, Deployed Military, and Disabled Military,
19 except that a customer may be eligible for only one discount. The low-income component of the CAT
20 is set at or below 200 percent of the Federal Poverty Level.

21 9) The Signatories agree to a Rate Case Expense not to exceed the lesser of either \$400,000
22 or the actual Rate Case Expense incurred, recoverable through a monthly surcharge assessed over three
23 years.

24 Section III.C. Cost of Capital

25 The Signatories agree to a Capital Structure consisting of 54 percent equity and 46 percent debt,
26 which assumes Commission approval of the Financing Application. The Signatories also agree on a
27
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1 Cost of Debt of 5.45²⁰⁰ percent and a Cost of Equity of 9.75 percent. The Signatories agree to a Rate
2 of Return/Weighted Average Cost of Capital of 7.7 percent on both water and wastewater systems.

3 Section III.D. Financing Application

4 The Signatories agree that the terms and conditions of the Company's proposed Financing
5 Application are reasonable.

6 Section III.E. Tariffs, Adjustment, and Surcharge Mechanisms

7 1) In this Section, the Signatories agree that the Company's proposed Formula Rate Plan
8 ("FRP") (at that time the Settlement Agreement was filed it was referred to as the Cost of Service
9 Reconciliation Mechanism) would be addressed in a Phase II proceeding, rather than heard in the
10 current hearing.²⁰¹

11 2 – 7) These terms adopt the Company's proposed revisions to Liberty Litchfield's Off-Site
12 Hookup Fee Tariffs; the Company's proposed Pretreatment Tariff, as revised by Staff; the application
13 of the FCCRM if the Commission rejects the proposed ARAM; IFST, subject the requirements of Staff;
14 the EWAT; and the updated Miscellaneous Service Charges.

15 In addition, the Settlement Agreement contains provisions agreed to by the Signatories
16 concerning Staff not having the power to bind the Commission, the Commission's independent
17 consideration and evaluation of the Settlement Agreement, the Signatories right to withdraw from the
18 Settlement Agreement if the Commission fails to adopt all material terms of the Settlement Agreement,
19 the Signatories accepting positions for the Settlement Agreement that they might not otherwise accept,
20 the non-precedential value of positions taken by the Signatories in the Settlement Agreement, and the
21 non-severability of the terms Agreement's terms.

22 **B. Liberty Litchfield Testimony in Support of the Settlement Agreement**

23 Ms. Rao testified on behalf of Liberty Litchfield in support of the Settlement Agreement. Ms.
24 Rao stated that all parties were invited to attend the settlement discussions. She notes that a public
25 notice of the settlement meeting was filed on February 5, 2026. The meeting was held on February 17,
26

27 ²⁰⁰ The Settlement Agreement originally stated that the agreed on cost of debt is 5.54. Schedule D-1 to the Settlement
Testimony states that the Cost of Debt is 5.45 percent.

28 ²⁰¹ Subsequently, the Company's proposed FRP, now referred to as the Annual Revenue Adjustment Mechanism
("ARAM") was addressed at hearing. As such, this provision is moot and not a term of the Settlement Agreement.

1 2026, and all parties—RUCO, Staff, and the Company—attended and participated in the settlement
2 discussions. Ms. Rao observed that the Company, Staff, and RUCO each had principals, attorneys, and
3 technical experts present. Ms. Rao described the discussions as open, transparent, detailed, frank, and
4 professional. Liberty Litchfield and Staff were able to reach an agreement in principle, but RUCO was
5 not. Ms. Rao asserted that the Settlement Agreement reflects reasonable compromise on initially
6 contested issues. Ms. Rao testified that she believes that the Settlement Agreement is just and
7 reasonable and in the public interest.²⁰²

8 Ms. Rao explained that after settlement discussions, Staff and the Company collaborated on the
9 preparation of a final settlement term sheet outlining the main components. Ms. Rao noted that the term
10 sheet was provided to RUCO on February 25, 2026. In addition, Liberty Litchfield prepared a draft of
11 the Settlement Agreement for the parties to review.

12 **C. Staff Testimony in Support of the Settlement Agreement**

13 Mr. Baxter testified in support of the Settlement Agreement on behalf of Staff. Mr. Baxter
14 testified that the settlement process was open, transparent, and inclusive, and that all parties actively
15 participated and had an opportunity to propose and discuss the resolution of any issue. Mr. Baxter
16 further testified that the parties each zealously advocated and represented their interests in the
17 settlement discussions in a candid but professional manner, and that he believes the compromises made
18 by the Signatories in the Settlement Agreement further the public interest. Mr. Baxter stated that the
19 Settlement Agreement will minimize additional costs to rate payers if the rate case had gone on to have
20 been fully litigated. Mr. Baxter noted that the Settlement Agreement produces a Revenue Requirement
21 that results in just and reasonable rates and that will allow the Company to continue to provide safe and
22 reliable service.²⁰³

23 The Settlement Agreement resolved a number of Revenue Requirement issues between the
24 Company and Staff, including those related to the Company's failure to record plant retirements since
25 mid-2020.²⁰⁴ The Company explained that this was due to accounting software issues. Staff and Liberty
26 Litchfield resolved this issue in the Settlement Agreement noting that with the agreed upon adjustment,

27 ²⁰² Ex. A-18, p. 14.

28 ²⁰³ Ex. S-11, pp. 3 – 4.

²⁰⁴ Tr. at 1214.

1 “ratepayers will be made whole”²⁰⁵ The Company stated: “Going beyond this would overstate the
2 necessary adjustment.”²⁰⁶

3 **D. RUCO’s Testimony in Opposition to the Settlement Agreement**

4 RUCO asserted that the Settlement Agreement is not in the public interest for the following
5 reasons:²⁰⁷

- 6 • The proposed ROE of 9.75 percent is not supported by the evidence and fails to account
7 for the reduction in risk to the Company if the ARAM is approved.
- 8 • The Settlement Agreement allows recovery of deferred amounts related to the Sarival
9 WRF to be included in Rate Base; the deferred depreciation expense should be
10 recovered as an Operating Expense.
- 11 • The Settlement Agreement allows for 12 months of PTYP as a pro forma adjustment,
12 regardless of whether the ARAM is approved. RUCO contends that if the ARAM is
13 approved, then inclusion in Rate Base is unnecessary to address regulatory lag.
- 14 • The Settlement Agreement does not include specific retirements. RUCO contended that
15 the Agreement’s failure to account for retirements means that ratepayers will continue
16 paying for retired plant, thereby compounding Depreciation Expense.
- 17 • The Settlement Agreement does not adopt RUCO’s proposed adjustments to Cash
18 Working Capital and annualization of Accumulated Depreciation.

19 Further, RUCO declared that Liberty Litchfield and Staff did not meet their burden to
20 demonstrate that the Settlement Agreement is in the public interest and noted that the Agreement “may
21 have been a result of compromise – but this itself is not sufficient to produce just and reasonable rates
22 or ensure a balance of the interests between the Company and the ratepayers. The Commission should
23 reject the Settlement Agreement and resolve each of the contested issues in the rate case on its own
24 merits.”²⁰⁸

25 ...

26 _____
27 ²⁰⁵ Tr. at 1214.

²⁰⁶ Liberty Litchfield Closing Brief, p. 9.

²⁰⁷ RUCO’s Closing Brief, pp. 23 – 24.

²⁰⁸ RUCO’s Closing Brief, p. 24.

E. Settlement Agreement – Parties’ Positions

The following tables provides a summary of the parties’ positions as reflected in each party’s Direct Testimony, as well as the terms of the Settlement Agreement ultimately agreed upon between the Company and Staff.²⁰⁹

SUMMARY OF POSITIONS – LITCHFIELD PARK WATER DIVISION					
Category	Company Application	Staff Direct	RUCO Direct (without FRP)	RUCO Direct (with FRP)	Settlement Agreement
Proposed Revenue Requirement	\$22,355,039	\$21,087,196	\$21,385,339	\$20,232,081	\$21,468,602
Revenue Increase (\$)	\$6,203,028	\$4,935,185	\$5,233,328	\$4,080,070	\$5,316,591
Revenue Increase (%)	38.40%	30.55%	32.40%	25.26%	32.92%
Adjusted Fair Value Rate Base	\$69,765,704	\$69,028,791	\$68,734,797	\$60,657,355	\$70,007,480
Operating Expenses	\$16,461,756	\$15,820,298	\$16,139,532	\$15,611,325	\$16,027,612
Rate of Return	8.45%	7.63%	7.65%	7.62%	7.77%
Cost of Debt	5.69%	5.49%	5.69%	5.69%	5.45%
ROE	10.80%	9.45%	9.32%	9.17%	9.75%
Capital Structure Equity%/Debt%	54%/46%	54%/46%	54%/46%	54%/46%	54%/46%
Financing application – loan term	10 years	10 years	10 years	10 years	10 years
Cost of Service Reconciliation Mechanism (“ARAM”) or Formula Rates	Liberty Litchfield Filed ARAM	Proposes Plan of Administration modification	Opposes ARAM		Liberty Litchfield and Staff agree to move ARAM and associated issues to a Phase II proceeding
Rate Case Expense (Water & Wastewater combined)	\$800,000 over 3 years	\$400,000 over 3 years	\$400,000 over 4 years		Lower of \$400,000 or actual costs over 3 years
Tariff & Miscellaneous Charges					
Updated HUF Tariff	Updated Tariff proposed	Recommends approval	Recommends Approval		No change to Company proposal
Customer Assistance Tariff	Updated tariff proposed	Recommends Approval	Recommends Approval		No change to Company proposal
Federal Compliance Cost Recovery Mechanism	Liberty Litchfield filed FCCRM, moot if ARAM approved	Recommends approval, moot if ARAM approved	Recommends Approval		No change to Company proposal
Industrial Fire Service Tariff	New tariff proposed	Recommends approval, with requirement to submit a cost of service study (COSS) for his tariff on the next rate case.	Recommends Approval		Liberty Litchfield agrees to provide a COSS with next rate case filing
Emergency Water Augmentation tariff	Tariff proposed	Recommends approval	Recommends Approval		No change to Company proposal
After Hours Service Charge at Customers Request	\$ 125	\$ 75	\$125		\$125
Reconnection (Delinquent) charge	\$50	\$35	\$50		\$50
SUMMARY OF POSITIONS – LITCHFIELD PARK WASTEWATER DIVISION					
Category	Company Application	Staff Direct	RUCO Direct (without FRP)	RUCO Direct (with FRP)	Settlement Agreement
Proposed Revenue Requirement	\$33,165,465	\$31,153,166	\$30,837,737	\$30,654,622	\$31,585,039
Revenue Increase (\$)	\$11,596,379	\$9,584,080	\$9,268,651	\$9,085,536	\$10,015,953
Revenue Increase (%)	53.76%	44.43%	42.97%	42.12%	46.44%

²⁰⁹ Tables 1 - 3 are found in Ex. A-18, Settlement Testimony of Manasa Rao, Attachment A.

Adjusted Fair Value Rate Base	\$133,887,159	\$132,693,180	\$125,767,526	\$124,521,526	\$136,328,067
Operating Expenses	\$21,855,682	\$21,028,676	\$21,227,405	\$21,168,861	\$20,989,606
Rate of Return	8.45%	7.63%	7.65%	7.62%	7.77%
Cost of Debt	5.69%	5.49%	5.69%	5.69%	5.45%
ROE	10.80%	9.45%	9.32%	9.17%	9.75%
Capital Structure (Equity%/Debt%)	54%/46%	54%/46%	54%/46%	54%/46%	54%/46%
Financing application – loan term	10 years	10 years	10 years	10 years	10 years
Cost of Service Reconciliation Mechanism ("ARAM") or Formula Rates	Liberty Litchfield Filed ARAM	Proposes Plan of Administration modifications	Opposes ARAM		Liberty Litchfield and Staff agree to move ARAM and associated issues to a Phase II proceeding
Survival Depreciation Deferral in Rate base	\$5,204,310	\$5,201,310	Excluded from Rate Base and allows recovery of amortization expense and carrying charges based on cost of debt		No change to Company proposal
Rate Case Expense (Water & Wastewater combined)	\$800,000 over 3 years	\$400,000 over 3 years	\$400,000 over 4 years		Lower of \$400,000 or actual costs over 3 years
<u>Tariff & Miscellaneous Charges</u>					
Updated HUF Tariff	Updated Tariff proposed	Recommends approval	Recommends Approval		No change to Company proposal
Customer Assistance Tariff	Updated tariff proposed	Recommends Approval	Recommends Approval		No change to Company proposal
Pretreatment Tariff	Updated Tariff proposed	Staff does not recommend approval. Suggests resubmittal with reasonable PFOS limits	Recommends Approval		Tariff revised to include staff's suggestions for PFOS as "reserved"
After Hours Service Charge at Customers Request	\$125	\$75	\$125		\$125

X. Resolutions

A. Terms of Settlement Agreement

1. Rate Base

Retirements – As discussed above, Liberty Litchfield did not record plant retirements beginning in 2020 because of an accounting software issue that the Company stated went uncorrected for several years, until it was identified through Staff's and RUCO's audit and data requests. We are not persuaded that reconstructing the unrecorded retirements for that period was unduly burdensome as claimed by the Company; the burden of that reconstruction is a consequence of the Company's own failure to correct the underlying software issue when it first arose, and moreover, recording retirements properly is required under the NARUC USoA.

During the hearing, the Company was directed to review and update its plant retirements for each year from 2000 through 2024. Liberty Litchfield filed LFE A-33, which contained updated retirement schedules. Recording the previously unrecorded retirements causes the Depreciation Expense on the affected plant to stop sooner, which in turn reduces the resulting accumulated

1 depreciation component of the Rate Base used for the revenue requirement calculations in this
 2 Decision. Removing the unrecorded retirements affects Utility Plant in Service, Accumulated
 3 Depreciation, and the plant amounts treated as fully recovered on the depreciation expense schedules;
 4 the Company has captured these effects by redoing the B-2 roll forward schedule.

5 The effects of this correction extend beyond this case are that if the unrecorded retirements are
 6 not removed, depreciation on the affected plant will likely continue to be reported and recovered
 7 beyond this and future rate cases, which is neither an accurate reflection of the Company's plant in
 8 service nor a sound precedent for future proceedings, not to mention an excess burden on ratepayers.

9 Based on the evidence presented in LFE A-33 regarding Liberty Litchfield's calculated plant
 10 retirements, and related Accumulated Depreciation and Depreciation Expense, we find the corrected
 11 amounts reflected in the schedules for the Water Division and the Wastewater Division attached to this
 12 Decision as Exhibit C.

13 Further, it appears that other Liberty affiliates have the same problem.²¹⁰ Thus, we find it
 14 reasonable to direct the Liberty Utilities' Arizona public service corporations to review their plant
 15 retirements and depreciation to ensure that these accounts completely and accurately reflect the correct
 16 accounting and account balances related to plant retirements. We find that it is reasonable to direct
 17 these affiliates of Liberty Utilities to provide the Utilities Division Co-Directors a report of the results
 18 for each of Liberty Utilities' Arizona utilities within 180 days of the effective date of this Decision.²¹¹
 19 If any Liberty Utilities affiliates have any presently pending rate cases before the Commission, the
 20 relevant entities shall file a report for each of those utilities, including revised rate schedules reflecting
 21 any changes to Plant-in-Service, Accumulated Depreciation and Depreciation Expense and any flow
 22 through for other schedules.

23 Sarival Depreciation Deferral – We find that the Settlement Agreement's regulatory treatment
 24 to include the deferred Sarival Water Reclamation Facility Depreciation Expense in Rate Base is
 25

26 ²¹⁰ Mr. Sabo stated that "the company does have essentially a company-wide accounting system, so it's the same for all the
 27 different subsidiaries in Arizona. And as noted in that attachment to Ms. Brown's testimony, I believe it was Attachment 6,
 the data response, there was a problem with the prior accounting system and so now they've adopted a new accounting
 28 system and are working on getting that all squared away so we don't have to deal with this again." Tr. at 895.

²¹¹ Liberty Utilities may provide one comprehensive report of each of its Arizona utilities.

appropriate and we adopt the inclusion of \$5,204,310 for the Sarival Depreciation Deferral in the Wastewater Division's Rate Base and the inclusion of the related amortization in the amount of \$243,656 in the Depreciation Expense. Decision No. 80122 authorized Liberty Litchfield to record Depreciation Expense associated with the Sarival Plant, subject to the removal of INDOH and AFUDC, and reserved any finding of prudence until the details could be reviewed in the context of a general rate case filing. No party has argued that the Sarival Plant, or the accrued depreciation associated with it, was imprudently incurred, and recovery in Rate Base is the standard treatment for a regulatory asset of this kind. We therefore adopt this term of the Settlement Agreement.

2. Cost of Capital

ROE – The Settlement Agreement adopts an ROE of 9.75 percent. RUCO contends that this is too high and should be lowered to reflect the reduced risk faced by the Company with the adoption of an ARAM. However, unlike in the UNSG case where we lowered the COC to reflect reduced risk, the ARAM POA in this case does not allow any changes to the Capital Structure or COD. The ARAM POA in this case does permit three months of PTYP in the first Annual Update, but no PTYP in subsequent years. These terms create more stability and certainty about the impacts of annual expenses and capital investments on rate increases and decreases. The inclusion of an ARAM greatly reduces regulatory lag, which substantiates the reduction in ROE in this case. Thus, the Commission finds it is reasonable to approve an ROE of 9.40 percent, which results in an ROR on the FVRB of 7.58 percent.

3. Operating Expenses

EADIT – For the Water Division, the Settlement Agreement proposes test year Depreciation Expense of \$5,376,858 which appears to reflect among other items an annual refund of EADIT in the amount of \$75,145. It appears that the computation supporting the Depreciation Expense is intended to reduce Depreciation Expense by \$75,145 as a means to refund EADIT. However, a review of the computations supporting the Settlement Agreement indicates that the EADIT refund of \$75,145 is added and increases the Depreciation Expense.²¹² To reflect a refund, we recalculate the Depreciation Expense to reduce the Depreciation Expense for the EADIT refund and reduce the Depreciation

²¹² Conversely, the depreciation expense for the Wastewater Division correctly reduces depreciation expense for its respective EADIT refunds of \$89,261.

Expense by \$150,290.

Income Tax Expense – The Settlement Agreement proposes test year Income Tax Expense of (\$92,093) and (\$48,714) for the Water and Wastewater Division, respectively. In the Settlement Agreement schedules, the Company correctly attempts to calculate Income Tax Expense based on test year revenues, expenses *excluding EADIT refunds*, and synchronized interest. We agree in concept with the Company's proposed treatment to remove EADIT refunds²¹³ from test year expenses in its Income Tax calculations, since EADIT refunds should not result in a change to the Company's Income Tax Expense. For both divisions, the Company *adds* the EADIT refunds of \$75,146 and (\$89,261) for the Water and Wastewater Division, respectively, to the Operating Expenses used in the Income Tax calculations, instead of subtracting the correct EADIT refunds. Accordingly, we find that it is reasonable to recompute Income Tax Expense based on test year expenses excluding the corrected EADIT refunds. Including the other adjustments discussed herein, we find that the test year Income Tax Expense for the Water Division is (\$63,454) and (\$154,444)for the Wastewater Division.

Board of Directors Fees – The Commission finds that Board of Directors are elected by shareholders to primarily serve shareholders, and thus, it is reasonable to remove 100 percent of the Board of Directors Fees from Operating Expenses. In the Settlement Agreement, the Signatories had agreed to remove 50 percent of the Board of Directors Fees for a total amount of \$45,282.61. The remaining reduction allocated to the Water Division would be \$11,118.41 and \$34,164.20 for the Wastewater Division, reducing the line item of “Contractual Services – Management” for each Division in the Settlement Agreement’s C schedules.

Based on the foregoing we approve the Revenue Requirements for the Water and Wastewater Divisions as reflected in the table below:

REVENUE REQUIREMENTS FOR WATER AND WASTEWATER DIVISIONS		
	WATER DIVISION	WASTEWATER DIVISION
Fair Value Rate Base	\$70,095,723	\$136,445,258
Adjusted Operating Income	\$1,640,773	\$3,043,448

²¹³ The Company includes EADIT refunds in its depreciation expense that is included in test year expenses.

Current Rate of Return	2.34%	2.23%
Required Operating Income	\$5,315,367	\$10,346,736
Required Rate of Return on FVRB	7.58%	7.58%
Operating Income Deficiency	\$3,674,594	\$7,303,288
GCRF	1.3676	1.3510
Increase in Gross Revenue Requirement	\$5,025,383	\$9,866,394
Adjusted Test Year Revenues	\$16,152,011	\$21,569,086
Revenue Requirement	\$21,177,394	\$31,435,480
Percent Increase	31.11%	45.74%

4. Rate Design – We find that the proposed Rate Design adopted in the Settlement Agreement is reasonable. Based on our findings herein, we revise the rates contained in the Settlement Agreement to reflect the authorized Revenue Requirement as set forth in Exhibit D to this Decision.

5. Rate Case Expense Surcharge – There are several ways to recover Rate Case Expense (“RCE”):

- Include the RCE in base rates as a test year Operating Expense and its recovery will continue until a decision in a subsequent rate case removes it from base rates.
- Include the RCE as a Surcharge based on unweighted customer counts. Every customer in each class would pay the same amount each month until the RCE is recovered. The adopted surcharge would be determined over a number of years to be determined by the Commission during a company’s general rate case.
- Include the RCE as a Surcharge based on weighted customer counts. Under this methodology, customers would pay an amount each month based on their relative meter sizes until the RCE is recovered. Unweighted customer counts are assigned and multiplied by a meter multiplier to determine a weighted count for each meter size. The weighted counts are summed and used as the divisor to determine RCE for the smallest meter in the calculation. The charges for larger meter sizes are then calculated by multiplying the rate for the smallest size times the respective meter multiplier. The

1 amount of the monthly surcharge would be determined based on a recovery period to be
2 determined by the Commission during a company's general rate case.

3 We adopt the Settlement Agreement's RCE of \$400,000, to be amortized over three years
4 through an RCE Surcharge. A three-year amortization period is consistent with the Commission's
5 recent decisions authorizing RCE recovery for other Arizona utilities. The Company has already
6 incurred the majority of these costs. The RCE Surcharge mechanism includes no carrying charge and
7 a longer amortization period would only increase the Company's unrecovered carrying costs without a
8 corresponding benefit to ratepayers. The Settlement Agreement also requires that the Surcharge self-
9 terminate if the expenses are recovered in full before the three-year recovery period ends.

10 Further, we modify the parties' proposal by adopting an RCE Surcharge calculated using
11 weighted customer counts by meter size. We decline to condition recovery of these already-incurred
12 expense on the outcome of the ARAM addressed in Section XI, below. The RCE calculation schedules
13 are attached to this Decision as Exhibit E.

14 a. Water

15 Including an RCE Surcharge of \$0.20 per month, the Revenue Requirement and Rate Design
16 adopted herein result in an increase of \$5.91, or 27.98 percent, from \$21.12 to \$27.03 for a residential
17 water customer on a 3/4-inch meter with a median usage of 6,500 gallons per month.

18 b. Wastewater

19 Including an RCE Surcharge of \$0.26 per month, the Revenue Requirement and Rate Design
20 adopted herein result in an increase of \$20.89, or 46.19 percent, from \$45.23 to \$ 66.12 for residential
21 customers paying a flat rate for wastewater.

22 **B. Withdrawal of Section III.E.1 Phase II for Formula Rates** – Section III.E.1 of the
23 Settlement Agreement, which would have held these dockets open for a Phase II proceeding limited to
24 the Company's proposed ARAM is moot. Accordingly, we address the ARAM on the existing record
25 in this docket.

26 **C. FRPs generally and RUCO's Opposition**

27 Formula rate mechanisms are not a novel or extreme departure from traditional ratemaking.
28 They have long been used by FERC, and at least 14 states have approved some form of formula rates

1 for utilities. The ARAM proposed here remains rooted in a historical test year rather than a future test
2 year, and each Annual Update will result in an FVRB determination and be based on actual, verified
3 historical data rather than projections.

4 We are persuaded that an FRP is in the public interest. An FRP promotes rate gradualism by
5 replacing large, infrequent rate increases with smaller, more frequent adjustments, reducing the rate
6 shock that can accompany a five or more year gap between rate cases. Second, the ARAM reduces—
7 but does not eliminate—regulatory lag, allowing the Company to recover costs more promptly and
8 providing more predictable and stable revenue. Third, the FRP proposed by the Company and Staff is
9 symmetrical and bidirectional: it does not guarantee annual increases, and customers will see rate
10 decreases in years when the Company's earnings exceed the deadband. Fourth, the ARAM increases
11 transparency through mandatory quarterly reporting on capital expenditures over \$20,000, with
12 supporting documentation available to Staff, RUCO, and other interested parties on request.

13 RUCO raises several legal objections to the ARAM. RUCO argues that the ARAM effectively
14 guarantees the Company's authorized return, in tension with the fair value clause of the Arizona
15 Constitution, Article 15, Section 14. We disagree that the ARAM guarantees that the Company will
16 earn a return. Several of the ARAM's inputs—including the COD and the Capital Structure ratio—are
17 fixed regardless of the Company's actual costs. As proposed, an ARAM surcharge/sur-credit would be
18 partly volumetric and therefore exposed to usage risk. Any recovery under the ARAM remains subject
19 to regulatory lag for at least the term of the Annual Update process. Further, Arizona law does not
20 forbid a utility from earning its authorized return. Ratemaking is intended to afford the utility a
21 reasonable opportunity to do so, and the ARAM supports that opportunity without guaranteeing it. The
22 ARAM Annual Update process requires the Company to submit, and the Commission to consider,
23 extensive financial information—including Rate Base and Revenue Requirement schedules
24 comparable to those required in a full rate case—before any adjustment takes effect, thus ensuring that
25 rates remain just and reasonable.

26 RUCO further argues that the ARAM denies interested parties due process because it may
27 resolve issues without an evidentiary hearing in every instance. We disagree. Due process requires
28 notice and a meaningful opportunity to be heard, not a full evidentiary hearing in every circumstance,

1 particularly where the legal claims do not turn on disputed facts. The ARAM POA affords RUCO and
2 other interested parties a defined information exchange period, discovery rights that extend
3 continuously between rate cases, an informal objection and response process, and the ability to trigger
4 a formal hearing before the Hearing Division where a genuine, unresolved evidentiary dispute exists.

5 RUCO also argues that the ARAM creates an incentive for the Company to overspend on capital
6 and operating costs, and that its deadband structure rewards inefficiency by allowing the Company to
7 recover its authorized return whenever its earned return falls below the deadband floor. As for
8 Operating Expenses, the record does not support or refute the premise that the ARAM encourages
9 inefficient spending. This assertion is something that can only be argued on a case-by-case, or
10 company-by-company, basis and will be addressed during the review period for each Annual Update.
11 As for capital investment, the ARAM does not eliminate regulatory lag, and any incentive to over-
12 invest would arise only if the allowed COC were set above the true COC, which is not the case here.
13 More fundamentally, the ARAM POA subjects every capital addition to the same prudence review that
14 applies in a general rate case. Each addition is subject to scrutiny by Staff, RUCO, and other interested
15 parties, and no annual adjustment takes effect absent Commission approval. We find that the ARAM's
16 prudence safeguards adequately address RUCO's concern.

17 RUCO also argues that the ARAM will compound rate increases year over year, so that the
18 cumulative cost to ratepayers will exceed the cost of the same revenue increase recovered through
19 traditional ratemaking, because each Annual Update incorporates the prior year's updated rate base.
20 We recognize that because Rate Base is updated annually and each update carries forward, the Rate
21 Base component of the Revenue Requirement does build upon prior updates in a manner that recovery
22 under a single historical test year does not. But this reflects the timing of recovery, not an inflation of
23 the amount the Company is entitled to recover. The earnings component of each Annual Update does
24 not compound, and each Annual Update is a fresh Revenue Requirement calculation based on actual,
25 verified historical data for the prior year rather than a roll-forward of a previously authorized increase.
26 To the extent RUCO's point is that ratepayers pay sooner under the ARAM than they would under the
27 traditional approach of larger, less frequent rate cases, that is the necessary corollary of reduced
28 regulatory lag, and it is offset by the potential corresponding benefit of smaller, more gradual

1 adjustments and the reduced risk of rate shock. We do not find that the ARAM's annual updating of
2 Rate Base renders the resulting rates unjust or unreasonable.

3 Finally, RUCO argues that regulatory lag itself serves a valuable function by imposing
4 discipline on utility spending and investment decisions, and that by reducing that lag the ARAM
5 removes an incentive for the Company to operate efficiently. We agree that regulatory lag has
6 historically been a check on spending in ratemaking, but we do not agree that the ARAM eliminates
7 that role. The disciplining function RUCO describes is, in any event, better served in this mechanism
8 by the prudence review and annual audit that accompany each Annual Update than by the impact of
9 delayed cost recovery. Balanced against the benefits the ARAM provides—rate gradualism, more
10 predictable and stable revenue, symmetrical and bidirectional adjustments, and enhanced
11 transparency—we find that the reduction in regulatory lag effected by the ARAM, as revised herein
12 below, is consistent with the public interest.

13 **D. Terms of the Final Proposed ARAM and Revisions**

14 The final proposed ARAM POA²¹⁴ is attached to Staff's and the Company's Joint Closing Brief
15 as Attachment A and attached to this Decision as Exhibit B.

16 In our discussion of FRPs generally, and the ARAM specifically, we acknowledge the benefits
17 offered by the implementation of an FRP; however, after review of the final proposed ARAM POA we
18 find that the certain changes are necessary to ensure that the ARAM POA contains sufficient guardrails
19 to protect ratepayers and promote the public interest.

20 **New Section II - Definitions**

21 At present, the ARAM POA does not have a separate section setting out defined terms in one
22 place. As it stands, there are defined terms sprinkled throughout the ARAM POA. It will be more
23 convenient for anyone attempting to understand the ARAM if all terms are defined from the start. For
24 example, Section A.II has a statement at the end that reads that workpapers will be provided to the
25 parties in the docket, including the Commission, Staff, and "Customers per election to be an interested
26 party per Section VI (collectively, "Interested Parties")". The definition of Interested Parties should be

27
28 ²¹⁴ The ARAM POA attached to Staff's and Company's Joint Closing Brief is a red-lined version reflecting the changes to
the ARAM POA attached to the Company's Notice of Filing of Settlement Testimony begins on PDF page 176 of the filing.

1 more clearly stated and not part of a run-on sentence in a term describing timelines. The Section should
2 be placed near the beginning of the ARAM POA for clarity in understanding the rest of the POA. In
3 addition, we note that the phrase “Customers per election to be an interested party...” is obtuse. If it
4 means “Customers who have chosen to receive information regarding the Annual Update,” it certainly
5 is not clear that that is what it means. One must search further into the ARAM POA to find out. Having
6 defined terms in one place and at the beginning of the document will add clarity and aid everyone’s
7 ability to understand its directives. Thus, a Definitions section should be added immediately following
8 “Section I. Applicability.”

9 Specifically, as to “Interested Parties,” Section II.a currently reads “workpapers will be
10 provided to the parties in the docket, including the Commission, Staff, and Customers per election to
11 be an interested party per Section VI (collectively, “Interested Parties”).” In the interest of due process,
12 we believe that the definition of Interested Parties should be broadened to “Commission, Staff,
13 Customers who have chosen to receive information regarding the Annual Update, and any persons or
14 entities who are not currently Intervenors but have applied for and have been granted Intervention prior
15 to the Filing Date.” The section continues to provide that the required documentation shall be filed in
16 this docket for the benefit of the public and Interested Parties.

17 Presently, the ARAM POA does not contain language regarding an Interested Party’s ability to
18 intervene. Unless they have previously filed for Intervention in this docket, Interested Parties are not
19 considered to be intervenors in this matter. Intervention grants legal party status and, among other
20 things, entitles a party to present sworn evidence at a hearing and to cross-examine other parties’
21 witnesses. Intervention is not required for Interested Parties to participate in the informal Annual
22 Update process, including the Annual Meeting and the Information Exchange Period. Intervention is
23 not required to submit written public comments or appear at an evidentiary hearing to provide public
24 comment. However, in order to present evidence in the Formal Challenge Process before the Hearing
25 Division, an Interested Party who has not previously intervened must file an application to intervene.
26 Upon the granting of the application, Intervenors will be considered a party and added to the service
27 list for this docket.

28 Accordingly, we find that language should be included in the Definitions section regarding

1 intervenors and intervention.

2 Intervenor: In relation to the ARAM Annual Update process, an Intervenor is an Interested
3 Party that seeks to become a party to the docket for the purposes of participating in the Formal
4 Challenge Process.

5 Intervention: In relation to the ARAM Annual Update process, Intervention is the procedure
6 through which an Interested Party joins the case as a party to the docket. Intervention allows an
7 Interested Party to participate in the Formal Challenge Process before the Hearing Division with all the
8 rights and obligations of a party to this docket.

9 We find it reasonable to direct the Company and Staff, to work together to prepare a “Section
10 II. Definitions” portion for the ARAM POA and re-number the remainder of the ARAM POA
11 accordingly. Further, if RUCO wishes to participate in drafting the Definitions section of the ARAM
12 POA, it may do so at its discretion.

13 The remainder of this discussion of the ARAM POA will reflect the numbers in the version as
14 proposed and filed by the Company and Staff.

15 II. Annual Filing Requirements

16 This Section explains that the Annual Update will be filed by May 1st of each year, and that the
17 necessary documents and workpapers will be provided to Staff and Interested Parties and will be filed
18 in the dockets underlying this matter.

19 Section II.c states that “The first Annual Update shall be filed by May 1, 2028.”

20 We believe this should be revised to state “The first Annual Update shall be filed no earlier than
21 May 1, 2028.”

22 Section II.d reads that the Annual Update shall use a historical test year; reflect changes in the
23 revenue requirement consistent with the terms of the ARAM POA; and include an earnings test. In
24 addition, it affirms that the deadband shall be +/- 50 basis points.

25 Sections II.e – h outline, among other things:

- 26 • The required schedules to be filed;
- 27 • Explains that the ARAM Rate Template inputs for certain ratemaking elements shall be
- 28 a stated value to be used in the Template until changed by the Commission in a full rate

case. The stated values shall be those authorized by the Commission in this Decision;

- The Annual Update will identify voluntary Rate Base or expense adjustments made by the Company and the Rate Base and expense adjustments directed by the Commission;
- The inputs for the ARAM Template shall be maintained consistent with the NARUC USoA;
- The Annual Update shall disclose any accounting changes or adjustments that effect the inputs to the ARAM Template;
- The Annual Update will provide notice of changes in the Company's accounting policies;
- The Annual Update will note any aspects of the ARAM Rate Template, or its inputs that are the subject of an ongoing legal dispute;
- The Annual Update is subject to review and challenge in accordance with the procedures set forth in the ARAM Protocols.

In order to allow the Commission to evaluate the requested Annual Update and fulfill its Constitutional obligation to approve just and reasonable rates, it is reasonable and in the public interest for the following provision be added: "The Company shall provide a filing with the Annual Update indicating the Consumer Price Index for All Urban Consumers ("CPI-U"), U.S. City Average, All Items (1982-1984 = 100), as published by the United States Bureau of Labor Statistics as of December 31 of the test year." This filing will be solely for informational purposes to provide a point of comparison to the increased costs requested by the Company, especially since there is no annual cap or aggregate cap for the amount of the Annual Update increases.

Section III. General Policies of the ARAM POA

This section includes a number of defined terms that should be included in Section II. Definitions, such as "Filing Date" and "Fundamental Predicates." It also notes that the ARAM surcharge or sur-credit shall not become effective until approved by the Commission.

However, we believe that in order to be consistent with prior Commission decisions regarding the implementation of an Annual Rate Adjustment Mechanism, we direct Liberty Litchfield to make corresponding revisions to Attachment A Plan of Administration as well as to the ARAM Template

1 that any ARAM adjustment will be reflected in new Commission-approved rates for each customer
2 class. This makes clear that the ARAM is a change in rates and is not misrepresented as a surcharge.

3 Section IV. Interim Documentation Provided

4 This section states that to increase transparency and ease administrative burden, Liberty
5 Litchfield shall file in the underlying docket on a quarterly basis, certain information related to capital
6 expenditures placed in service. It also notes that Staff and Interested Parties may request supporting
7 documentation for the quarterly data. The first Interim Documentation shall be filed no later March 1,
8 2027.

9 Section V. ARAM Rate Design

10 This section of the proposed ARAM POA provides that a surcharge/sur-credit will follow the
11 cost of service revenue allocation and rate design approved in this Decision and apply to all customers
12 except customers on a market rate (i.e. effluent water sales) or contractual rate.

13 As previously directed above in connection with Section III of the POA, Liberty Litchfield is
14 directed to revise this section of the POA to eliminate reference to a surcharge/sur-credit and explain
15 that any revenue adjustment will be to rates that follow the cost of service revenue allocation and rate
16 design approved in this Decision. We also direct Liberty Litchfield to revise the remainder of the
17 ARAM POA to reflect this resolution of the rate design.

18 Section VI. ARAM Customer Notice Requirements

19 Annual Filing Notice – According to this Section, the Company will provide notice to all
20 customers at least five days prior to filing the Annual Update. The notice shall include average customer
21 bill impacts per the Company's Annual ARAM filing and ARAM timeline and process information. In
22 addition, the Company will deliver the notice using each customer's elected communication method.
23 The Company will also post the notice on its website and "make available an option to elect being
24 included in further notifications as an interested party."

25 In the interest of due process and to ensure that customers have sufficient time to make sure
26 that they will be included in the process if they wish, we find that it is reasonable require the Notice of
27 the Annual Update to be provided to customers, posted on the Company's website, and filed in this
28 docket 15 days prior to the filing of the Annual Update instead of five days. Further, the phrase "make

1 available an option” is not clear. The language should state that the Company shall post a link on its
2 website “to sign up to receive further notice from the Company about the Company’s Annual Update.”
3 The electronic notice shall also include the same link. Customers receiving their communications
4 through first class mail shall be advised of the link’s availability on the website. This notice should be
5 prominently placed on the paper notice, on the email, and on the website.

6 The information in the Pre-Filing Notice shall include the following language:

7 “In addition to following the Annual Update process as an Interested Party via the link on the
8 Company’s website, a customer, or any entity directly and substantially affected by the proceeding,
9 may apply to become an Intervenor in this case. Interested Parties are not considered to be Intervenor
10 in this matter. Intervention provides legal party status, which, among other things, legal party status
11 entitles an Intervenor to present sworn evidence at a hearing and to cross-examine other parties’
12 witnesses. Intervention is not required for Interested Parties to participate in the informal Annual
13 Update process, including the Annual Meeting and the Information Exchange Period. Intervention is
14 not necessary if you wish only to submit written public comments or appear at an evidentiary hearing
15 to provide public comment. However, in order to present evidence in the Formal Challenge Process
16 before the Hearing Division, an Interested Party who has not previously intervened must file an
17 application to intervene.

18 Information about what intervention means, including an explanation of the rights and
19 responsibilities of an intervenor, is available on the Commission’s website (www.azcc.gov) by clicking
20 on “Divisions” and then “Hearing” and then “Intervene in a Case.” The information includes a Sample
21 Intervention Request and a Fillable Intervention Request Form. Intervention requests must be served
22 on all parties to the docket. An Interested Party who wishes to apply for intervention may do so at any
23 time, but all requests to Intervene must be filed no later than 5 business days after the Final Update
24 Filing. Parties who object to an Interested Party’s intervention must file in the docket a Notice of
25 Opposition to Intervention no later than five business days after the Intervention Application is filed.”

26 ARAM Revised Rate Implementation Notice – This provision states that within 30 days after
27 the Commission issues a decision in the ARAM filing, the Company shall provide Notice to all
28 customers about the implementation of revised rates, using the customers’ chosen form of

communication. We believe that the Notice must include a summary of the calculations, and the effect of the implementation of the revised rates, with a brief summary of some of the larger capital expenditures affecting the ARAM increase or decrease.

Section VII. Annual Review Procedures and Timelines

The following table compares the timeline outlined in the proposed ARAM POA in this case to the timeline authorized for UNSG by the Commission in Decision No. 81653.²¹⁵

TIMELINE COMPARISON					
(The terms used below reflect the language adopted in each ARAM)					
LIBERTY LITCHFIELD			UNS GAS		
Process Step	Deadlines	Example Dates	Item	Deadlines	Example Dates
Pre-Filing Notice	5 days prior to May 1	April 25	Pre-Filing Notice	Approximately 16 days prior to September 1	August 15
Annual Update Filing on website and docket	May 1	May 1	Publication Date	On or before September 1	September 1
Annual Meeting	20 – 30 days from Filing Date	Between May 20 – May 31	Annual Meeting	20 – 30 days from Publication Date	September 20 – 30
Information Exchange Period	Up to 45 days after Filing Date	June 15	Information Requests and Informal Challenges	60 days from Publication Date	October 31
Company Responses to Information Requests	Within 10 days of each request	Rolling	Company Responses to Informal Challenges	20 days from receipt / 80 days from Publication Date	November 20
Company Notice of Opposition to an Information Request	Within 5 business days	Rolling	Informal Challenge Resolution	90 Days from Publication Date	November 30
Final Update Filing	60 days from Annual Update Filing	June 30	Formal Challenges	100 Days from Publication Date	December 10
Formal Challenge Filing Deadline	No later than 90 days after Annual Update Filing	July 31	Company Responses to Formal Challenges	20 Days from Receipt / 120 Days from Publication Date	December 30
Company Response to Formal Challenge	Within 10 days of Formal Challenge Filing	Rolling	Staff Challenges and Responses to Interested Party Formal Challenges	140 Days from Publication Date	January 19
Staff Proposed Order if no Formal Challenge or Challenge dismissed	Within 120 days after Annual Update Filing	August 31	Company Responses to Staff Challenges	20 Days from Receipt	February 8
Commission Final Order – No Formal	Within 150 days after Annual	September 30	Hearing, or Staff Report an Order if	180 Days from Publication Date	February 18

²¹⁵ The UNSG ARAM is the only ARAM previously approved by the Commission to date.

Challenge	Filing Date		Hearing not Required		
If Formal Challenge Requires Hearing	Hearing must be completed within 120 days of Annual Update Filing	September 30	Commission Order	210 Days	By End of March
ROO for Formal Challenge	Within 150 days after Annual Update Filing	September 30	Rate Update Effective Date	April 1	
Commission Final Order – Formal Challenge	Within 180 days after Annual Update Filing	October 31			

Pre-Filing Notice – As proposed, five days prior to May 1, Liberty Litchfield will post the proposed ARAM Annual Update on its website and notify all interested parties to the docket of the Annual Update's availability. Based on the comparison between the two timelines, Liberty Litchfield expects its Annual Update to take no longer than six months compared to UNSG's seven months. The timeframes are fairly comparable and we find that the proposed timeline is generally reasonable as explained in more detail, below. However, as noted above, we believe it is in the public interest to require the Company to provide notice of the upcoming Annual Filing no later than April 15.

Annual Filing – The Annual Update will be filed in the underlying rate case docket. Included with the Annual Update will be all models and workpapers electronically in native format with all formulas and links intact. The Annual Update will be provided to Staff and Interested Parties.

Annual Meeting – The Company will organize an Annual Meeting among Staff and Interested Parties between 20 to 30 days after the Filing Date. Staff and Interested Parties will have the opportunity to seek information and clarifications from the Company about the Annual Update.

Information Exchange Period – Interested Parties have 45 days from the Filing Date to review the Annual Update and submit Information Requests. The Information Requests will be limited in scope to the proper application of the ARAM Protocols and Template; to information related to questions about accuracy and prudence; shall not solicit information concerning costs or allocations where the methodology has already been determined by the Commission; and the Information Request may not be directed at determining whether the ARAM Template is just and reasonable.

Information Request – The Company shall make a good faith effort to respond to Information Requests within 10 days of receipt. If the Company opposes items in the Information Requests, it will

1 notify the requesting party within five business days. This applies to both the Informal and Formal
2 Challenge process. The Company may require that a protective agreement be signed before it provides
3 sensitive or confidential information. To the extent that an Interested Party and the Company cannot
4 resolve the dispute, they may seek resolution from the Commission's Hearing Division.

5 Further Objections – Additional objections from Interested Parties will not be permitted beyond
6 45 days after the filing date.

7 Final Update Filing – The Company will provide a Final Update Filing no later than 60 days
8 from the Filing Date and will provide Staff and Interested Parties with all the supporting models and
9 workpapers electronically in native format with all formulas and links intact. The Final Update Filing
10 will include any revisions accepted by the Company during the Information Exchange Period.

11 Formal Challenge Process – An Interested Party who has submitted objections to the Annual
12 Update that the Company has not accepted may challenge the Annual Update formally, clearly
13 identifying the action or inaction that is alleged to violate the ARAM Template or the ARAM Protocols.
14 The Formal Challenge must be filed in the underlying rate case docket no later than 90 days after the
15 Filing Date. The Formal Challenge must state the specific relief or remedy requested and the basis for
16 that relief; reference all relevant supporting documents; verify that the objection occurred during the
17 Information Exchange Period.

18 An Interested Party who has not yet applied for or been granted Intervenor status may file a
19 Formal Challenge, but if a hearing is scheduled, the Interested Party must file a Request for
20 Intervention.

21 Service of Formal Challenge – The party raising the Formal Challenge must serve a copy of the
22 Formal Challenge on the Company. Any response by the Company must be filed within 10 days from
23 the Formal Challenge's filing.

24 Hearings – If the Hearing Division or assigned Administrative Law Judge determines that a
25 hearing is necessary to resolve a Formal Challenge, the hearing must be completed within 120 days of
26 the Filing Date. In lieu of a hearing, the Company and Interested Parties with unresolved Formal
27 Challenges may elect to submit written filings with the consent of the Hearing Division or assigned
28 Administrative Law Judge.

1 We find it is reasonable to promote due process and for all unforeseen circumstances to add
2 that: "In the event of a Formal Challenge, at the request of the challenging party or at the Hearing
3 Division's discretion, upon a showing of good cause, the Hearing Division may extend the timeline for
4 up to 30 days."

5 Staff Proposed Order / Commission Decision – If no Formal Challenge is filed, Staff will draft
6 and file a Proposed Order within 120 days after the Filing Date. The Commission should then issue a
7 final Order on the Annual Update within 150 days of the Filing Date.

8 While we do not find the proposed timeline to be unreasonable, we find that it is in the public
9 interest to allow for more flexibility in the issuance of a final Order due to the uncertainty of the
10 Commission's calendar, which may not allow for an Open Meeting to be scheduled to meet the stated
11 deadline. We find that language should be added that provides: "The Commission may consider the
12 Proposed Order at the next regularly scheduled Open Meeting that is later than 10 calendar days after
13 the issuance of the Proposed Order. For good cause, the Commission may extend the deadline for a
14 final Order."

15 ROO / Commission Decision – The ARAM POA provides that if a Formal Challenge is filed
16 that requires an evidentiary hearing or submission of written evidence, the Hearing Division or assigned
17 Administrative Law Judge will issue a Recommended Opinion and Order no later than 150 days after
18 the Filing Date. The Commission should then issue its Decision on the Annual Update within 180 days
19 of the Filing Date.

20 Again, for the same reasons discussed above, we find that additional flexibility in issuing a final
21 Order is necessary and find that a sentence shall be added stating: "The Commission may consider the
22 Proposed Recommended Opinion and Order at the next regularly scheduled Open Meeting that is later
23 than 10 calendar days after the issuance of the Proposed Recommended Opinion and Order. For good
24 cause, the Commission may extend the deadline for a final Order."

25 We find it reasonable to add the following provision to the ARAM POA:

26 "Commission Discretion – In the review of the Annual Update, the Commission retains the
27 authority, subject to due process, to deny all or part of an Annual Update."
28

4. ARAM Administration Calendar

	Base Rate Case Test Year	ARAM Test Year	Required Filing Date	New Rates Effective Date*
Initial Base Rate Case Test Year	December 31, 2024		N/A	
1 st ARAM Annual Update		December 31, 2027	May 1, 2028	November 1, 2028
2 nd ARAM Annual Update		December 31, 2028	May 1, 2029	November 1, 2029
3 rd ARAM Annual Update		December 31, 2029	May 1, 2030	November 1, 2030
4 th ARAM Annual Update		December 31, 2030	May 1, 2031	November 1, 2031
5 th ARAM Annual Update		December 31, 2031	May 1, 2032	November 1, 2032
Full Rate Case	If a rate case is not filed within the first five years of ARAM Annual Updates, a rate case must be filed with a test year ended December 31, 2032, by June 30, 2033			
* Includes additional time for hearing and Recommended Opinion and Order prior to final consideration.				

Section IX. ARAM Filing Costs

This Section allows for actual ARAM filing costs to be recorded in its annual Operating Expenses and included in the Annual Update filing.

We find that it is reasonable to disallow from the ARAM Protocols and Template any Operating Expenses related to the preparation, submission, and proceedings of the Annual Update. The Company is not required to request an FRP – it is a choice made solely by the Company. Liberty Litchfield's customers already will be paying a Rate Case Expense Surcharge related to this general rate case. To add more rate case expense each year on top of what they are already paying is an unreasonable burden on ratepayers. If the Company wishes to present an Annual Update every year, these costs should be borne by the shareholders.

Accordingly, we find that any Operating Expenses related to the Annual Update's preparation and the related proceedings shall be removed from the ARAM Protocols and Template.

Section X. Full Rate Case Requirements

This provision states that the Company may voluntarily file a rate case at any time within the first five years of the ARAM calendar.

If a rate case is not filed within the first five years of ARAM adjustments, a rate case must be filed no later than June 30, 2033, with a test year ended December 31, 2032. Thereafter, the Company shall file a full rate case with no more than five years between test years, unless the Commission determines an alternate schedule. Notwithstanding the

requirements herein, the Commission may order the Company to file a rate case at any time.

FRPs are a new process for the Commission, and it is important that the Commission retain control of its obligation to ensure that rates are just and reasonable. Therefore, we believe it is reasonable to add the following clarification: "The Company may voluntarily file a full rate case application at any time. If the Company has an Annual Update pending at the time the general rate case application is filed, the pending Annual Update shall be withdrawn."

E. Tariff Removals

Because we approve the ARAM as modified above, the tariffs and mechanisms the requested in the Rate Applications identified as applicable only if the ARAM is rejected – the FCCRM, PTAM, PPAM – do not take effect, and we deny those provisions as moot.

* * * * *

Having considered the entire record herein and being fully advised in the premises, the Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

1. The Procedural History for this matter set forth in Section I of the Discussion portion of this Decision is accurate, and we adopt it in its entirety as though set forth fully here.

2. The Background information set forth in Section II of the Discussion portion of this Decision is accurate, and we adopt it in its entirety as though set forth fully here.

3. The Relevant Commission Decisions information set forth in Section III of the Discussion portion of this Decision is accurate, and we adopt it in its entirety as though set forth fully here.

4. The Rate Applications information set forth in Section IV of the Discussion portion of this Decision is accurate, and we adopt it in its entirety as though set forth fully here.

5. The Rate Design information set forth in Section V of the Discussion portion of this Decision is accurate, and we adopt it in its entirety as though set forth fully here.

6. The Pre-Settlement Proposed Revised Tariffs and New Tariffs information set forth in Section VI of the Discussion portion of this Decision is accurate, and we adopt it in its entirety as though set forth fully here.

7. The ARAM information set forth in Section VII of the Discussion portion of this Decision is accurate, and we adopt it in its entirety as though set forth fully here.

8. The Financing Application information, as set forth in Section VIII of the Discussion portion of this Decision, is accurate, and we adopt it in its entirety as though set forth fully here.

9. The Settlement Agreement information as set forth in Section IX of the Discussion portion of this Decision is accurate, and we adopt it in its entirety as though set forth fully here.

10. The Resolutions discussed in Section X of the Discussion portion were reached after consideration of the entirety of the evidentiary record in this matter, as well as existing laws (the Arizona Constitution, statutes, rules, and case law, as applicable), and are just and reasonable and in the public interest. We incorporate the Resolutions as though set forth fully here.

11. The terms and conditions of the Settlement Agreement, as modified herein, are reasonable and in the public interest.

12. The rates, charges, and terms and conditions of service approved herein are just and reasonable and in the public interest.

13. The ARAM and terms of the ARAM POA and Template, as modified herein, comply with the Policy and are in the public interest.

CONCLUSIONS OF LAW

1. Liberty Litchfield is a public service corporation within the meaning of Article 15, § 2 of the Arizona Constitution and A.R.S. §§ 40-250, 40-251, 40-285, 40-301, and 40-302.

2. The Commission has jurisdiction over Liberty Litchfield and the subject matter of the Rate Applications and the Financing Application.

3. Notice of the Rate Applications and Financing Application and Hearing was provided as required by Arizona law.

4. Liberty Litchfield Water Division's FVRB is \$70,095,723 and the Wastewater Division's FVRB is \$136,446,258.

5. A Rate of Return of 7.58 percent on Liberty Litchfield's FVRB results in just and reasonable rates and a revenue requirement that is sufficient to maintain Liberty Litchfield's financial integrity, will enable Liberty Litchfield to attract capital under reasonable terms, and is commensurate

1 with returns that investors could earn by investing in other enterprises of comparable risk.

2 6. The terms and conditions of the Settlement Agreement as modified herein, are
3 reasonable and in the public interest.

4 7. The financing authorization granted herein is for a lawful purpose that is within the
5 powers of Liberty Litchfield, is compatible with the public interest, with sound financial practices, and
6 with proper performance by Liberty Litchfield of service as a public service corporation and will not
7 impair the Company's ability to perform that service.

8 8. The financing approved herein is for the purposes stated in the Financing Application
9 and is reasonably necessary for those purposes.

10 9. Approval of the proposed financing does not guarantee or imply any specific future
11 treatment of any capital additions for ratemaking or rate base purposes.

12 10. The rates, charges, and terms and conditions of service including the ARAM and
13 ARAM POA, as modified, and approved herein, resulting from the approval of the Settlement
14 Agreement are just and reasonable and in the public interest.

15 11. The rates, charges, and terms and conditions of service resulting from the Commission's
16 resolution of the issues herein do not result in "discrimination in charges, service, or facilities . . .
17 between persons or places for rendering a like and contemporaneous service" under Article 15, § 12 of
18 the Arizona Constitution.

19 12. The rates, charges, and terms and conditions of service resulting from the Commission's
20 resolution of the issues herein do not "make or grant any preference or advantage to any person or
21 subject any person to any prejudice or disadvantage" and do not "establish or maintain any
22 unreasonable difference as to rates, charges, service, facilities or in any other respect, either between
23 localities or between classes of service" under A.R.S. § 40-334.

24 **ORDER**

25 IT IS THEREFORE ORDERED that the Commission hereby approves the rates and charges
26 and terms of service as set forth in Exhibit D to this Decision, and those terms of the Settlement
27 Agreement attached to this Decision as Exhibit A that were not modified by this Decision.

28 IT IS FURTHER ORDERED that the Annual Revenue Adjustor Mechanism Plan of

1 Administration and the Annual Revenue Adjustor Mechanism Template, as modified herein, are
2 approved.

3 IT IS FURTHER ORDERED Liberty Utilities (Litchfield Park Water & Sewer) Corp. shall file
4 with Docket Control, as a compliance item in this Docket, within 30 days of the effective date of this
5 Decision, a final Annual Revenue Adjustment Mechanism Plan of Administration Annual Revenue
6 Adjustment Mechanism Template and consistent with the findings of this Decision.

7 IT IS FURTHER ORDERED that Liberty Utilities (Litchfield Park Water & Sewer) Corp. is
8 directed to file with the Commission, as compliance item in this docket, on or before August 31, 2026,
9 revised schedules of rates and charges consistent with the final rates and charges set forth in this
10 Decision.

11 IT IS FURTHER ORDERED that the rates and charges and conditions of service adopted in
12 this Decision shall be effective for service rendered on and after September 1, 2026.

13 IT IS FURTHER ORDERED that Liberty Utilities (Litchfield Park Water & Sewer) Corp. is
14 authorized to recover a Rate Case Expense of up to \$400,000, as verified by Staff, to be amortized over
15 three years through a Rate Case Expense Surcharge calculated using weighted customer counts by
16 meter size, consistent with the Settlement Schedules. The Rate Case Expense Surcharge calculation
17 schedule is attached to this Decision as Exhibit E.

18 IT IS FURTHER ORDERED THAT the monthly Rate Case Expense Surcharge shall terminate
19 automatically upon recovery of the earlier of three years from the effective date of the approved rates
20 or the full amount of the authorized Rate Case Expense. Liberty Utilities (Litchfield Park Water &
21 Sewer) Corp. shall notify the Commission when the Rate Case Expense Surcharge has been terminated,
22 as a compliance item in this Docket, within 10 days of the termination.

23 IT IS FURTHER ORDERED Liberty Utilities (Litchfield Park Water & Sewer) Corp. shall
24 notify its customers of the authorized rates and charges approved in this Decision, including the Rate
25 Case Expense Surcharge, and their effective date, by means of an insert in its next scheduled billing
26 and by posting a notice on its website, in a form acceptable to the Commission's Utilities Division, and
27 shall file a copy of the notice with Docket Control, as a compliance item in this docket, within 10 days
28 of the notice being sent to customers.

1 IT IS FURTHER ORDERED Liberty Utilities (Litchfield Park Water & Sewer) Corp. shall
2 implement and comply with the terms of the Settlement Agreement as modified and adopted herein
3 and that any failure to comply with the Settlement Agreement as modified and adopted herein shall be
4 deemed a failure to comply with this Decision.

5 IT IS FURTHER ORDERED Liberty Utilities (Litchfield Park Water & Sewer) Corp. shall use
6 the depreciation rates set forth in the Settlement Agreement on and after the effective date of this
7 Decision.

8 IT IS FURTHER ORDERED that Liberty Utilities (Litchfield Park Water & Sewer) Corp.'s
9 Cross-Connection/Backflow Prevention Tariff is approved.

10 IT IS FURTHER ORDERED that Liberty Utilities (Litchfield Park Water & Sewer) Corp.'s
11 Emergency Water Augmentation Tariff and Plan of Administration are approved.

12 IT IS FURTHER ORDERED that Liberty Utilities (Litchfield Park Water & Sewer) Corp.'s
13 Industrial Fire Service Tariff is approved on an interim basis until a future order by the Commission in
14 the Company's next general rate case.

15 IT IS FURTHER ORDERED that Liberty Utilities (Liberty Litchfield Park Water & Sewer)
16 Corp. shall submit for review in its next rate case a Cost-of-Service Study related to the Industrial Fire
17 Service Tariff.

18 IT IS FURTHER ORDERED that Liberty Utilities (Litchfield Park Water & Sewer) Corp.'s
19 Customer Assistance Tariff and Plan of Administration are approved.

20 IT IS FURTHER ORDERED that through September 1, 2036, Liberty Utilities (Litchfield Park
21 Water & Sewer) Corp. is authorized to obtain long-term debt for a term/s of no more than 10 years from
22 Liberty Utilities in an aggregate amount not to exceed \$65 million, and at an interest rate that will be
23 calculated based on a 10-year US Treasury Bond plus a 150-basis point credit spread, or such other
24 like term credit spread based on the most recent Liberty Utilities private debt placement. Interest
25 Payments are to be made monthly.

26 IT IS FURTHER ORDERED that the financing authorized herein is expressly contingent on
27 Liberty Utilities (Litchfield Park Water & Sewer) Corp.'s use of the proceeds for the purposes set forth
28 in the Settlement Agreement and as discussed herein.

1 IT IS FURTHER ORDERED that Liberty Litchfield Utilities (Litchfield Park Water & Sewer)
2 Corp. is authorized to engage in any transactions and to execute any documents necessary to effectuate
3 the financing authorizations granted herein.

4 IT IS FURTHER ORDERED that Liberty Litchfield Utilities (Litchfield Park Water & Sewer)
5 Corp.is authorized to pledge, mortgage, lien, or otherwise encumber its assets in the State of Arizona
6 pursuant to A.R.S. § 40-285 and A.A.C. R18-15-104 in connection with the indebtedness authorized
7 herein.

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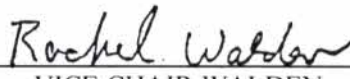
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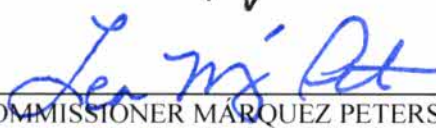
IT IS FURTHER ORDERED that Liberty Utilities (Litchfield Park Water & Sewer) Corp. shall provide the actual loan documents to the Commission's Utilities Division within 30 days of closing, and shall file with Docket Control, as a compliance item in this docket, within 30 days of closing, a notice confirming that the documents were provided to Staff and a certification by an authorized Company representative that the terms of the financing fully comply with the authorizations granted herein.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.


CHAIR MYERS


VICE CHAIR WALDEN


COMMISSIONER MARQUEZ PETERSON


COMMISSIONER THOMPSON


COMMISSIONER LOPEZ



IN WITNESS WHEREOF, I, DOUGLAS R. CLARK, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 28th day of August 2026.


DOUGLAS R. CLARK
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____
BAM/(gb)

1 SERVICE LIST FOR:

LIBERTY LITCHFIELD UTILITIES (LITCHFIELD
PARK WATER & SEWER) CORP.

2
3 DOCKET NO.:

W-01427A-25-0126, SW-01428A-25-0127, W-01427A-
25-0163, AND SW-01428A-25-0163

4
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EXHIBIT A

Liberty Utilities (Litchfield Park Water & Sewer) Corp.

SETTLEMENT AGREEMENT

Docket Nos.
W-01427A-25-0126
SW-01428A-25-0127
W-01427A-25-0163
SW-01428A-25-0163

March 3, 2026

SETTLEMENT AGREEMENT

The purpose of this Settlement Agreement (“Agreement”) is to resolve and settle all issues and claims in Docket Nos. W-01427A-25-0126 (Liberty Litchfield Park water rate case), SW-01428A-25-0127 (Liberty Litchfield Park wastewater rate case), W-01427A-25-0163 (Liberty Litchfield Park water financing), and SW-01428A-25-0163 (Liberty Litchfield Park wastewater financing).

This Agreement is entered into by the following entities:

Liberty Utilities (Litchfield Park Water & Sewer) Corp. (“Liberty Litchfield Park” or “Company”)

Arizona Corporation Commission Utilities Division (“Staff”)

These entities shall be referred to collectively as “Parties”, and a single entity shall be referred to individually as a “Party.”

LIST OF ATTACHMENTS

Attachment A – Settlement Schedules

I. BACKGROUND

A. Liberty Litchfield Park filed general rate case applications for its water and wastewater divisions with the Arizona Corporation Commission (“Commission”) on June 30, 2025. Staff found each rate case application sufficient on July 30, 2025.

B. Liberty Litchfield Park filed a financing application for its water and wastewater divisions with the Commission on August 6, 2025.

C. A procedural conference was held on August 7, 2025, at which the parties agreed that consolidation of the rate cases and financing dockets was appropriate, and on August 7, 2025, the Administrative Law Judge issued an order granting consolidation of the rate cases and financing application (collectively the “Consolidated Dockets”).

D. The Residential Utility Consumer Office (“RUCO”) filed a motion to intervene in the rate cases on August 6, 2025 and the Administrative Law Judge granted RUCO intervention on August 7, 2025.

E. Staff and RUCO filed Direct Testimony on January 16 and 23, 2026.

II. SETTLEMENT

A. The Company filed a Notice of Settlement Meeting on February 5, 2026. The Company, Staff, and RUCO subsequently held settlement discussions on February 17, 2026.

B. The settlement discussions were open, transparent, and inclusive of all Parties to these proceedings. A settlement was reached between Staff and the Company. RUCO is not a party to the settlement.

C. This Settlement Agreement reflects the Parties' agreement and intent to settle and compromise on all claims and issues in the Consolidated Dockets, including, but not limited to, the determination of an adjusted Fair Value Rate Base, establishment of a revenue requirement, resolution of disputed issues over corporate cost allocations and methodologies, the setting of rates for water and wastewater utility service by the Company, and approval of the requested financing.

D. Certain affiliates of the Company, Staff, and other parties entered into a Settlement Agreement on February 21, 2025 ("Prior Settlement") in Docket Nos. W-02074A-23-0337, W-02465A-23-0338, W-02060A-23-0339, WS-02676A-23-0340, WS-02676A-24-0029, W-02074A-24-0030, W-02465A-24-0031, AND W-02060A-24-0033, which was approved by the Commission in Decision No. 81361 (June 18, 2025). The Prior Settlement included a resolution concerning all disputes relating to capitalized overhead rates for the Corporate and West Region shared service costs, capitalized overhead post-test year plant additions, other capitalized overhead adjustments, and cost pool allocations (the "Capitalized Overhead Provisions"). The Capitalized Overhead Provisions are incorporated by reference into this Settlement Agreement and are fully binding against the Company.

E. The terms and conditions of this Agreement are just, reasonable, fair, and in the public interest in that they, among other things, establish just and reasonable rates and resolve the issues arising from the Consolidated Dockets, and avoid unnecessary litigation expense and delay.

F. The Parties request an order from the Commission, as soon as possible: (i) finding that the terms and conditions of this Settlement Agreement are just and reasonable; (ii) concluding that the Agreement is in the public interest; (iii) approving the Agreement in its entirety; and (iv) making any and all other findings and orders in support of this Agreement that the Commission deems necessary.

III. RATEMAKING TERMS

A. **Revenue Requirement.** The Parties agree to a total revenue requirement for water of \$21,468,602 for the Company, which results in an increase in revenues of

\$5,316,591 over test year revenues, an increase of 32.92 percent. The Parties agree to a total revenue requirement of \$31,585,039 for wastewater, which results in an increase in revenues of \$10,015,953 over test year revenues, an increase of 46.44 percent. The Parties also agree to the expenses for Depreciation Expense, Contractual Services – Management Fees, Contractual Services – Water Testing and Property Taxes listed on Settlement Schedule C1, Page 1.

B. Fair Value Rate Base. The Parties agree to a Fair Value Rate Base (“FVRB”) of \$70,007,480 for water as shown on Settlement Schedule A-1 for the Company. The Parties agree to FVRB of \$136,328,067 for wastewater as shown on Settlement Schedule A-1. The Parties agree to use the original cost rate base as FVRB in this rate case. The Parties determined the proposed FVRBs in this rate case by agreeing to the following items in order to resolve issues in dispute:

1. **Post Test Year Plant.** All in service, used and useful post-test year plant set forth in the Direct Testimony of Commission Staff for rate base treatment has been included in rate base.

2. **AFUDC adjustment.** The Parties agree to include Allowance for Funds Utilized During Construction (“AFUDC”) in rate base, as proposed by the Company, with the exception of an adjustment of \$(83,463) for water and \$(61,606) for wastewater.

3. **Sarival Depreciation Deferral.** The Parties agree to the inclusion in rate base of the Sarival Depreciation Deferral in the amount of \$5,204,310 for wastewater, as recommended in the Direct Testimonies of both the Company and Commission Staff.

4. **Other adjustments.** The Cash Working Capital, Plant Reclassifications, Plant Addition Removals, Corporate Plant adjustment, CIAC Adjustment, AIAC Adjustment, all as proposed by the Commission Staff, with a slight adjustment to Cash Working Capital, as shown in the Settlement Schedule B-2, are agreed to by the Parties.

5. **Capitalized Overhead.** The Parties agree to the Capitalized Overhead provisions set forth in the Prior Settlement. The Parties further expressly acknowledge and agree that a capitalization rate for corporate shared services costs of 14% and a capitalization rate of 21% for West region shared services costs by Liberty is appropriate and acceptable for Liberty's corporate allocations and shared services costs for Liberty's current shared services provided to Arizona. The Parties recognize that the establishment of capitalization rates as set forth herein does not bind the Commission in future rate cases; however, it is the intention of the Parties that the foregoing rates are appropriate to be utilized and shall be utilized on a going forward basis until further order of the Commission.

6. **Corporate Costs.** The Parties further agree to the following adjustments for the corporate shared services costs allocated to Liberty's regulated utilities in Arizona:

Shared Services	Adjustment %
Bonus	50%
Long-Term Incentive Plan	50%
Board of Directors Fees	50%
Directors and Officers Insurance	50%
Meals & Entertainment	50%
Travel	50%
Dues & Memberships	50%
Supplemental Executive Retirement Plan ¹	100%
Charitable Contributions	100%
Housing/Car Allowance	100%
Gifts/Awards	100%
Employee Immigration Costs	100%
Employee Relocation Costs	100%

7. **Operating Expenses.** The Parties agree to adjusted test year total operating expenses, as shown in Settlement Schedule C-1 page 1.

8. **Customer Assistance Tariff.** The Company will adopt a Customer Assistance Tariff ("CAT") providing a discount on water and wastewater bills. The CAT shall include low-income customers, Deployed Military, and Disabled Military. Customers only qualify for one discount. The Parties agree that a customer shall be eligible for the low-income component of the Customer Assistance Tariff if their income is at or below 200% of the Federal Poverty Level. Customer eligibility for Deployed Military and Disabled Military is governed by the tariff and is not changed by this Settlement Agreement. The Parties agree that the CAT shall not include a cap on the number of eligible and/or participating customers.

9. **Rate Case Expense.** The Parties agree to rate case expense not to exceed the lesser of either \$400,000 or the actual rate case expense incurred (i.e., there is a cap on the rate case expense to be recovered in the amount of \$400,000). The foregoing rate case expense shall be recoverable through a monthly surcharge assessed over three (3) years. The surcharge shall self-terminate if the expenses are recovered in full before the three-year recovery period ends. This provision is conditioned upon Commission adoption of this Settlement Agreement's material terms and contemplates the deadlines and hearings

¹ The Supplemental Executive Retirement Plan (SERP) benefits of periodic or lump sum payment as presented in the benefit plan document from Algonquin Power & Utilities Corp. Supplemental Executive Retirement Plan, Effective January 1, 2016. SERP expenses are specific to APUC and are included in the APUC cost pool.

set forth in the current Procedural Order. In the event that the Commission does not approve the material terms of this Settlement Agreement and/or there are additional proceedings, filings and/or evidentiary hearings, other than the proposed Phase II proceeding, not contemplated by the current Procedural Orders, this provision regarding rate case expense shall not be binding on any of the Parties and the Company shall be entitled to seek recovery of such additional rate case expense. Rate case expenses associated with the Phase II proceeding shall be addressed during the Phase II proceeding.

C. Cost of Capital.

1. **Capital Structure.** The Parties agree to a capital structure consisting of 54 percent equity and 46 percent debt for the Company, which assumes Commission approval of the Financing Application as discussed in section D below.

2. **Cost of Debt.** The Parties agree on a cost of debt of 5.54 percent for the purpose of setting rates in this rate case. The Parties acknowledge that under the financing approvals requested and agreed to herein, future debt offerings may be at different costs of debt.

3. **Cost of Equity.** The Parties agree to a cost of equity equal to 9.75 percent for the Company, which was agreed to through negotiation and compromise.

4. **Rate of Return.** Using the capital structure and costs of debt and equity agreed to herein, the Parties agree to a rate of return/weighted average cost of capital of 7.77 percent on the Company's water and wastewater FVRB.

D. Financing Application. The Parties agree that the terms and conditions of the Company's proposed financing are reasonable, including the manner of determining the cost of debt, and that the requested financings should be approved by the Commission, except that the Parties agree that the term of the long-term debt financings shall be 10 years.

E. Tariffs, adjustment and surcharge mechanisms.

1. **Phase II for Formula Rates / CSRM.** The Company's proposed Formula Rate Plan, termed the Cost of Service Reconciliation Mechanism ("CSRM"), will be addressed in a Phase II proceeding, and these Consolidated Dockets will be held open for that purpose. The Phase II proceeding will not occur until after the Commission establishes rates for the Company. The Phase II proceeding will be modeled after the Phase II proceedings currently pending for EPCOR Water Arizona, Inc. and Arizona Water Company (Northern Group). The Company will not be permitted to file its Phase II proposal until March 31, 2027.

2. **HUF.** The proposed revisions to the Company's HUF will be adopted.

3. **Pretreatment Tariff.** The Company's pretreatment tariff will be adopted, except that the tariff will be revised to include Staff's suggestion that PFOS be reserved under the tariff.

4. **Federal Compliance Cost Recovery Mechanism.** The Federal Compliance Cost Recovery Mechanism ("FCCRM") as proposed by the Company will be adopted. If a formula rate is approved by the Commission in the Phase II proceeding, the Company agrees that such a decision will render this mechanism moot.

5. **Industrial Fire Services Tariff.** The Industrial Fire Services Tariff proposed by the Company will be adopted. The Company will submit a Cost of Service Study for the tariff in its next rate case, as recommended by Staff.

6. **Emergency Water Augmentation Tariff.** The Emergency Water Augmentation Tariff proposed by the Company will be adopted.

7. **Miscellaneous Service Charges.** The Miscellaneous Service Charges set forth in the Settlement Schedules will be adopted, including an after hours fee of \$125.00 and a Reconnection (Delinquent) fee of \$50.

IV. COMMISSION EVALUATION OF SETTLEMENT AGREEMENT.

1. The Parties agree to file testimony in the Consolidated Dockets supporting this Settlement Agreement, and to do all things reasonably necessary to proceed to a hearing on the comprehensive settlement. The Parties agree that all currently filed testimony and exhibits may be offered for admission into the Commission's record as evidence, in addition to the Parties offering this Settlement Agreement, the Settlement Schedules and testimony in support of the settlement into the evidentiary record.

2. The Parties recognize that Staff does not have the power to bind the Commission, and that Staff acts in the same manner as any party to a Commission proceeding. The Parties further acknowledge and agree that the determination of the Company's FVRB and the setting of just and reasonable rates thereon will be made by the Commission based upon its own independent evaluation of this Agreement.

3. If the Commission issues an order adopting all material terms of this Agreement, such action shall constitute Commission approval of the Agreement. Thereafter the Parties shall abide by the terms as approved by the Commission.

4. If the Commission fails to issue an order adopting all of the material terms of this Agreement, or modifies or adds material terms to this Agreement, any or all of the Parties may withdraw from this Agreement, and such Party or Parties may pursue their respective remedies at law without prejudice. For purposes of this Agreement, whether a term is material shall be left to the reasonable discretion of the Party choosing to withdraw from the Agreement. If a Party withdraws from the Agreement pursuant to this section and

files an application for rehearing with the Commission, the other Parties, except for Staff, shall support the application for rehearing by filing a document to that effect with the Commission.

5. The Parties agree to support approval of the Agreement and resolution of the Consolidated Dockets. The Parties shall make reasonable and good faith efforts necessary to obtain a Commission order approving this Agreement. The Parties shall support and defend this Agreement before the Commission. Subject to the provisions below, if the Commission adopts an order approving all material terms of the Agreement, the Parties will support and defend the Commission's order before any court or regulatory agency in which it may be at issue.

V. MISCELLANEOUS PROVISIONS.

A. Each Party whose signature appears below is fully authorized and empowered to execute this Settlement Agreement. Each Party has been represented by competent legal counsel and understands all of the terms of this Agreement, has had an opportunity to participate in the drafting of this Agreement and fully review this Agreement with its legal counsel before signing, and executes this Agreement with full knowledge of the terms of the Agreement.

B. This Agreement represents the Parties' mutual desire to compromise and settle in good faith all of the issues in the Consolidated Dockets in a manner consistent with the public interest. To achieve consensus for settlement, the Parties are accepting positions that, in any other circumstances, they might be unwilling to accept, unless otherwise stated in this Agreement. They are doing so because the Agreement, as a whole, with its various provisions for settling the unique issues presented by this case, is consistent with their long-term interests and the broader public interest. The acceptance by any Party of a specific element of this Agreement shall not be considered as precedent for acceptance of that element in any other context, unless expressly stated herein. No Party is bound by any position asserted in negotiations, except as expressly stated in this Agreement. No Party shall offer evidence of conduct or statements made in the course of negotiating this Agreement before this Commission, any other regulatory agency, or any court.

C. Each of the terms of this Agreement is in consideration of all other terms of this Agreement. Accordingly, the terms are not severable unless otherwise agreed by the Parties.

D. The Parties shall make reasonable and good faith efforts necessary to support and defend this Agreement and obtain a Commission order approving its material terms and, if necessary, in court if challenged by another person or entity. Subject to provisions set forth above, if the Commission adopts an order approving all material terms of the Agreement, the Parties will support and defend the Commission's order before any court or regulatory agency in which it may be at issue. Nothing in this section shall be construed

to require a Party to fund the defense of any other Party. The Parties expressly recognize, however, that Staff shall not be required to file any document or take any position that is inconsistent with a Commission order in this matter.

E. This Agreement may be executed in any number of counterparts and by each Party on separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute one and the same instrument. This Agreement may also be executed electronically or by facsimile.

F. To the extent any provision of this Agreement is inconsistent with any existing Commission order, rule, or regulation, this Agreement shall control.

ARIZONA CORPORATION COMMISSION UTILITIES DIVISION

By: Briton Baxter
Printed Name: Briton Baxter
Title: Co-Director
Date: March 3, 2026

LIBERTY UTILITIES (LITCHFIELD PARK WATER & SEWER) CORP.

Signed by:
By: Moses Thompson
Printed Name: Moses Thompson

Title: President
Date: March 3, 2026

Water Settlement Schedules

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
 Test Year Ended December 31, 2024
 Computation of Increase in Gross Revenue
 Requirements As Adjusted

Exhibit
 Settlement Schedule A-1
 Page 1
 Witness: Bourassa

Line
 No.

1	Fair Value Rate Base				\$	70,007,480		
2								
3	Adjusted Operating Income				\$	1,552,264		
4								
5	Current Rate of Return					2.22%		
6								
7	Required Operating Income				\$	5,440,990		
8								
9	Required Rate of Return on Fair Value Rate Base					7.77%		
10								
11	Operating Income Deficiency				\$	3,888,726		
12								
13	Gross Revenue Conversion Factor					1.3672		
14								
15	Increase in Gross Revenue Requirement				\$	5,316,591		
16								
17	Adjusted Test Year Revenues				\$	16,152,011		
18	Increase in Gross Revenue Requirement				\$	5,316,591		
19	Proposed Revenue Requirement				\$	21,468,602		
20	% Increase					32.92%		
21								
22								
23	Customer		Present	Proposed	Dollar	Percent		
24	Classification		Rates	Rates	Increase	Increase		
25	3/4 Inch Residential	\$	4,390,954	\$	0,141,889	\$	1,750,935	39.88%
26	1 Inch Residential		4,263,940		5,930,471		1,666,532	39.08%
27	1.5 Inch Residential		51,872		73,352		21,380	41.14%
28	2 Inch Residential		2,813		3,830		1,017	36.16%
29	Subtotal	\$	8,709,679	\$	12,149,543	\$	3,439,863	39.49%
30								
31	3/4 Inch Commercial	\$	15,102	\$	21,044	\$	5,942	39.35%
32	1 Inch Commercial		39,324		55,146		15,822	40.23%
33	1.5 Inch Commercial		159,048		222,051		63,002	39.61%
34	2 Inch Commercial		1,230,956		1,700,593		469,637	38.15%
35	3 Inch Commercial		27,046		38,217		11,171	41.30%
36	4 Inch Commercial		459,328		621,684		162,357	35.35%
37	6 Inch Commercial		148,699		203,724		55,025	37.00%
38	8 Inch Commercial		13,341		17,974		4,633	34.73%
39	10 Inch Commercial		36,131		48,505		12,375	34.25%
40	Subtotal	\$	2,128,975	\$	2,928,940	\$	799,965	37.58%
41								
42	3/4 Inch Irrigation	\$	90,256	\$	125,156	\$	34,900	38.67%
43	1 Inch Irrigation		499,306		690,993		191,687	38.39%
44	1.5 Inch Irrigation		783,937		1,081,083		297,146	37.90%
45	2 Inch Irrigation		2,288,550		3,147,330		858,780	37.53%
46	4 Inch Irrigation		249,512		339,655		90,143	36.13%
47	6 Inch Irrigation		85,020		116,139		31,119	36.60%
48	Subtotal	\$	3,996,561	\$	5,500,356	\$	1,503,775	37.63%
49								
50	1 Inch Multi-family	\$	2,026	\$	2,667	\$	641	31.65%
51	1.5 Inch Multi-family		72,545		100,825		28,280	38.98%
52	2 Inch Multi-family		571,767		795,109		223,342	39.06%
53	3 Inch Multi-family		119,811		164,995		45,184	37.71%
54	4 Inch Multi-family		43,578		61,391		17,813	40.88%
55	6 Inch Multi-family		27,612		39,001		11,389	41.24%
56	Subtotal	\$	837,339	\$	1,163,988	\$	326,649	39.01%
57								
58	5/8x3/4 Inch Fire	\$	25,613	\$	34,120	\$	8,307	32.16%
59	3/4 Inch Fire		22,440		29,641		7,201	32.09%
60	1 Inch Fire		376		499		121	31.89%
61	2 Inch Fire		1,204		1,586		382	31.74%
62	Hydrant		92,613		162,568		69,955	75.53%
63	Subtotal	\$	142,448	\$	226,414	\$	83,966	60.35%
64								
65	8 Inch Luke AFB (Bulk)	\$	113,943	\$	148,209	\$	34,267	30.07%
66	6 Inch VUI (Bulk)		4,063		5,352		1,290	31.74%
67								
68								
69	Revenue Annualization		31,517		44,424		12,907	40.95%
70	Subtotal	\$	15,964,545	\$	22,169,225	\$	6,204,680	38.87%
71								
72	Misc. Other Water Revenues	\$	184,885	\$	184,885	\$	-	0.00%
73	Reconciling Amount		2,581		929		(1,652)	-64.01%
74	Rounding							
75	Total of Water Revenues	\$	16,152,010	\$	22,355,039	\$	6,203,028	38.40%

77 SUPPORTING SCHEDULES:
 78 B-1
 79 C-1
 80 C-3
 81 H-1

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
 Test Year Ended December 31, 2024
 Summary of Rate Base

Exhibit
 Settlement Schedule B-1
 Page 1
 Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	\$ 177,307,724	\$ 177,307,724
3	Less: Accumulated Depreciation	58,680,890	58,680,890
4			
5	Net Utility Plant in Service	\$ 118,626,834	\$ 118,626,834
6			
7	<u>Less:</u>		
8	Advances in Aid of Construction	5,646,964	5,646,964
9			
10	Contributions in Aid of Construction	50,096,804	50,096,804
11			
12	Accumulated Amortization of CIAC	(9,507,740)	(9,507,740)
13			
14	Customer Meter Deposits	252,360	252,360
15	Customer Security Deposits	280,339	280,339
16	Accumulated Deferred Income Tax	404,517	404,517
17	Accumulated Deferred Income Tax Credit	80,748	80,748
18	Excess Accumulated Deferred Income Taxes (EADIT)	1,505,147	1,505,147
19			
20	<u>Plus:</u>		
21			
22	Deferred Regulatory Assets TCE Plume	-	-
23	Prepayments	273,548	273,548
24	Materials and Supplies	-	-
25	Working capital	(133,763)	(133,763)
26			
27	Total Rate Base	<u>\$ 70,007,480</u>	<u>\$ 70,007,480</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 (Litchfield Park Water & Sewer) Corp. - Water Division
 Test Year Ended December 31, 2024
 Original Cost Rate Base Proforma Adjustments

Exhibit
 Settlement Revised Schedule B-2
 Page 1
 Witness: Bourassa

Line No.		Adjusted at end of <u>Test Year</u>	Settlement <u>Adjustment</u>	Rebuttal at end of <u>Test Year</u>
1	Gross Utility			
2	Plant in Service	\$ 175,471,361	1,838,364	\$ 177,307,724
3				
4	Less:			
5	Accumulated			
6	Depreciation	57,924,762	756,128	58,680,890
7				
8				
9	Net Utility Plant			
10	in Service	\$ 117,546,598		\$ 118,626,834
11				
12	Less:			
13	Advances in Aid of			
14	Construction	6,827,331	(1,180,367)	5,646,964
15				
16	Contributions in Aid of			
17	Construction - Gross	47,178,391	2,918,413	50,096,804
18				
19	Accumulated Amortization of CIAC	(9,428,295)	(81,445)	(9,507,740)
20				
21	Customer Meter Deposits	252,360		252,360
22	Customer Security Deposits	280,339		280,339
23	Accumulated Deferred Income Tax	1,205,972	(801,454)	404,517
24	Accumulated Deferred Income Tax Credit	80,748		80,748
25	Excess Accumulated Deferred Income Taxes (EADIT)	1,505,147		1,505,147
26				
27	Plus:			
28				
29	Deferred Regulatory Assets TCE Plume	-		-
30	Prepayments	273,548		273,548
31	Materials and Supplies	-		-
32	Working capital	(150,450)	16,687	(133,763)
33				
34				
35	Total	<u>\$ 69,765,704</u>		<u>\$ 70,007,480</u>

46 SUPPORTING SCHEDULES:
 47 B-2, page 2
 48 E-1

RECAP SCHEDULES:
 B-1

DOCKET NO. W-01427A-25-0126, ET AL.

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Original Cost Rate Base Proforma Adjustments

Exhibit
Settlement Schedule B-2
Page 2
Witness: Bourassa

Line No.		Adjusted at End of Test Year	Proforma Adjustments							Settlement at end of Test Year
			1	2	3	4	5	6	7	
			Plant-in-Service	Accumulated Depreciation	CIAC	AIAC	ADIT	EADIT	Cash Working Capital	
1	Gross Utility Plant in Service	\$ 175,471,361	1,836,364							
2										
3	Less:									
4										
5	Accumulated Depreciation	57,924,762		756,128						
6										
7										
8										
9	Net Utility Plant in Service	\$ 117,546,598	\$ 1,836,364	\$ (756,128)	\$ -	\$ -	\$ -	\$ -	\$ -	
10										
11	Less:									
12										
13	Advances in Aid of Construction	6,827,331				(1,180,367)			5,646,964	
14										
15										
16	Contributions in Aid of Construction (CIAC)	47,178,391		2,918,413					50,096,804	
17										
18										
19	Accumulated Amort of CIAC	(9,426,285)		(81,445)				(0)	(9,507,740)	
20										
21	Customer Meter Deposits	252,380							252,380	
22	Customer Security Deposits	280,339							280,339	
23	Accumulated Deferred Income Taxes	1,205,972					(801,454)		404,517	
24	Accumulated Deferred Income Tax Credit	80,748							80,748	
25	Excess Accum. Def. Inc. Taxes (EADIT)	1,505,147							1,505,146	
26	Plus:									
27										
28	Deferred Regulation Assets	-							-	
29	Prepayments	273,548							273,548	
30	Materials and Supplies	-							-	
31	Allowance for Cash Working Capital	(150,450)							(133,763)	
32										
33	Total	\$ 69,765,704	\$ 1,836,364	\$ (756,128)	\$ (2,836,969)	\$ 1,180,367	\$ 801,454	\$ -	\$ 70,007,480	

SUPPORTING SCHEDULES:
B-2, pages 3-8
E-1

RECAP SCHEDULES:
B-1

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
 Test Year Ended December 31, 2024
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - A

Exhibit
 Settlement Schedule B-2
 Page 3.1
 Witness: Bourassa

Line No.								
1	<u>Corporate Plant</u>							
2		[1]	[2]	[3]	[4] = [1]x[2]x[3]	Direct		
3			Liberty		Settlement Allocated	Allocated		
4	Acct.	Original	Utilities		Original	Original	Settlement	
5	<u>No. Description</u>	<u>Cost</u>	<u>Factor</u>	<u>Factor</u>	<u>Cost</u>	<u>Cost</u>	<u>Adjustment</u>	
6	903 Land and Land Rights	\$ 1,364,008	6.6567%	20.7919%	\$ 18,878	18,878	\$ -	
7	904 Structures and Improvements	11,557,420	8.6567%	20.7919%	\$ 159,960	159,960	-	
8								
9								
10								
11								
12	<u>LU Sub-Corp. Plant (8020)</u>							
13								
14	903 Land and Land Rights	\$ 58,167	51.39%	24.0267%	\$ 7,182	7,182	\$ -	
15	904 Structures and Improvements	6,320,249	51.39%	24.0267%	\$ 780,366	780,366	-	
16	940 Office Furniture and Equipment	1,781,431	51.39%	24.0267%	\$ 219,955	251,247	(31,293)	
17	940.1 Computers and Software	5,038,773	86.78%	24.0267%	\$ 1,050,607	997,763	52,844	
18	940.2 Customer First	28,227,726	86.78%	24.0267%	\$ 5,885,609	5,897,151	(11,541)	
19	955 Power Generation	5,710	51.39%	24.0267%	\$ 705	705	-	
20	995 Power Operated Equipment	943,695	51.39%	24.0267%	\$ 116,519	116,519	-	
21	997 Miscellaneous Equipment							
22								
23	<u>Totals</u>							
24								
25	903 Land and Land Rights	\$ 1,422,174			\$ 26,060	26,060	\$ -	
26	904 Structures and Improvements	17,877,670			940,326	940,326	-	
27	940 Office Furniture and Equipment	1,781,431			219,955	251,247	(31,293)	
28	940.1 Computers and Software	5,038,773			1,050,607	997,763	52,844	
29	940.2 Customer First	28,227,726			5,885,609	5,897,151	(11,541)	
30	955 Power Generation	5,710			705	705	-	
31	995 Power Operated Equipment	943,695			116,519	116,519	-	
32	997 Miscellaneous Equipment							
33		<u>\$ 55,297,180</u>			<u>\$ 8,239,781</u>	<u>\$ 8,229,771</u>	<u>\$ 10,010</u>	

46 SUPPORTING SCHEDULE
 47 Work papers
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RECAP SCHEDULES:
 B-2 page 3

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
 Test Year Ended December 31, 2024
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 -B

Exhibit
 Settlement Schedule B-2
 Page 3.2
 Witness: Bourassa

Line No.	Acct. No.	Description	Adjusted Test Year Original Cost	Settlement Adjustment	Settlement Cost
1		Post-Test Year Plant			
2					
3					
4					
5	106	Construction Completed - Not Classified	-		\$ -
6	301	Organization Cost	-		-
7	302	Franchise Cost	-		-
8	303	Land and Land Rights	-		-
9	304	Structures and Improvements	-		-
10	305	Collecting and Impounding Res.	-		-
11	306	Lake River and Other Intakes	-		-
12	307	Wells and Springs	6,757,850	560,301	7,318,151
13	308	Infiltration Galleries and Tunnels	-		-
14	309	Supply Mains	-		-
15	310	Power Generation Equipment	-		-
16	310.1	Solar Generator	-		-
17	311	Electric Pumping Equipment	307,500	147,732	455,232
18	320	Water Treatment Equipment	-		-
19	320.1	Water Treatment Plant	-		-
20	320.2	Chemical Solution Feeders	20,625	43,924	64,549
21	330	Dist. Reservoirs & Standpipe	-		-
22	330.1	Storage Tanks	-	224,051	224,051
23	330.2	Pressure Tanks	-		-
24	331	Trans. and Dist. Mains	609,363	(609,363)	(0)
25	333	Services	110,000	3,469	113,469
26	334	Meters	210,000	91,465	301,465
27	335	Hydrants	15,125	(15,125)	(0)
28	336	Backflow Prevention Devices	-		-
29	339	Other Plant and Misc. Equip.	-		-
30	340	Office Furniture and Fixtures	-		-
31	340.1	Computers and Software	-		-
32	341	Transportation Equipment	-		-
33	341.1	Transportation Equipment - Golf Carts	-	22,952	22,952
34	342	Stores Equipment	-		-
35	343	Tools and Work Equipment	16,500	(16,500)	(0)
36	344	Laboratory Equipment	-		-
37	345	Power Operated Equipment	-		-
38	346	Communications Equipment	-		-
39	347	Miscellaneous Equipment	-		-
40	347.1	Miscellaneous Equipment - CNG	-		-
41	348	Other Tangible Plant	-		-
42					
43		Subtotal	\$ 8,046,963	\$ 452,907	\$ 8,499,870
44					
45					
46	903	Land and Land Rights	\$ -		\$ -
47	904	Structures and Improvements	\$ -		\$ -
48	940	Office Furniture and Fixtures	\$ -		\$ -
49	940.1	Computers and Software	\$ 236,265	\$ 216,447	454,712
50	940.2	Customer First	\$ -		\$ -
51	955	Power Generation	\$ -		\$ -
52	995	Power Operated Equipment	\$ -		\$ -
53	997	Miscellaneous Equipment	\$ -		\$ -
54		Subtotal	\$ 236,265	\$ 216,447	\$ 454,712
55					
56		Total	\$ 8,283,228	\$ 671,354	\$ 8,954,582
57					
58					

SUPPORTING SCHEDULE

Work papers
 Testimony

RECAP SCHEDULES:

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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
 Test Year Ended December 31, 2024
 Original Cost Rate Base Prior to Adjustments
 Adjustment Number: 0

Exhibit
 Settlement Schedule B-2
 Page 3.3
 Witness: Courtesy

Line No.	Account Description	TY Adj 2017	TY Adj 2018	TY Adj 2019	TY Adj 2020	TY Adj 2021	TY Adj 2022	TY Adj 2023	TY Adj 2024	Test Year Total	Settlement Adjustment	Settlement Test Year Total
1	Capitalized Depreciation											
2												
3												
4	Accr.											
5	106 Construction Completed - Not Classified	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
6	301 Organization Cost	-	-	-	-	-	-	-	-	-		
7	302 Franchise Cost	-	-	-	-	-	-	-	-	-		
8	303 Land and Land Rights	-	(598)	(14)	(16,533)	(52)	(16)	(124)	(1,359)	(25,901)		(25,901)
9	304 Structures and Improvements	-	(2,497)	(698)	(572)	(175)	(25,897)	(32,791)	(1,388)	(65,971)		(65,971)
10	305 Collecting and Impounding Res.	-	-	-	-	-	-	-	-	-		
11	306 Lake River and Other Intakes	-	-	-	-	-	-	-	-	-		
12	307 Wells and Springs	-	(80,805)	(21,289)	(37,136)	(112,812)	(61,887)	(57,853)	(274,898)	(869,167)		(869,167)
13	308 Irrigation Canals and Tunnels	-	-	-	-	-	-	-	-	-		
14	309 Supply Main	-	(15,240)	(2,517)	(203)	(14,975)	(53,708)	(113,940)	(36)	(100,873)		(100,873)
15	310 Power Generation Equipment	-	(13,631)	-	-	(3)	(37)	(3,431)	(18)	(18,972)		(18,972)
16	311 Solar Generators	-	-	-	-	-	-	-	-	-		
17	312 Electric Pumping Equipment	-	(18,791)	(26,543)	(37,205)	(39,785)	(72,000)	(28,248)	(25,908)	(195,266)		(195,266)
18	313 Water Treatment Equipment	-	-	-	-	(53)	(2,084)	(23,520)	(54,091)	(80,278)		(80,278)
19	322.1 Water Treatment Plant	-	(18,025)	(16,969)	(26,541)	(38,972)	(48,315)	(21,536)	-	(169,400)		(169,400)
20	323.2 Chemical Solution Feeders	-	(24)	(6,285)	(2,513)	-	349	(177)	-	(5,720)		(5,720)
21	330 Dist. Reservoirs & Sandpits	-	-	-	-	-	-	(0)	(0)	(1)		(1)
22	333.1 Storage Tanks	-	-	-	-	(1,857)	-	(188)	-	(1,858)		(1,858)
23	333.2 Pressure Tanks	-	-	-	-	-	-	-	-	-		
24	331 Trams and Dis. Mains	-	(42,110)	(12,909)	(7,586)	(10,755)	(15,896)	(53,310)	(26,795)	(207,004)		(207,004)
25	332 Service	-	(9,666)	(2,767)	(2,779)	(5,497)	(2,876)	(60,898)	(7,728)	(81,558)		(81,558)
26	334 Meters	-	(18,777)	(11,459)	(7,585)	(13,576)	(31,936)	(11,360)	-	(101,372)		(101,372)
27	335 Hydrants	-	(127)	(943)	(514)	(1,549)	(1,690)	(9,480)	(7,587)	(21,487)		(21,487)
28	336 Backflow Prevention Devices	-	(130)	-	-	-	-	-	-	(129)		(129)
29	337 Other Field and Misc. Equip.	-	(1,598)	75	(249)	(9)	(8,779)	(959)	-	(9,760)		(9,760)
30	338 Office Furniture and Fixtures	-	(631)	(22)	(1)	-	(2,287)	-	-	(2,711)		(2,711)
31	310.1 Computers and Software	-	(2,598)	(177)	(1,168)	(899)	(1,833)	(349)	-	(7,080)		(7,080)
32	341 Transportation Equipment	-	-	-	-	-	(1,077)	(1,215)	-	(5,322)		(5,322)
33	341.1 Transportation Equipment - Golf Carts	-	-	-	-	-	-	-	-	-		-
34	342 Storage Equipment	-	-	-	-	-	-	-	-	-		-
35	343 Tools and Work Equipment	-	(7,514)	(233)	(50)	(278)	(519)	(35)	(65)	(2,158)		(2,158)
36	344 Laboratory Equipment	-	-	-	-	-	-	-	-	-		-
37	345 Power Operated Equipment	-	-	-	-	-	-	-	-	-		-
38	346 Communications Equipment	-	(1,709)	(1,877)	(3,098)	(4)	(2,512)	(7,121)	(5,875)	(22,179)		(22,179)
39	347 Miscellaneous Equipment	-	-	-	-	(52)	-	(5,362)	-	(5,369)		(5,369)
40	317.1 Miscellaneous Equipment - DRG	-	-	-	-	-	-	-	-	-		-
41	348 Other Tangible Plant	-	-	-	-	-	-	(0)	(0)	(0)		(0)
42												
43	TOTAL	\$ -	\$ (196,587)	\$ (104,438)	\$ (164,927)	\$ (113,676)	\$ (3,947)	\$ (307,358)	\$ (266,322)	\$ (1,626,534)	\$ -	\$ (1,626,534)

77 SUPPORTING SCHEDULE

48 Work papers

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RECAP SCHEDULE
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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division

Test Year Ended December 31, 2024

Original Cost Rate Base Proforma Adjustments

Adjustment Number 1 -D

Exhibit

Settlement Schedule B-2

Page 3.4

Witness: Bourassa

Line

No.

1	<u>CWIP Transfers</u>			
2				
3		Adjusted		
4	Acct.	Test Year		Settlement
5	No.	Original	Settlement	Original
6	Description	Cost	Adjustments	Cost
7	106 Construction Completed - Not Classified	-		\$ -
8	301 Organization Cost	-		-
9	302 Franchise Cost	-		-
10	303 Land and Land Rights	-		-
11	304 Structures and Improvements	-		-
12	305 Collecting and Impounding Res.	-		-
13	306 Lake River and Other Intakes	-		-
14	307 Wells and Springs	1,102,732		1,102,732
15	308 Infiltration Galleries and Tunnels	-		-
16	309 Supply Mains	6,298		6,298
17	310 Power Generation Equipment	-		-
18	310.1 Solar Generator	-		-
19	311 Electric Pumping Equipment	1,666,893		1,666,893
20	320 Water Treatment Equipment	-		-
21	320.1 Water Treatment Plant	748,503		748,503
22	320.2 Chemical Solution Feeders	-		-
23	330 Dist. Reservoirs & Standpipe	1,052,044		1,052,044
24	330.1 Storage tanks	-		-
25	330.2 Pressure Tanks	-		-
26	331 Trans. and Dist. Mains	174,133		174,133
27	333 Services	657,025		657,025
28	334 Meters	1,596,900		1,596,900
29	335 Hydrants	322,693		322,693
30	336 Backflow Prevention Devices	-		-
31	339 Other Plant and Misc. Equip.	-		-
32	340 Office Furniture and Fixtures	28,488		28,488
33	340.1 Computers and Software	-		-
34	341 Transportation Equipment	72,354		72,354
35	341.1 Transportation Equipment - Golf Carts	-		-
36	342 Stores Equipment	-		-
37	343 Tools and Work Equipment	-		-
38	344 Laboratory Equipment	-		-
39	345 Power Operated Equipment	-		-
40	346 Communications Equipment	-		-
41	347 Miscellaneous Equipment	-		-
42	347.1 Miscellaneous Equipment - CNG	-		-
43	348 Other Tangible Plant	-		-
44	Subtotal	\$ 7,428,064	\$ -	\$ 7,428,064
45				
46	903 Land and Land Rights	\$ -		\$ -
47	904 Structures and Improvements	\$ -		-
48	940 Office Furniture and Fixtures	\$ -		-
49	940.1 Computers and Software	\$ -		-
50	940.2 Customer First	\$ -		-
51	955 Power Generation	\$ -		-
52	995 Power Operated Equipment	\$ -		-
53	Subtotal	\$ -	\$ -	\$ -
54				
55	Total	\$ 7,428,064	\$ -	\$ 7,428,064

SUPPORTING SCHEDULE

Work papers

Testimony

RECAP SCHEDULES:

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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 -E

Exhibit
Settlement Schedule B-2
Page 3.5
Witness: Bourassa

Line No.			Adjusted Test Year Original Cost	2021 Adjustment	2022 Adjustment	2023 Adjustment	2024 Adjustment	Settlement Adjustment
1	<u>Additions Reclassified from Wastewater</u>							
2								
3								
4	Acct.							
5	No.	Description						
6	106	Construction Completed - Not Classified	-					\$ -
7	301	Organization Cost	-					-
8	302	Franchise Cost	-					-
9	303	Land and Land Rights	-					-
10	304	Structures and Improvements	-					-
11	305	Collecting and Impounding Res.	-					-
12	306	Lake River and Other Intakes	-					-
13	307	Wells and Springs	-					-
14	308	Infiltration Galleries and Tunnels	-					-
15	309	Supply Mains	-					-
16	310	Power Generation Equipment	-					-
17	310.1	Solar Generator	-					-
18	311	Electric Pumping Equipment	-					-
19	320	Water Treatment Equipment	-					-
20	320.1	Water Treatment Plant	-					-
21	320.2	Chemical Solution Feeders	-					-
22	330	Dist. Reservoirs & Standpipe	-					-
23	330.1	Storage tanks	-					-
24	330.2	Pressure Tanks	-					-
25	331	Trans. and Dist. Mains	-	565,743.67	422,995.00	287,689.06	78,958.34	1,355,386
26	333	Services	-					-
27	334	Meters	-					-
28	335	Hydrants	-					-
29	336	Backflow Prevention Devices	-					-
30	339	Other Plant and Misc. Equip.	-					-
31	340	Office Furniture and Fixtures	-					-
32	340.1	Computers and Software	-					-
33	341	Transportation Equipment	-					-
34	341.1	Transportation Equipment - Golf Carts	-					-
35	342	Stores Equipment	-					-
36	343	Tools and Work Equipment	-					-
37	344	Laboratory Equipment	-					-
38	345	Power Operated Equipment	-					-
39	346	Communications Equipment	-					-
40	347	Miscellaneous Equipment	-					-
41	347.1	Miscellaneous Equipment - CNG	-					-
42	348	Other Tangible Plant	-					-
43								
44		Subtotal	\$ -	\$ 565,744	\$ 422,995	\$ 287,689	\$ 78,958	\$ 1,355,386
45								
46	903	Land and Land Rights	\$ -					\$ -
47	904	Structures and Improvements	\$ -					-
48	940	Office Furniture and Fixtures	\$ -					-
49	940.1	Computers and Software	\$ -					-
50	940.2	Customer First	\$ -					-
51	955	Power Generation	\$ -					-
52	995	Power Operated Equipment	\$ -					-
53	997	Miscellaneous Equipment	\$ -					-
54		Subtotal	\$ -	\$ -				\$ -
55								
56		Total	\$ -	\$ 565,744				\$ 1,355,386
57								
58								
59	<u>SUPPORTING SCHEDULE</u>			<u>RECAP SCHEDULES:</u>				
60	Work papers			B-2, page 3				
61	Testimony							

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - F

Exhibit
Settlement Schedule B-2
Page 3 of 6
Witness: Bourassa

Line No.	Acct. No.	Description	Adjusted Test Year Original Cost	2017 Adjustment	2019 Adjustment	2020 Adjustment	2021 Adjustment	2022 Adjustment	2024 Adjustment	Settlement Cost Adjustment
1		<u>Additions Reclassed from Wastewater</u>								
2										
3										
4										
5	106	Construction Completed - Not Classified	-							\$ -
6	301	Organization Cost	-							\$ -
7	302	Franchise Cost	-							\$ -
8	303	Land and Land Rights	-							\$ -
9	304	Structures and Improvements	-							\$ -
10	305	Collecting and Impounding Res.	-							\$ -
11	306	Lake, River and Other Intakes	-							\$ -
12	307	Wells and Springs	-							\$ -
13	308	Infiltration Galleries and Tunnels	-							\$ -
14	309	Supply Mains	-							\$ -
15	310	Power Generation Equipment	-							\$ -
16	310.1	Solar Generator	-							\$ -
17	311	Electric Pumping Equipment	-							\$ -
18	320	Water Treatment Equipment	-	(594,735)	(10,443)	(260,307)	(1,467,632)	(867,415)	(2,374,054)	\$ (5,594,886.00)
19	320.1	Water Treatment Plant	-	273,644	10,443	101,422	1,467,632	867,415	2,374,054	\$ 5,114,610.78
20	320.2	Chemical Solution Feeders	-	321,091		158,964				\$ 480,055.12
21	330	Dist. Reservoirs & Standpipe	-						(1,052,044)	\$ (1,052,044.14)
22	330.1	Storage Tanks	-							\$ -
23	330.2	Pressure Tanks	-							\$ -
24	331	Traps, and Dist. Mains	-						1,052,044.14	\$ 1,052,044.14
25	333	Services	-							\$ -
26	334	Meters	-							\$ -
27	335	Hydrants	-							\$ -
28	336	Backflow Prevention Devices	-							\$ -
29	339	Other Plant and Misc. Equip.	-			18,237		24,177	28,488	\$ 70,901.16
30	340	Office Furniture and Fixtures	-			(12,050)			(28,488)	\$ (40,538.22)
31	340.1	Computers and Software	-			(6,186)		(24,177)		\$ (30,362.94)
32	341	Transportation Equipment	-							\$ -
33	341.1	Transportation Equipment - Golf Carts	-							\$ -
34	342	Stores Equipment	-							\$ -
35	343	Tools and Work Equipment	-							\$ -
36	344	Laboratory Equipment	-							\$ -
37	345	Power Operated Equipment	-							\$ -
38	346	Communications Equipment	-							\$ -
39	347	Miscellaneous Equipment	-							\$ -
40	347.1	Miscellaneous Equipment - CNG	-							\$ -
41	348	Other Tangible Plant	-							\$ -
42										
43										
44		Subtotal	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ 0	\$ 0
45										
46	903	Land and Land Rights	\$ -							\$ -
47	904	Structures and Improvements	\$ -							\$ -
48	940	Office Furniture and Fixtures	\$ -							\$ -
49	940.1	Computers and Software	\$ -							\$ -
50	940.2	Customer First	\$ -							\$ -
51	955	Power Generation	\$ -							\$ -
52	995	Power Operated Equipment	\$ -							\$ -
53	997	Miscellaneous Equipment	\$ -							\$ -
54		Subtotal	\$ -	\$ -						\$ -
55										
56		Total	\$ -	\$ -						\$ 0
57										
58										

59 SUPPORTING SCHEDULE
60 Work papers
61 Testimony

RECAP SCHEDULES:
B-2, page 3

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 -G

Exhibit
Settlement Schedule B-2
Page 3.7
Witness: Bourassa

Line No.	Acct. No.	Description	Adjusted Test Year Original Cost	2020 Adjustment	2021 Adjustment	2022 Adjustment	2023 Adjustment	2024 Adjustment	Settlement Cost
1		<u>Plant Removals</u>							
2									
3									
4									
5									
6	106	Construction Completed - Not Classified	-						\$ -
7	301	Organization Cost	-						\$ -
8	302	Franchise Cost	-						\$ -
9	303	Land and Land Rights	-						\$ -
10	304	Structures and Improvements	-						\$ -
11	305	Collecting and Impounding Res.	-						\$ -
12	306	Lake River and Other Intakes	-						\$ -
13	307	Wells and Springs	-						\$ -
14	308	Infiltration Galleries and Tunnels	-						\$ -
15	309	Supply Mains	-						\$ -
16	310	Power Generation Equipment	-						\$ -
17	310.1	Solar Generator	-						\$ -
18	311	Electric Pumping Equipment	-	(9,495)					\$ (9,495)
19	320	Water Treatment Equipment	-		(88,006)				\$ (88,006)
20	320.1	Water Treatment Plant	-		88,006				\$ 88,006
21	320.2	Chemical Solution Feeders	-						\$ -
22	330	Dist. Reservoirs & Standpipe	-						\$ -
23	330.1	Storage tanks	-						\$ -
24	330.2	Pressure Tanks	-						\$ -
25	331	Trans. and Dist. Mains	-						\$ -
26	333	Services	-						\$ -
27	334	Meters	-					(80,630)	\$ (80,630)
28	335	Hydrants	-						\$ -
29	336	Backflow Prevention Devices	-						\$ -
30	339	Other Plant and Misc. Equip.	-						\$ -
31	340	Office Furniture and Fixtures	-						\$ -
32	340.1	Computers and Software	-						\$ -
33	341	Transportation Equipment	-						\$ -
34	341.1	Transportation Equipment - Golf Carts	-						\$ -
35	342	Stores Equipment	-						\$ -
36	343	Tools and Work Equipment	-						\$ -
37	344	Laboratory Equipment	-						\$ -
38	345	Power Operated Equipment	-						\$ -
39	346	Communications Equipment	-						\$ -
40	347	Miscellaneous Equipment	-	(26,799)					\$ (26,799)
41	347.1	Miscellaneous Equipment - CNG	-						\$ -
42	348	Other Tangible Plant	-						\$ -
43									
44		Subtotal	\$ -	\$ (36,294)	\$ -	\$ -	\$ -	\$ (80,630)	\$ (116,924)
45									
46	903	Land and Land Rights	\$ -						\$ -
47	904	Structures and Improvements	\$ -						\$ -
48	940	Office Furniture and Fixtures	\$ -						\$ -
49	940.1	Computers and Software	\$ -						\$ -
50	940.2	Customer First	\$ -						\$ -
51	955	Power Generation	\$ -						\$ -
52	956	Power Operated Equipment	\$ -						\$ -
53	997	Miscellaneous Equipment	\$ -						\$ -
54		Subtotal	\$ -	\$ -					\$ -
55									
56		Total	\$ -	\$ (36,294)					\$ (116,924)
57									
58									
59		<u>SUPPORTING SCHEDULE</u>							
60		Work papers							
61		Testimony							

RECAP SCHEDULES:
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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
 Test Year Ended December 31, 2024
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 -H

Exhibit
 Settlement Schedule B-2
 Page 3.B
 Witness: Bourassa

Line No.	Acct. No.	Description	Adjusted Test Year Original Cost	2021 Adjustment	2022 Adjustment	2023 Adjustment	2024 Adjustment	Settlement Cost
1		<u>INDOH Reclass</u>						
2								
3								
4								
5								
6	106	Construction Completed - Not Classified	-					\$ -
7	301	Organization Cost	-					\$ -
8	302	Franchise Cost	-					\$ -
9	303	Land and Land Rights	-					\$ -
10	304	Structures and Improvements	-					\$ -
11	305	Collecting and Impounding Res.	-					\$ -
12	306	Lake River and Other Intakes	-					\$ -
13	307	Wells and Springs	-					\$ -
14	308	Infiltration Galleries and Tunnels	-					\$ -
15	308	Supply Mains	-					\$ -
16	310	Power Generation Equipment	-					\$ -
17	310.1	Solar Generator	-					\$ -
18	311	Electric Pumping Equipment	-					\$ -
19	320	Water Treatment Equipment	-	80	2,684	23,420	54,091	\$ 80,275
20	320.1	Water Treatment Plant	-	(80)	(2,684)	(23,420)	(54,091)	\$ (80,275)
21	320.2	Chemical Solution Feeders	-					\$ -
22	330	Dist. Reservoirs & Standpipe	-					\$ -
23	330.1	Storage tanks	-					\$ -
24	330.2	Pressure Tanks	-					\$ -
25	331	Trans. and Dist. Mains	-					\$ -
26	333	Services	-					\$ -
27	334	Meters	-					\$ -
28	335	Hydrants	-					\$ -
29	336	Backflow Prevention Devices	-					\$ -
30	339	Other Plant and Misc. Equip.	-					\$ -
31	340	Office Furniture and Fixtures	-					\$ -
32	340.1	Computers and Software	-					\$ -
33	341	Transportation Equipment	-					\$ -
34	341.1	Transportation Equipment - Golf Carts	-					\$ -
35	342	Stores Equipment	-					\$ -
36	343	Tools and Work Equipment	-					\$ -
37	344	Laboratory Equipment	-					\$ -
38	345	Power Operated Equipment	-					\$ -
39	346	Communications Equipment	-					\$ -
40	347	Miscellaneous Equipment	-					\$ -
41	347.1	Miscellaneous Equipment - CNG	-					\$ -
42	348	Other Tangible Plant	-					\$ -
43								
44		Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45								
46	903	Land and Land Rights	\$ -					\$ -
47	904	Structures and Improvements	\$ -					\$ -
48	940	Office Furniture and Fixtures	\$ -					\$ -
49	940.1	Computers and Software	\$ -					\$ -
50	940.2	Customer First	\$ -					\$ -
51	955	Power Generation	\$ -					\$ -
52	955	Power Operated Equipment	\$ -					\$ -
53	997	Miscellaneous Equipment	\$ -					\$ -
54		Subtotal	\$ -	\$ -				\$ -
55								
56		Total	\$ -	\$ -				\$ -
57								
58								

59 SUPPORTING SCHEDULE
 60 Work papers
 61 Testimony

RECAP SCHEDULES:
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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 -J

Exhibit
Settlement Schedule B-2
Page 3.9
Witness: Bourassa

Line No.	Acct. No.	Description	Adjusted Test Year Original Cost	2019 Adjustment	2020 Adjustment	2021 Adjustment	2022 Adjustment	2023 Adjustment	2024 Adjustment	Settlement Adjustment
1		Place-Holder AFUDC								
2										
3										
4										
5	106	Construction Completed - Not Classified	-	-	-	-	-	-	-	-
6	301	Organization Cost	-	-	-	-	-	-	-	-
7	302	Franchise Cost	-	-	-	-	-	-	-	-
8	303	Land and Land Rights	-	(49)	-	-	-	-	(263)	(312)
9	304	Structures and Improvements	-	-	-	-	-	-	(9,605)	(9,605)
10	305	Collecting and Impounding Res.	-	-	-	-	-	-	-	-
11	306	Lake River and Other Intakes	-	-	-	-	-	-	-	-
12	307	Wells and Springs	-	-	(703)	-	(19,580)	-	(27,054)	(47,336)
13	308	Infiltration Galleries and Tunnels	-	-	-	-	-	-	-	-
14	309	Supply Mains	-	-	-	(1,069)	-	-	-	(1,069)
15	310	Power Generation Equipment	-	-	-	-	-	-	(41)	(41)
16	310.1	Solar Generator	-	-	-	-	-	-	-	-
17	311	Electric Pumping Equipment	-	-	(5,386)	-	(42)	-	(905)	(6,333)
18	320	Water Treatment Equipment	-	-	-	-	-	-	-	-
19	320.1	Water Treatment Plant	-	(2,713)	(116)	(7,012)	(2,220)	-	(5,782)	(17,843)
20	320.2	Chemical Solution Feeders	-	-	(437)	-	-	-	-	(437)
21	330	Dist. Reservoirs & Standpipe	-	-	-	-	-	-	-	-
22	330.1	Storage tanks	-	-	-	-	-	-	-	-
23	330.2	Pressure Tanks	-	-	-	-	-	-	-	-
24	331	Trans. and Dist. Mains	-	-	-	-	-	-	-	-
25	333	Services	-	-	-	-	-	-	-	-
26	334	Meters	-	-	-	-	-	-	-	-
27	335	Hydrants	-	-	-	-	-	-	-	-
28	336	Backflow Prevention Devices	-	-	-	-	-	-	-	-
29	339	Other Plant and Misc. Equip.	-	-	-	-	-	-	(18)	(18)
30	340	Office Furniture and Fixtures	-	-	-	-	-	-	-	-
31	340.1	Computers and Software	-	-	-	-	-	-	-	-
32	341	Transportation Equipment	-	-	-	-	-	-	(358)	(358)
33	341.1	Transportation Equipment - Golf Carts	-	-	-	-	-	-	-	-
34	342	Stores Equipment	-	-	-	-	-	-	-	-
35	343	Tools and Work Equipment	-	-	-	-	-	-	-	-
36	344	Laboratory Equipment	-	-	-	-	-	-	-	-
37	345	Power Operated Equipment	-	-	-	-	-	-	-	-
38	346	Communications Equipment	-	-	-	-	(106)	-	(0)	(106)
39	347	Miscellaneous Equipment	-	-	-	-	-	-	-	-
40	347.1	Miscellaneous Equipment - CNG	-	-	-	-	-	-	-	-
41	348	Other Tangible Plant	-	-	-	-	-	-	-	-
42										
43										
44		Subtotal	\$ -	\$ (2,762)	\$ (6,642)	\$ (6,082)	\$ (21,950)	\$ -	\$ (44,027)	\$ (83,463)
45										
46										
47										
48		SUPPORTING SCHEDULE								
49		Work papers								
50		Testimony								

RECAP SCHEDULES
B-2, page 3

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division

Test Year Ended December 31, 2024

Original Cost Rate Base Proforma Adjustments

Adjustment Number 1 - K

Exhibit

Settlement Schedule B-2

Page 3.5

Witness: Bourassa

Line

No.

<u>Reconciliation of Plant to Plant Reconstruction</u>						
Acct.	Adjusted Original Cost	Settlement B-2 Adjustments	Adjusted Original Cost	Settlement Plant Per Reconstruction	Difference	
No. Description	Cost	Adjustments	Cost	Reconstruction	Difference	
106 Construction Completed - Not Classified	\$ -	\$ -	\$ -	\$ -	\$ -	-
301 Organization Cost	21,090	-	21,090	21,090	-	-
302 Franchise Cost	-	-	-	-	-	-
303 Land and Land Rights	3,094,055	(312)	3,093,743	3,093,743	-	-
304 Structures and Improvements	31,906,016	(9,605)	31,896,410	31,896,410	-	-
305 Collecting and Impounding Res.	-	-	-	-	-	-
306 Lake River and Other Intakes	-	-	-	-	-	-
307 Wells and Springs	21,929,952	512,965	22,442,917	22,442,917	-	-
308 Infiltration Galleries and Tunnels	-	-	-	-	-	-
309 Supply Mains	4,234,667	(1,069)	4,233,597	4,233,597	-	-
310 Power Generation Equipment	532,059	(41)	532,017	532,017	-	-
310.1 Solar Generator	2,247,645	-	2,247,645	2,247,645	-	-
311 Electric Pumping Equipment	8,894,977	131,904	9,026,881	9,026,881	-	-
320 Water Treatment Equipment	5,602,397	(5,602,397)	(0)	(0)	-	-
320.1 Water Treatment Plant	6,555,421	5,104,499	11,659,920	11,659,920	-	-
320.2 Chemical Solution Feeders	57,283	523,542	580,825	580,825	-	-
330 Disl. Reservoirs & Standpipe	1,052,045	(1,052,044)	0	0	-	-
330.1 Storage tanks	911,984	224,051	1,136,035	1,136,035	-	-
330.2 Pressure Tanks	490,054	-	490,054	490,054	-	-
331 Trans. and Dist. Mains	51,206,703	1,798,068	53,004,770	53,004,770	-	-
333 Services	7,892,695	3,469	7,896,164	7,896,164	-	-
334 Meters	11,452,831	10,835	11,463,666	11,463,666	-	-
335 Hydrants	3,994,755	(15,125)	3,979,630	3,979,630	-	-
336 Backflow Prevention Devices	101,427	-	101,427	101,427	-	-
339 Other Plant and Misc. Equip.	434,658	70,883	505,541	505,541	-	-
340 Office Furniture and Fixtures	809,113	(40,538)	768,575	768,575	-	-
340.1 Computers and Software	44,717	(30,363)	14,354	14,354	-	-
341 Transportation Equipment	1,035,396	(358)	1,035,040	1,035,040	-	-
341.1 Transportation Equipment - Golf Carts	29,255	22,952	52,207	52,207	-	-
342 Stores Equipment	37,143	-	37,143	37,143	-	-
343 Tools and Work Equipment	164,631	(16,500)	148,131	148,131	-	-
344 Laboratory Equipment	15,537	-	15,537	15,537	-	-
345 Power Operated Equipment	18,956	-	18,956	18,956	-	-
346 Communications Equipment	1,607,043	(109)	1,606,934	1,606,934	-	-
347 Miscellaneous Equipment	31,860	(26,799)	5,061	5,061	-	-
347.1 Miscellaneous Equipment - CNG	468,499	-	468,499	468,499	-	-
348 Other Tangible Plant	130,462	-	130,462	130,462	-	-
TOTALS	\$ 167,005,324	\$ 1,607,906	\$ 168,613,231	\$ 168,613,231	\$ -	-

SUPPORTING SCHEDULE

B-2, pages 3.1 through 3.9

RECAP SCHEDULES:

B-2, page 3

LIBERTY UTILITIES (Litchfield Park Water & Sewer) Corp. - Water Division

Test Year Ended December 31, 2024
Original Cost Rollo Back Proforma Adjustments
Adjustment Number 2

Exhibit
Schedule B-2
Page 4
Witness: Bourassa

Accumulated Depreciation											
Line No.	Account Description	A	B	C	D	E	F	G	H	I	J
1	Test Year Adjusted Accum. Deprec.	Allocated Corporate Plant	Plant Deprec.	Capitalized Overhead Adjustments	CVIP Transfers	Settlement Reclass from WW Deprec.	Settlement Staff Adj No 1 Reclass	Settlement Staff Adj No 2 Reclass	Settlement NOOH Reclass	Settlement Staff Adj No 4 RELOC	Settlement Adjustment No 5 Reconciling
2	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
3											
4											
5											
6											
7											
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SUPPORTING SCHEDULES
B-2, pages 4.1 to 4.5

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
 Test Year Ended December 31, 2024
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - A

Exhibit
 Schedule B-2
 Page 4.1
 Witness: Bourassa

Line No.									
1	<u>Corporate Plant A/D</u>								
2									
3			[1]	[2]	[3]	[4] = [1]x[2]x[3]	Direct		
4	Acct.		Original	Liberty		Settlement Allocated	Allocated		
5	No.	Description	Cost	Utilities	Factor	Original	Original	Settlement	
6	903	Land and Land Rights	\$ -	6.6567%	20.7919%	\$ -	\$ -	\$ -	-
7	904	Structures and Improvements	4,041,052	6.6567%	20.7919%	55,930	55,930	-	-
8									
9									
10									
11									
12	<u>LU Sub-Corp. Plant (8020) A/D</u>								
13									
14	903	Land and Land Rights	\$ -	51.39%	24.0267%	\$ -	\$ -	\$ -	-
15	904	Structures and Improvements	732,762	51.39%	24.0267%	90,475	90,475	-	-
16	940	Office Furniture and Equipment	1,408,790	51.39%	24.0267%	173,944	25,137	148,807	-
17	940.1	Computers and Software	937,092	86.78%	24.0267%	195,388	171,781	23,607	-
18	940.2	Customer First	2,115,461	86.78%	24.0267%	441,083	442,286	(1,203)	-
19	955	Power Generation	999	51.39%	24.0267%	123	123	-	-
20	995	Power Operated Equipment	185,147	51.39%	24.0267%	20,391	20,391	-	-
21	997	Miscellaneous Equipment	-	-	-	-	-	-	-
22									
23	TOTALS								
24	903	Land and Land Rights	\$ -			\$ -	\$ -	\$ -	-
25	904	Structures and Improvements	4,773,814			146,405	146,405	-	-
26	940	Office Furniture and Equipment	203,589			173,944	25,137	148,807	-
27	940.1	Computers and Software	823,872			195,388	171,781	23,607	-
28	940.2	Customer First	2,121,231			441,083	442,286	(1,203)	-
29	955	Power Generation	999			123	123	-	-
30	995	Power Operated Equipment	165,147			20,391	20,391	-	-
31	997	Miscellaneous Equipment	-			-	-	-	-
32		Total	<u>\$ 8,088,652</u>			<u>\$ 977,334</u>	<u>\$ 806,123</u>	<u>\$ 171,211</u>	

SUPPORTING SCHEDULE

Work papers

RECAP SCHEDULES:

B-2, page 4

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
 Test Year Ended December 31, 2024
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - B

Exhibit
 Settlement Schedule B-2
 Page 4.2
 Witness: Bourassa

Line

No.

Post-Test Year Plant and CWIP Transfers A/D

Acct. No.	Description	Depr Rate	Settlement PTY Plant	Settlement PTYP Plant Depreciation	Direct PTYP Depreciation	Settlement Adjustment
301	Organization Cost	0.00%	\$ -	\$ -	\$ -	\$ -
302	Franchise Cost	0.00%	-	-	-	-
303	Land and Land Rights	0.00%	-	-	-	-
304	Structures and Improvements	3.33%	-	-	-	-
305	Collecting and Impounding Res.	2.50%	-	-	-	-
306	Lake River and Other Intakes	2.50%	-	-	-	-
307	Wells and Springs	3.33%	7,318,151	121,847	112,518	9,329
308	Infiltration Galleries and Tunnels	6.67%	-	-	-	-
309	Supply Mains	2.00%	-	-	-	-
310	Power Generation Equipment	5.00%	-	-	-	-
310.1	Solar Generator	6.67%	-	-	-	-
311	Electric Pumping Equipment	12.50%	455,232	28,452	19,219	9,233
320	Water Treatment Equipment	3.33%	-	-	-	-
320.1	Water Treatment Plant	3.33%	-	-	-	-
320.2	Chemical Solution Feeders	20.00%	64,549	6,455	2,063	4,392
330	Dist. Reservoirs & Standpipe	2.22%	-	-	-	-
330.1	Storage tanks	2.22%	224,051	2,487	-	2,487
330.2	Pressure Tanks	5.00%	-	-	-	-
331	Trans. and Dist. Mains	2.00%	(0)	(0)	6,094	(6,094)
333	Services	3.33%	113,469	1,889	1,832	58
334	Meters	8.33%	301,465	12,556	8,747	3,810
335	Hydrants	2.00%	(0)	(0)	151	(151)
336	Backflow Prevention Devices	6.67%	-	-	-	-
339	Other Plant and Misc. Equip.	6.67%	-	-	-	-
340	Office Furniture and Fixtures	6.67%	-	-	-	-
340.1	Computers and Software	20.00%	-	-	-	-
341	Transportation Equipment	20.00%	-	-	-	-
341.1	Transportation Equipment - Golf Carts	7.83%	22,952	899	-	899
342	Stores Equipment	4.00%	-	-	-	-
343	Tools and Work Equipment	5.00%	(0)	(0)	413	(413)
344	Laboratory Equipment	10.00%	-	-	-	-
345	Power Operated Equipment	5.00%	-	-	-	-
346	Communications Equipment	10.00%	-	-	-	-
347	Miscellaneous Equipment	10.00%	-	-	-	-
347.1	Miscellaneous Equipment - CNG	3.33%	-	-	-	-
348	Other Tangible Plant	10.00%	-	-	-	-
Subtotal			\$ 8,498,870	\$ 174,585	\$ 151,036	\$ 23,550
903	Land and Land Rights	0.00%	\$ -	\$ -	\$ -	\$ -
904	Structures and Improvements	2.56%	-	-	-	-
940	Office Furniture and Fixtures	6.67%	-	-	-	-
940.1	Computers and Software	20.00%	454,712	45,471	23,627	21,844
940.2	Customer First	5.00%	-	-	-	-
955	Power Generation	5.00%	-	-	-	-
995	Power Operated Equipment	5.00%	-	-	-	-
Subtotal			\$ 454,712	\$ 45,471	\$ 23,627	\$ 21,844
Total			\$ 8,954,582	\$ 220,056	\$ 174,662	\$ 45,394

SUPPORTING SCHEDULE

Work papers

RECAP SCHEDULES:

B-2, page 4

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division

Test Year Ended December 31, 2024
Original Cost Rate Base Preliminary Adjustments
Adjustment Number 2 - C

[illegible]

47 SUPPORTING SCHEDULE
48 Work papers

RECAP SCHEDULES:
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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - D

Exhibit
Settlement Schedule B-2
Page 4.4
Witness: Bourassa

Line

No.	Acct. No.	Description	Depr Rate	Settlement CWIP Transfers	Settlement CWIP Transfer Depreciation	Direct CWIP Transfer Depreciation	Settlement Adjustment
1		<u>CWIP Transfers A/D</u>					
2							
3							
4							
5							
6	301	Organization Cost	0.00%	\$ -	\$ -	\$ -	\$ -
7	302	Franchise Cost	0.00%	-	-	-	-
8	303	Land and Land Rights	0.00%	-	-	-	-
9	304	Structures and Improvements	3.33%	-	-	-	-
10	305	Collecting and Impounding Res.	2.50%	-	-	-	-
11	306	Lake River and Other Intakes	2.50%	-	-	-	-
12	307	Wells and Springs	3.33%	1,102,732	18,360	18,360	-
13	308	Infiltration Galleries and Tunnels	6.67%	-	-	-	-
14	309	Supply Mains	2.00%	6,298	63	63	-
15	310	Power Generation Equipment	5.00%	-	-	-	-
16	310.1	Solar Generator	6.67%	-	-	-	-
17	311	Electric Pumping Equipment	12.50%	1,868,893	104,181	104,181	-
18	320	Water Treatment Equipment	3.33%	-	-	-	-
19	320.1	Water Treatment Plant	3.33%	748,503	12,463	12,463	-
20	320.2	Chemical Solution Feeders	20.00%	-	-	-	-
21	330	Dist. Reservoirs & Standpipe	2.22%	1,052,044	11,878	11,878	-
22	330.1	Storage tanks	2.22%	-	-	-	-
23	330.2	Pressure Tanks	5.00%	-	-	-	-
24	331	Trans. and Dist. Mains	2.00%	174,133	1,741	1,741	-
25	333	Services	3.33%	657,025	10,939	10,939	-
26	334	Meters	8.33%	1,596,900	66,511	66,511	-
27	335	Hydrants	2.00%	322,693	3,227	3,227	-
28	336	Backflow Prevention Devices	6.67%	-	-	-	-
29	339	Other Plant and Misc. Equip.	6.67%	-	-	-	-
30	340	Office Furniture and Fixtures	6.67%	28,488	950	950	-
31	340.1	Computers and Software	20.00%	-	-	-	-
32	341	Transportation Equipment	20.00%	72,354	7,235	7,235	-
33	341.1	Transportation Equipment - Golf Carts	7.83%	-	-	-	-
34	342	Stores Equipment	4.00%	-	-	-	-
35	343	Tools and Work Equipment	5.00%	-	-	-	-
36	344	Laboratory Equipment	10.00%	-	-	-	-
37	345	Power Operated Equipment	5.00%	-	-	-	-
38	346	Communications Equipment	10.00%	-	-	-	-
39	347	Miscellaneous Equipment	10.00%	-	-	-	-
40	347.1	Miscellaneous Equipment - CNG	3.33%	-	-	-	-
41	348	Other Tangible Plant	10.00%	-	-	-	-
42							
43		Subtotal		\$ 7,428,064	\$ 237,349	\$ 237,349	\$ -
44							
45	903	Land and Land Rights	0.00%	\$ -	\$ -	\$ -	\$ -
46	904	Structures and Improvements	2.56%	-	-	-	-
47	940	Office Furniture and Fixtures	6.67%	-	-	-	-
48	940.1	Computers and Software	20.00%	-	-	-	-
49	940.2	Customer First	5.00%	-	-	-	-
50	955	Power Generation	5.00%	-	-	-	-
51	995	Power Operated Equipment	5.00%	-	-	-	-
52		Subtotal		\$ -	\$ -	\$ -	\$ -
53							
54		Total		\$ 7,428,064	\$ 237,349	\$ 237,349	\$ -
55							
56							

57 SUPPORTING SCHEDULE
58 Work papers
59

RECAP SCHEDULES:
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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - E

Exhibit
Settlement Schedule B-2
Page 4.5
Witness: Bourassa

No.	Additions Reclassified from Wastewater AD											
4	Acct.	Dep.	Settlement	Settlement	Settlement	Settlement	Settlement	Direct		Settlement		
5	No.	Rate	Additions from	2021	2022	2023	2024	PTYP		Adjustment		
6	301	Organization Cost	0.00%	Depreciation	Depreciation	Depreciation	Depreciation	Depreciation				
7	302	Franchise Cost	\$ -				\$ -	\$ -	\$ -	-		
8	303	Land and Land Rights	0.00%				-	-	-	-		
9	304	Structures and Improvements	0.00%				-	-	-	-		
10	305	Collecting and Impounding Res.	3.33%				-	-	-	-		
11	306	Lake River and Other Intakes	2.50%				-	-	-	-		
12	307	Wells and Springs	3.33%				-	-	-	-		
13	308	Infiltration Galleries and Tunnels	6.67%				-	-	-	-		
14	309	Supply Mains	2.00%				-	-	-	-		
15	310	Power Generation Equipment	5.00%				-	-	-	-		
16	310.1	Solar Generator	6.67%				-	-	-	-		
17	311	Electric Pumping Equipment	12.50%				-	-	-	-		
18	320	Water Treatment Equipment	3.33%				-	-	-	-		
19	320.1	Water Treatment Plant	3.33%				-	-	-	-		
20	320.2	Chemical Solution Feeders	20.00%				-	-	-	-		
21	330	Dist. Reservoirs & Standpipes	2.22%				-	-	-	-		
22	330.1	Storage tanks	2.22%				-	-	-	-		
23	330.2	Pressure Tanks	5.00%				-	-	-	-		
24	331	Trans. and Dist. Mains	2.00%	1,355,386	5,667	15,545	22,652	26,318	-	43,854		
25	333	Services	3.33%	-			-	-	-	-		
26	334	Meters	8.33%	-			-	-	-	-		
27	335	Hydrants	2.00%	-			-	-	-	-		
28	336	Backflow Prevention Devices	6.67%	-			-	-	-	-		
29	339	Other Plant and Misc. Equip.	6.67%	-			-	-	-	-		
30	340	Office Furniture and Fixtures	6.67%	-			-	-	-	-		
31	340.1	Computers and Software	20.00%	-			-	-	-	-		
32	341	Transportation Equipment	20.00%	-			-	-	-	-		
33	341.1	Transportation Equipment - Golf Carts	7.83%	-			-	-	-	-		
34	342	Stores Equipment	4.00%	-			-	-	-	-		
35	343	Tools and Work Equipment	5.00%	-			-	-	-	-		
36	344	Laboratory Equipment	10.00%	-			-	-	-	-		
37	345	Power Operated Equipment	5.00%	-			-	-	-	-		
38	346	Communications Equipment	10.00%	-			-	-	-	-		
39	347	Miscellaneous Equipment	10.00%	-			-	-	-	-		
40	347.1	Miscellaneous Equipment - CNG	3.33%	-			-	-	-	-		
41	348	Other Tangible Plant	10.00%	-			-	-	-	-		
42												
43		Subtotal	\$	1,355,386			\$	26,318	\$	-	\$	43,854
44												
45	903	Land and Land Rights	0.00%	\$	-		\$	-	\$	-	\$	-
46	904	Structures and Improvements	2.50%	-			-	-	-	-	-	-
47	940	Office Furniture and Fixtures	6.67%	-			-	-	-	-	-	-
48	940.1	Computers and Software	20.00%	454,712			45,471	23,627	-	-	21,844	-
49	940.2	Customer First	5.00%	-			-	-	-	-	-	-
50	955	Power Generation	5.00%	-			-	-	-	-	-	-
51	995	Power Operated Equipment	5.00%	-			-	-	-	-	-	-
52		Subtotal	\$	454,712			\$	45,471	\$	23,627	\$	21,844.23
53												
54		Total	\$	1,810,098			\$	71,789	\$	23,627	\$	65,698
55												
56												
57	SUPPORTING SCHEDULE											
58	Work papers											
59												
	</											

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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Original Cost Rate Base Preforma Adjustments
Adjustment Number 2 - F

Exhibit
Settlement Schedule 0-2
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Witness: Bourassa

Line No.	Acct. No.	Description	Depr. Rate	Settlement Recases	Settlement 2017 Depreciation	Settlement 2018 Depreciation	Settlement 2019 Depreciation	Settlement 2020 Depreciation	Settlement 2021 Depreciation	Settlement 2022 Depreciation	Settlement 2023 Depreciation	Settlement 2024 Depreciation	Settlement Adjustment
1		Additional Received from Wastewater A/D											
2													
3													
4	301	Organization Cost	0.00%	\$ -	\$ -								\$ -
5	302	Franchise Cost	0.00%	-	-								-
6	303	Land and Land Rights	0.00%	-	-								-
7	304	Structures and Improvements	3.33%	-	-								-
8	305	Collecting and Improving Res	2.50%	-	-								-
9	306	Like River and Other Intakes	2.50%	-	-								-
10	307	Wells and Springs	3.33%	-	-								-
11	308	Infiltration Galleries and Tunnels	6.67%	-	-								-
12	309	Supply Mains	2.00%	-	-								-
13	310	Power Generation Equipment	6.00%	-	-								-
14	310.1	Solar Generator	6.67%	-	-								-
15	311	Electric Pumping Equipment	12.50%	-	-								-
16	320	Water Treatment Equipment	3.33%	64,989.49	(9,902.53)	(9,904.08)	(19,976.04)	(24,487.66)	(53,692.36)	(92,803.89)	(107,246.36)	(146,774)	(474,690.38)
17	320.1	Water Treatment Plant	3.33%	5,114,610.78	4,556.17	9,112.33	8,295.21	11,146.78	37,606.53	76,616.06	91,265.53	130,789	370,577.13
18	320.2	Chemical Solution Feeders	20.00%	480,056.12	32,109.10	64,218.20	64,218.20	60,114.61	96,011.02	96,011.02	96,011.02	96,011	624,704.20
19	330	Dist. Reservoirs & Standpipes	2.22%	-	-	-	-	-	-	-	-	-	(11,678)
20	330.1	Storage tanks	2.22%	-	-	-	-	-	-	-	-	-	(11,677.60)
21	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-	-
22	331	Trans. and Dist. Mains	2.00%	1,052,044.14	-	-	-	-	-	-	-	10,520	10,520.44
23	332	Services	3.33%	-	-	-	-	-	-	-	-	-	-
24	334	Meters	8.33%	-	-	-	-	-	-	-	-	-	-
25	335	Hydrants	2.00%	-	-	-	-	-	-	-	-	-	-
26	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-	-	-	-
27	338	Other Plant and Misc. Equip.	6.67%	70,901.16	-	-	-	808.16	1,216.38	2,022.68	2,828.97	3,778	10,455.26
28	340	Office Furniture and Fixtures	6.67%	(40,558.22)	-	-	-	(401.88)	(803.76)	(803.76)	(803.76)	(1,754)	(4,567.00)
29	340.1	Computers and Software	20.00%	(30,362.94)	-	-	-	(618.62)	(1,237.24)	(3,654.92)	(6,072.50)	(6,073)	(17,655.95)
30	341	Transportation Equipment	20.00%	-	-	-	-	-	-	-	-	-	-
31	341.1	Transportation Equipment - Golf Carts	7.83%	-	-	-	-	-	-	-	-	-	-
32	342	Stores Equipment	4.00%	-	-	-	-	-	-	-	-	-	-
33	342	Tools and Work Equipment	5.00%	-	-	-	-	-	-	-	-	-	-
34	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	-	-	-
35	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-	-
36	346	Communications Equipment	10.00%	-	-	-	-	-	-	-	-	-	-
37	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	-	-	-
38	347.1	Miscellaneous Equipment - CNG	3.33%	-	-	-	-	-	-	-	-	-	-
39	348	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-	-	-
40													
41													
42		Subtotal		\$ 0	\$ 26,763	\$ 53,526	\$ 53,526	\$ 66,363	\$ 79,201	\$ 77,569	\$ 75,978	\$ 74,821	\$ 507,766
43													
44													
45	903	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	-	-
46	904	Structures and Improvements	2.56%	-	-	-	-	-	-	-	-	-	-
47	940	Office Furniture and Fixtures	6.67%	-	-	-	-	-	-	-	-	-	-
48	940.1	Computers and Software	20.00%	-	-	-	-	-	-	-	-	-	-
49	940.2	Customer First	5.00%	-	-	-	-	-	-	-	-	-	-
50	950	Power Generation	5.00%	-	-	-	-	-	-	-	-	-	-
51	950	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-	-
52		Subtotal		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
53													
54		Total		\$ 0	\$ 26,763	\$ 53,526	\$ 53,526	\$ 66,363	\$ 79,201	\$ 77,569	\$ 75,978	\$ 74,821	\$ 507,766
55													
56													
57		SUPPORTING SCHEDULE											
58		Work papers											
59													

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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
 Test Year Ended December 31, 2024
 Original Cost Rate Base Proforms Adjustments
 Adjustment Number 2 - F

Exhibit
 Settlement Schedule B-2
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 Witness: Bourassa

Line No.	Acct. No.	Description	Depr Rate	Settlement Removals	Settlement 2020 Depreciation	Settlement 2021 Depreciation	Settlement 2022 Depreciation	Settlement 2023 Depreciation	Settlement 2024 Depreciation	Settlement Adjustment
1		<u>Removals A/D</u>								
2										
3										
4										
5										
6	301	Organization Cost	0.00%	\$ -	\$ -					\$ -
7	302	Franchise Cost	0.00%	-	-					-
8	303	Land and Land Rights	0.00%	-	-					-
9	304	Structures and Improvements	3.33%	-	-					-
10	305	Collecting and Impounding Res.	2.50%	-	-					-
11	306	Lake, River and Other Intakes	2.50%	-	-					-
12	307	Wells and Springs	3.33%	-	-					-
13	308	Infiltration Galleries and Tunnels	6.67%	-	-					-
14	309	Supply Mains	2.00%	-	-					-
15	310	Power Generation Equipment	5.00%	-	-					-
16	310.1	Solar Generator	6.67%	-	-					-
17	311	Electric Pumping Equipment	12.50%	(9,494.71)	(593.42)	(1,186.84)	(1,186.84)	(1,186.84)	(1,186.84)	(5,340.77)
18	320	Water Treatment Equipment	3.33%	(86,006.37)	-	(1,465.31)	(2,930.61)	(2,930.61)	(2,930.61)	(10,257.14)
19	320.1	Water Treatment Plant	3.33%	86,006.37	-	1,465.31	2,930.61	2,930.61	2,930.61	10,257.14
20	320.2	Chemical Solution Feeders	20.00%	-	-	-	-	-	-	-
21	330	Dist. Reservoirs & Standpipe	2.22%	-	-	-	-	-	-	-
22	330.1	Storage tanks	2.22%	-	-	-	-	-	-	-
23	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-
24	331	Trans. and Dist. Mains	2.00%	-	-	-	-	-	-	-
25	333	Services	3.33%	-	-	-	-	-	-	-
26	334	Meters	6.33%	(80,630.18)	-	-	-	-	(3,358.25)	(3,358.25)
27	335	Hydrants	2.00%	-	-	-	-	-	-	-
28	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-
29	339	Other Plant and Misc. Equip.	6.67%	-	-	-	-	-	-	-
30	340	Office Furniture and Fixtures	6.67%	-	-	-	-	-	-	-
31	340.1	Computers and Software	20.00%	-	-	-	-	-	-	-
32	341	Transportation Equipment	20.00%	-	-	-	-	-	-	-
33	341.1	Transportation Equipment - Golf Carts	7.93%	-	-	-	-	-	-	-
34	342	Stores Equipment	4.00%	-	-	-	-	-	-	-
35	343	Tools and Work Equipment	5.00%	-	-	-	-	-	-	-
36	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-
37	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-
38	346	Communications Equipment	10.00%	-	-	-	-	-	-	-
39	347	Miscellaneous Equipment	10.00%	(26,799.07)	(1,338.95)	(2,679.91)	(2,679.91)	(2,679.91)	(2,679.91)	(12,059.66)
40	347.1	Miscellaneous Equipment - CNG	3.33%	-	-	-	-	-	-	-
41	348	Other Tangible Plant	10.00%	-	-	-	-	-	-	-
42										
43		Subtotal		\$ (116,824)	\$ (1,933)	\$ (3,867)	\$ (3,867)	\$ (3,867)	\$ (7,225)	\$ (20,799)
44										
45	903	Land and Land Rights	0.00%	-	-	-	-	-	-	-
46	904	Structures and Improvements	2.56%	-	-	-	-	-	-	-
47	940	Office Furniture and Fixtures	6.67%	-	-	-	-	-	-	-
48	940.1	Computers and Software	20.00%	-	-	-	-	-	-	-
49	940.2	Customer First	5.00%	-	-	-	-	-	-	-
50	955	Power Generation	5.00%	-	-	-	-	-	-	-
51	995	Power Operated Equipment	5.00%	-	-	-	-	-	-	-
52		Subtotal		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
53										
54		Total		\$ (116,824)	\$ (1,933)	\$ (3,867)	\$ (3,867)	\$ (3,867)	\$ (7,225)	\$ (20,799)
55										
56										
57		<u>SUPPORTING SCHEDULE</u>								
58		Work papers								
59										

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - F

Exhibit
Settlement Schedule B-2
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Witness: Bourassa

Line No.	Acct. No.	Description	Depr. Rate	Settlement Removals	Settlement 2021 Depreciation	Settlement 2022 Depreciation	Settlement 2023 Depreciation	Settlement 2024 Depreciation	Settlement Adjustment
1		<u>Removals A/D</u>							
2									
3									
4									
5	301	Organization Cost	0.00%	\$ -	\$ -				\$ -
6	302	Franchise Cost	0.00%	-	-				-
7	303	Land and Land Rights	0.00%	-	-				-
8	304	Structures and Improvements	3.33%	-	-				-
9	305	Collecting and Impounding Res.	2.50%	-	-				-
10	306	Lake River and Other Intakes	2.50%	-	-				-
11	307	Wells and Springs	3.33%	-	-				-
12	308	Infiltration Galleries and Tunnels	6.67%	-	-				-
13	309	Supply Mains	2.00%	-	-				-
14	310	Power Generation Equipment	5.00%	-	-				-
15	310.1	Solar Generator	6.67%	-	-				-
16	311	Electric Pumping Equipment	12.50%	-	-				-
17	320	Water Treatment Equipment	3.33%	80,275	1	47	482	1,773	2,303
18	320.1	Water Treatment Plant	3.33%	(80,275)	(1)	(47)	(482)	(1,773)	(2,303)
19	320.2	Chemical Solution Feeders	20.00%	-	-				-
20	330	Dist. Reservoirs & Standpipe	2.22%	-	-				-
21	330.1	Storage tanks	2.22%	-	-				-
22	330.2	Pressure Tanks	5.00%	-	-				-
23	331	Trans. and Dist. Mains	2.00%	-	-				-
24	333	Services	3.33%	-	-				-
25	334	Meters	8.33%	-	-				-
26	335	Hydrants	2.00%	-	-				-
27	336	Backflow Prevention Devices	6.67%	-	-				-
28	339	Other Plant and Misc. Equip.	6.67%	-	-				-
29	340	Office Furniture and Fixtures	6.67%	-	-				-
30	340.1	Computers and Software	20.00%	-	-				-
31	341	Transportation Equipment	20.00%	-	-				-
32	341.1	Transportation Equipment - Golf Carts	7.83%	-	-				-
33	342	Stores Equipment	4.00%	-	-				-
34	343	Tools and Work Equipment	5.00%	-	-				-
35	344	Laboratory Equipment	10.00%	-	-				-
36	345	Power Operated Equipment	5.00%	-	-				-
37	346	Communications Equipment	10.00%	-	-				-
38	347	Miscellaneous Equipment	10.00%	-	-				-
39	347.1	Miscellaneous Equipment - CNG	3.33%	-	-				-
40	348	Other Tangible Plant	10.00%	-	-				-
41									
42									
43		Subtotal		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
44									
45	903	Land and Land Rights	0.00%						-
46	904	Structures and Improvements	2.56%						-
47	940	Office Furniture and Fixtures	8.67%						-
48	940.1	Computers and Software	20.00%						-
49	940.2	Customer First	5.00%						-
50	955	Power Generation	5.00%						-
51	995	Power Operated Equipment	5.00%						-
52		Subtotal		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
53									
54		Total		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
55									
56									
57		<u>SUPPORTING SCHEDULE</u>							
58		Work papers							
59									

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - B

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Witness: Bourasso

No.			Plant	Settlement	Direct						
1	Place-Holder AFUDC A/D			2019	2020	2021	2022	2023	2024	Settlement	
2											
3											
4	Acoo	Depr	Settle-								
5	No.	Rate	ment	2019	2020	2021	2022	2023	2024	Settlement	
6	Description		Adjust-	Adjus-	Adjus-	Adjus-	Adjus-	Adjus-	Adjus-	Adjus-	
7	Organization Cost	0.00%	\$ -	-	-	-	-	-	-	-	
8	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	
9	Land and Land Rights	0.00%	(312.37)	-	-	-	-	-	-	-	
10	Structures and Improvements	3.33%	(9,605.11)	-	-	-	-	-	(160)	(160)	
11	Collecting and Impounding Res.	2.50%	-	-	-	-	-	-	-	-	
12	Lake River and Other Intakes	2.50%	-	-	-	-	-	-	-	-	
13	Weirs and Springs	3.33%	(47,336.13)	-	(12)	(23)	(349)	(676)	(1,128)	(2,186)	
14	Infiltration Galleries and Tunnels	6.67%	-	-	-	-	-	-	-	-	
15	Supply Mains	2.00%	(1,069.32)	-	-	(11)	(21)	(21)	(21)	(76)	
16	Power Generation Equipment	5.00%	(41.36)	-	-	-	-	-	(1)	(1)	
17	Solar Generator	6.67%	-	-	-	-	-	-	-	-	
18	Electric Pumping Equipment	12.50%	(6,333.32)	-	(337)	(673)	(676)	(679)	(735)	(3,099)	
19	Water Treatment Equipment	3.33%	-	-	-	-	-	-	-	-	
20	Water Treatment Plant	3.33%	(17,843.06)	(45)	(92)	(211)	(385)	(402)	(468)	(1,613)	
21	Chemical Solution Feeders	20.00%	(437.42)	-	(44)	(87)	(87)	(87)	(87)	(394)	
22	Dist. Reservoirs & Standpipe	2.22%	-	-	-	-	-	-	-	-	
23	Storage tanks	2.22%	-	-	-	-	-	-	-	-	
24	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	
25	Trans. and Dist. Mains	2.00%	-	-	-	-	-	-	-	-	
26	Services	3.33%	-	-	-	-	-	-	-	-	
27	Meters	8.33%	-	-	-	-	-	-	-	-	
28	Hydrants	2.00%	-	-	-	-	-	-	-	-	
29	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-	-	
30	Other Plant and Misc. Equip.	6.67%	(18.13)	-	-	-	-	-	(1)	(1)	
31	Office Furniture and Fixtures	6.67%	-	-	-	-	-	-	-	-	
32	Computers and Software	20.00%	-	-	-	-	-	-	-	-	
33	Transportation Equipment	20.00%	(357.72)	-	-	-	-	-	(36)	(36)	
34	Transportation Equipment - Golf Carts	7.83%	-	-	-	-	-	-	-	-	
35	Stores Equipment	4.00%	-	-	-	-	-	-	-	-	
36	Tools and Work Equipment	5.00%	-	-	-	-	-	-	-	-	
37	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	-	
38	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	
39	Communications Equipment	10.00%	(108.68)	-	-	-	(5)	(11)	(11)	(27)	
40	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	-	
41	Miscellaneous Equipment - CNG	3.33%	-	-	-	-	-	-	-	-	
42	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-	
43	Subtotal		\$ (83,463) \$	(45) \$	(484) \$	(1,006) \$	(1,504) \$	(1,876) \$	(2,676) \$	(7,591)	
44											
45											
46											
47	SUPPORTING SCHEDULE										
48	Work papers										
49											
RECAP SCHEDULES:											
B-2, page 6											

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division

Test Year Ended December 31, 2024

Original Cost Rate Base Proforma Adjustments

Adjustment Number 2 - E

Exhibit

Settlement Schedule B-2

Page 4.10

Witness: Bourassa

Line

No.

<u>Reconciliation of A/D to A/D Reconstruction</u>						
	Test Year					
	Adjusted		B-2	Adjusted	Plant	Settlement
	Original			Original	Per	A/D
	Cost	Adjustments	Cost	Reconstruction	Difference	
	\$	\$	\$	\$	\$	\$
108	A/D Unclassified	-	-	-	-	-
301	Organization Cost	-	-	-	-	-
302	Franchise Cost	-	-	-	-	-
303	Land and Land Rights	-	-	-	-	-
304	Structures and Improvements	14,128,260	(160)	14,128,100	14,128,100	(0)
305	Collecting and Impounding Res.	-	-	-	-	-
306	Lake River and Other Intakes	-	-	-	-	-
307	Wells and Springs	2,980,937	7,143	2,988,081	2,988,081	(0)
308	Infiltration Galleries and Tunnels	-	-	-	-	-
309	Supply Mains	321,760	(75)	321,685	321,685	0
310	Power Generation Equipment	333,558	(1)	333,557	333,557	(0)
310.1	Solar Generator	1,574,138	-	1,574,138	1,574,138	-
311	Electric Pumping Equipment	3,424,285	793	3,425,078	3,425,078	(0)
320	Water Treatment Equipment	459,514	(482,544)	(23,030)	(1)	23,030
320.1	Water Treatment Plant	2,021,928	376,918	2,398,847	2,486,726	87,879
320.2	Chemical Solution Feeders	14,833	628,703	643,536	485,342	(158,194)
330	Dist. Reservoirs & Standpipe	11,678	(11,678)	1	0	(0)
330.1	Storage tanks	293,859	2,487	296,346	296,346	0
330.2	Pressure Tanks	487,805	-	487,805	487,805	-
331	Trans. and Dist. Mains	16,848,750	48,281	16,897,031	16,976,126	79,095
333	Services	3,531,916	58	3,531,974	3,531,974	0
334	Meters	6,368,388	451	6,368,840	6,368,840	(0)
335	Hydrants	1,165,378	(151)	1,165,227	1,165,227	0
336	Backflow Prevention Devices	69,798	-	69,798	69,798	-
339	Other Plant and Misc. Equip.	329,474	10,455	339,929	346,482	6,553
340	Office Furniture and Fixtures	698,115	(4,567)	693,548	693,548	(0)
340.1	Computers and Software	35,539	(17,656)	17,883	(4,228)	(22,111)
341	Transportation Equipment	814,573	(36)	814,538	814,537	(0)
341.1	Transportation Equipment - Golf C:	25,395	899	26,293	26,293	(0)
342	Stores Equipment	25,253	-	25,253	25,253	-
343	Tools and Work Equipment	55,812	(413)	55,400	55,400	0
344	Laboratory Equipment	13,568	-	13,568	13,568	-
345	Power Operated Equipment	15,063	-	15,063	15,063	-
346	Communications Equipment	772,378	(27)	772,351	772,351	0
347	Miscellaneous Equipment	11,038	(12,060)	(1,022)	(1,022)	(0)
347.1	Miscellaneous Equipment - CNG	131,557	-	131,557	131,557	-
348	Other Tangible Plant	130,462	-	130,462	130,462	-
TOTALS	\$ 57,095,013	\$ 546,821	\$ 57,641,833	\$ 57,658,085	\$ 16,252	

SUPPORTING SCHEDULE

B-2, pages 4.1 through 4.9

RECAP SCHEDULES:

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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Original Cost Rate Base Proforma Adjustments
Adjustment 3

Exhibit
Settlement Schedule B-2
Page 5
Witness: Bourassa

Contributions-in-Aid of Construction (CIAC) and Accumulated Amortization

Line No.		Gross CIAC	Accumulated Amortization
1			
2			
3			
4			
5	Settlement Computed balance at End of Test Year	\$ 50,096,804	\$ 9,507,740
6			
7	Adjusted Balance at End of Test Year	47,178,391	9,426,295
8			
9	Increase (decrease)	\$ 2,918,413	\$ 81,445
10			
11			
12	Adjustment to CIAC/AA CIAC	\$ 2,918,413	\$ 81,445
13	Label	4a	4b
14			

1
2 SUPPORTING SCHEDULES
3 E-1
4 B-2, page 5.1
5
6

RECAP SCHEDULES:
B-2, page 2

Liberty Utilities (Electricity, Water & Sewer) Corp. - Water Division
Fiscal Year Ended December 31, 2016
Original Cost Rate Base Proforma Adjustments
Contributions-in-Aid of Construction and Amortization
Adjustment 3

[illegible]

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
 Test Year Ended December 31, 2024
 Original Cost Rate Base Proforma Adjustments
 Adjustment 4
Advances-in-Aid of Construction (AIAC)

Exhibit
 Settlement Schedule B-2
 Page 6
 Witness: Bourassa

Line
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Settlement Computed balance at End of Test Year	\$ 5,646,964
Adjusted balance at End of Test Year	<u>6,827,331</u>
Increase (decrease)	\$ (1,180,367)

SUPPORTING SCHEDULES
 E-1
 B-2, page 6.1

RECAP SCHEDULES:
 B-2, page 2

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division

Test Year Ended December 31, 2024
Advances-In-Aid of Construction (AIAC)

Exhibit
Settlement Schedule B-2
Page 6.1
Witness: Bourassa

Line No.	Decision Balance 12/31/2016	2017		2018		2019	
		Additions	Balance 12/31/2017	Additions	Balance 12/31/2018	Additions	Balance 12/31/2019
5	\$ 16,306,103	\$ -	\$ 9,298,376	\$ -	\$ 9,242,557	\$ -	\$ 5,639,408
6							
7	<u>Details</u>						
8	Additions	954,872		-			
9	Refunds	(201,109)		(55,816.38)		(25,837.26)	
10	AIAC to CIAC	(7,761,491)		-		(3,577,311.83)	
11	AIAC in Progress						
12	Rate Case Correction AIAC from Sewer						
13							
14	Total AIAC	\$ 16,306,103	\$ (7,007,727)	\$ 9,298,376	\$ (55,818)	\$ (3,603,149)	\$ 5,639,408

Liberty Utilities (Litchfield Park Water & Sewer) Corp
Test Year Ended December 31, 2024
Advances-in-Aid of Construction (AIAC)

Exhibit
Settlement Schedule B-2
Page 6.2
Witness: Bourassa

Line No.	2020		2021		2022	
	Additions	Balance 12/31/2020	Additions	Balance 12/31/2021	Additions	Balance 12/31/2022
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Liberty Utilities (Litchfield Park Water & Sewer) Corp
Test Year Ended December 31, 2024
Advances-in-Aid of Construction (AIAC)

Exhibit
Settlement Schedule B-2
Page 6.3
Witness: Bourassa

Line No.	2023		2024		TEST Year End	
	Additions	Balance 12/31/2023	Additions	Balance 12/31/2024	Additions	Balance 12/31/2024
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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Accumulated Deferred Income Taxes (ADIT)

Exhibit
Settlement Schedule B-2
Page 7.0
Witness: Bourassa

Line No.	Description	Book	Tax	Difference	Tax Rate	ADIT Impact
1	PTY Plant	\$ 8,954,582	\$ 8,954,582	\$ -	24.87%	\$ -
2	CWIP Transfers	7,428,064	7,428,064	-	24.87%	-
3	Capitalized Overhead	(1,828,934)	(1,828,934)	-	24.87%	-
4	PTY Plant A/D	220,056	238,514	18,458	24.87%	4,581
5	CWIP Transfers A/D	237,349	156,829	(80,720)	24.87%	(20,076)
6	Capitalized Overhead A/D	(235,513)	(207,753)	27,759	24.87%	6,904
7	A/D Reconciliation Adjustment	16,252	-	(16,252)	24.87%	(4,042)
8	Net AIAC Adjustment	(1,180,367)	-	1,180,367	24.87%	293,569
9	Net CIAC Adjustment	2,836,969	-	(2,836,969)	24.87%	(705,582)
11	Increase(decrease) in ADIT	\$ 16,448,457	\$ 14,741,102	\$ (1,707,355)		\$ (424,636)
13	Per Direct					\$ 376,818
14	Increase(decrease) in ADIT from above					(424,636)
16	Adjustment to ADIT					<u>\$ (801,454)</u>
22	SUPPORTING SCHEDULES					
23	B-2, Page 4.2					
24	B-2, Page 4.3					
25	B-2, Page 4.4					
26	B-2, Page 4.5					
27	B-2, Page 7.1					
28	B-2, Page 7.2					
29	B-2, page 5					
30	Work papers					

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Computation of Tax Depreciation on PTY Plant and CWIP Transfers

Exhibit
Settlement Schedule B-2
Page 7.1
Witness: Bourassa

Line

No.

Post-Test Year Plant and CWIP Transfers A/D

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Acct. No.	Description	Life (yrs)	Method	Tax Depr Rate	PTY Plant	PTYP Depreciation	CWIP Transfers	CWIP Transfer Depreciation
301	Organization Cost			0.00%	\$ -	\$ -	\$ -	\$ -
302	Franchise Cost			0.00%	-	-	-	-
303	Land and Land Rights			0.00%	-	-	-	-
304	Structures and Improvements	25	SL	4.00%	-	-	-	-
305	Collecting and Impounding Res.	25	SL	4.00%	-	-	-	-
306	Lake River and Other Intakes	25	SL	4.00%	-	-	-	-
307	Wells and Springs	25	SL	4.00%	7,318,151	146,363	1,102,732	22,055
308	Infiltration Galleries and Tunnels	25	SL	4.00%	-	-	-	-
309	Supply Mains	25	SL	4.00%	-	-	6,298	126
310	Power Generation Equipment	25	SL	4.00%	-	-	-	-
310.1	Solar Generator	25	SL	4.00%	-	-	-	-
311	Electric Pumping Equipment	25	SL	4.00%	455,232	-	1,666,893	33,338
320	Water Treatment Equipment	25	SL	4.00%	-	-	-	-
320.1	Water Treatment Plant	25	SL	4.00%	-	-	748,503	14,970
320.2	Chemical Solution Feeders	25	SL	4.00%	64,549	1,291	-	-
330	Dist. Reservoirs & Standpipe	25	SL	4.00%	-	-	1,052,044	21,041
330.1	Storage tanks	25	SL	4.00%	224,051	4,481	-	-
330.2	Pressure Tanks	25	SL	4.00%	-	-	-	-
331	Trans. and Dist. Mains	25	SL	4.00%	(0)	(0)	174,133	3,483
333	Services	25	SL	4.00%	113,469	2,269	657,025	13,140
334	Meters	25	SL	4.00%	301,465	6,029	1,596,900	31,938
335	Hydrants	25	SL	4.00%	(0)	(0)	322,693	6,454
336	Backflow Prevention Devices	25	SL	4.00%	-	-	-	-
339	Other Plant and Misc. Equip.	25	SL	4.00%	-	-	-	-
340	Office Furniture and Fixtures	5	SL	20.00%	-	-	28,488	2,849
340.1	Computers and Software	3	SL	33.33%	-	-	-	-
341	Transportation Equipment	5	SL	20.00%	-	-	72,354	7,235
341.1	Transportation Equipment - Golf Carts	5	SL	20.00%	22,952	2,295	-	-
342	Stores Equipment	7	MACRS	14.28%	-	-	-	-
343	Tools and Work Equipment	7	MACRS	14.28%	(0)	(0)	-	-
344	Laboratory Equipment	7	MACRS	14.28%	-	-	-	-
345	Power Operated Equipment	10	MACRS	10.00%	-	-	-	-
346	Communications Equipment	5	MACRS	20.00%	-	-	-	-
347	Miscellaneous Equipment	10	MACRS	10.00%	-	-	-	-
347.1	Miscellaneous Equipment - CNG	25	SL	4.00%	-	-	-	-
348	Other Tangible Plant	25	SL	4.00%	-	-	-	-
Subtotal					\$ 8,499,670	\$ 162,729	\$ 7,428,064	\$ 156,629
903	Land and Land Rights			0.00%	\$ -	\$ -	\$ -	\$ -
904	Structures and Improvements	25	SL	4.00%	-	-	-	-
940	Office Furniture and Fixtures	5	SL	20.00%	-	-	-	-
940.1	Computers and Software	3	SL	33.33%	454,712.27	75,785.38	-	-
940.2	Customer First	3	SL	33.33%	-	-	-	-
955	Power Generation	25	SL	4.00%	-	-	-	-
995	Power Operated Equipment	25	SL	4.00%	-	-	-	-
997	Miscellaneous Equipment	26	SL	4.00%	-	-	-	-
Subtotal					\$ 454,712	\$ 75,785	\$ -	\$ -
Total					\$ 8,954,382	\$ 238,514	\$ 7,428,064	\$ 156,629

SUPPORTING SCHEDULE

Work papers

RECAP SCHEDULES:

B-2, page 4

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
Tax Year Ended December 31, 2024
Computation of Tax Depreciation on Capitalized Overhead Adjustments

Exhibit
Schedule B-2
Page 72
Witness: Bourassa

Line No.	Description	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000	3001	3002	3003	3004	3005	3006	3007	3008	3009	3010	3011	3012	3013	3014	3015	3016	3017	3018	3019	3020	3021	3022	3023	3024	3025	3026	3027	3028	3029	3030	3031	3032	3033	3034	3035	3036	3037	3038	3039	3040	3041	3042	3043	3044	3045	3046	3047	3048	3049	3050	3051	3052	3053	3054	3055	3056	3057	3058	3059	3060	3061	3062	3063	3064	3065	3066	3067	3068	3069	3070	3071	3072	3073	3074	3075	3076	3077	3078	3079	3080	3081	3082	3083	3084	3085	3086	3087	3088	3089	3090	3091	3092	3093	3094	3095	3096	3097	3098	3099	3100	3101	3102	3103	3104	3105	3106	3107	3108	3109	3110	3111	3112	3113	3114	3115	3116	3117	3118	3119	3120	3121	3122	3123	3124	3125	3126	3127	3128	3129	3130	3131	3132	3133	3134	3135	3136	3137	3138	3139	3140	3141	3142	3143	3144	3145	3146	3147	3148	3149	3150	3151	3152	3153	3154	3155	3156	3157	3158	3159	3160	3161	3162	3163	3164	3165	3166	3167	3168	3169	3170	3171	3172	3173	3174	3175	3176	3177	3178	3179	3180	3181	3182	3183	3184	3185	3186	3187	3188	3189	3190	3191	3192	3193	3194	3195	3196	3197	3198	3199	3200	3201	3202	3203	3204	3205	3206	3207	3208	3209	3210	3211	3212	3213	3214	3215	3216	3217	3218	3219	3220	3221	3222	3223	3224	3225	3226	3227	3228	3229	3230	3231	3232	3233	3234	3235	3236	3237	3238	3239	3240	3241	3242	3243	3244	3245	3246	3247	3248	3249	3250	3251	3252	3253	3254	3255	3256	3257	3258	3259	3260	3261	3262	3263	3264	3265	3266	3267	3268	3269	3270	3271	3272	3273	3274	3275	3276	3277	3278	3279	3280	3281	3282	3283	3284	3285	3286	3287	3288	3289	3290	3291	3292	3293	3294	3295	3296	3297	3298	3299	3300	3301	3302	3303	3304	3305	3306	3307	3308	3309	3310	3311	3312	3313	3314	3315	3316	3317	3318	3319	3320	3321	3322	3323	3324	3325	3326	3327	3328	3329	3330	3331	3332	3333	3334	3335	3336	3337	3338	3339	3340	3341	3342	3343	3344	3345	3346	3347	3348	3349	3350	3351	3352	3353	3354	3355	3356	3357	3358	3359	3360	3361	3362	3363	3364	3365	3366	3367	3368	3369	3370	3371	3372	3373	3374	3375	3376	3377	3378	3379	3380	3381	3382	3383	3384	3385	3386	3387	3388	3389	3390	
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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Original Cost Rate Basic Proforma Adjustments
Adjustment 6
Excess Accumulated Deferred Income Tax EADIT

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Settlement Schedule B-2
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Line		
No.		
1		
2		
3		<u>TY Balance</u>
4	Accumulated Deferred Income Tax Under New Tax Rates - Asset (Liability)	\$ (1,505,147)
5		
6	Accumulated Deferred Income Tax Under New Tax Rates - Asset (Liability) Per GL	<u>\$ (1,505,147)</u>
7		
8	Excess Accumulated Deferred Income Tax EADIT	\$ (0)
9		
10	TY EADIT Balance	<u>\$ (1,505,147)</u>
11		
12		
13		
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23		
24		
25	<u>SUPPORTING SCHEDULES</u>	<u>RECAP SCHEDULES:</u>
26	E-1	B-2, page 2
27	Work Papers	
28		
29		
30		

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Original Cost Rate Base Proforma Adjustments
Adjustment 6

Exhibit
Settlement Schedule B-2
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Line No.	Last Rate Case Decision	Water	Waste Water	Total	
1	EADIT Balance 12/31/2017	\$ 2,031,159	\$ 2,236,878	\$ 4,268,037	3.700%
2	Amortization Period:	27.03	25.06		
3	Annual Amortization	\$ 75,145	\$ 89,261	\$ 164,406	
4	Start Date:	1/1/2018	1/1/2018		
5	Tax Rate:	24.870%	24.870%		
6					
7					
8					
9					
10					
11					
12					
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EADIT Amortization Activity					
Year	Months	Opening Balance	Amortization	Ending Balance	
2018	12	\$ 2,031,159	\$ 75,145	\$ 1,956,014	
2019	12	1,956,014	75,145	1,880,870	
2020	12	1,880,870	75,145	1,805,725	
2021	12	1,805,725	75,145	1,730,581	
2022	12	1,730,581	75,145	1,655,436	
2023	12	1,655,436	75,145	1,580,291	
2024	12	1,580,291	75,145	1,505,147	

RECAP SCHEDULES:
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Settlement Schedule B-5
Page 1
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Cash Working Capital

Line No.	Description	Proforma Test Year Amount ¹	Revenue Lag (Lead) Days	Expense Lag (Lead) Days	Net Lag (Lead) Days	Lead/Lag Factor	Cash Working Capital Required
	(A)	(B)	(C)	(D)	(E)	(F)	Col. B * Col. F
7	OPERATING EXPENSES	\$					
8	Salaries and Wages	-	44.29	-	44.29	0.12133956	\$
9	Purchased Water	237,928	44.29	47.89	(3.60)	(0.00986592)	(2,347)
10	Purchased Power	1,625,201	44.29	51.34	(7.05)	(0.01931797)	(31,396)
11	Chemicals	1,220,885	44.29	40.06	4.23	0.01158614	14,145
12	Fuel for Power Production	0	44.29	-	44.29	0.12133956	0
13	Materials and Supplies	93,474	44.29	29.91	14.38	0.03939438	3,882
14	Contractual Services - Engineering	-	44.29	-	44.29	0.12133956	-
15	Contractual Services - Accounting	-	44.29	-	44.29	0.12133956	-
16	Contractual Services - Legal	47,202	44.29	70.82	(26.33)	(0.07213989)	(3,405)
17	Contractual Services - Management	4,344,125	44.29	35.00	9.29	0.02544915	110,554
18	Contractual Services - Testing	76,015	44.29	45.88	(1.59)	(0.00435907)	(331)
19	Contractual Services - Other	234,557	44.29	71.50	(27.21)	(0.07455085)	(17,486)
20	Rental of Building/Real Property	-	44.29	-	44.29	0.12133956	-
21	Rental of Equipment	22,906	44.29	15.81	28.48	0.07802449	1,787
22	Transportation	159,379	44.29	42.08	2.21	0.00605189	965
23	Insurance - Vehicle	9,448	44.29	(182.50)	226.79	0.62133956	5,871
24	Insurance - General Liability	116,161	44.29	(182.50)	226.79	0.62133956	72,176
25	Advertising Expense	38,036	44.29	60.45	(16.16)	(0.04427688)	(1,684)
26	Water Conservation Expense	86,790	44.29	11.34	32.95	0.09027107	7,835
27	Miscellaneous	267,146	44.29	44.20	0.09	0.00024367	65
28	Customer Deposit Interest	-	44.29	184.00	(139.71)	(0.38277003)	-
29							
30							
31	TAXES						
32	General Taxes-Property ¹	629,353	44.29	213.96	(169.67)	(0.46484765)	\$ (282,553)
33	General Taxes-Other	16,087	44.29	-	44.29	0.12133956	1,952
34	Income Tax ¹	1,195,317	44.29	37.00	7.29	0.019895970	23,670
35							
36	OTHER						
37	Interest expense	1,755,095	44.29	50.00	(5.71)	(0.01554674)	(27,462)
38							
39	TOTAL	\$ 12,175,106					\$ (133,763)
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¹Al proposed rates.
SUPPORTING SCHEDULES
Work papers

RECAP SCHEDULES:
B-2, page 2

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Income Statement

Exhibit
Settlement Schedule C-1
Page 1
Witness: Bourassa

Line No.		Test Year Adjusted Results	Settlement Adjustment	Test Year Settlement Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	Revenues					
2	Metered Water Revenues	\$ 15,967,126	\$ -	\$ 15,967,126	\$ 5,316,591	\$ 21,283,717
3	Other Water Revenues	184,885	-	184,885	-	184,885
4	Total Operating Revenues	<u>\$ 16,152,011</u>	<u>\$ -</u>	<u>\$ 16,152,011</u>	<u>\$ 5,316,591</u>	<u>\$ 21,468,602</u>
5	Operating Expenses					
6	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -
7	Purchased Water	237,928	-	237,928	-	237,928
8	Purchased Power	1,626,446	(1,245)	1,625,201	-	1,625,201
9	Chemicals	1,220,885	-	1,220,885	-	1,220,885
10	Fuel for Power Production	0	-	0	-	0
11	Materials and Supplies	93,474	-	93,474	-	93,474
12	Contractual Services - Engineering	-	-	-	-	-
13	Contractual Services - Accounting	-	-	-	-	-
14	Contractual Services - Legal	47,202	-	47,202	-	47,202
15	Contractual Services - Management	4,553,839	(209,714)	4,344,125	-	4,344,125
16	Contractual Services - Testing	93,139	(17,124)	76,015	-	76,015
17	Contractual Services - Other	234,557	-	234,557	-	234,557
18	Rental of Building/Real Property	-	-	-	-	-
19	Rental of Equipment	22,906	-	22,906	-	22,906
20	Transportation	159,379	-	159,379	-	159,379
21	Insurance - Vehicle	9,448	-	9,448	-	9,448
22	Insurance - General Liability	116,161	-	116,161	-	116,161
23	Advertising Expense	38,036	-	38,036	-	38,036
24	Reg. Commission Exp. - Rate Case	-	-	-	-	-
25	Reg. Commission Exp. - Other	-	-	-	-	-
26	Water Conservation Expense	86,790	-	86,790	-	86,790
27	Bad Debt Expense	152,674	(27,550)	125,324	77,870	203,194
28	Miscellaneous	267,146	-	267,146	-	267,146
29	Depreciation & Amortization	5,379,897	(3,039)	5,376,858	-	5,376,858
30	Taxes Other Than Income	16,087	-	16,087	-	16,087
31	Property Taxes	603,667	(36,970)	566,697	62,656	629,353
32	Income Tax	(143,435)	51,412	(92,023)	1,267,339	1,195,317
33	Customer Deposit Interest	-	27,550	27,550	-	27,550
34	Total Operating Expenses	<u>\$ 14,816,427</u>	<u>\$ (216,680)</u>	<u>\$ 14,599,747</u>	<u>\$ 1,427,865</u>	<u>\$ 16,027,612</u>
35	Operating Income	<u>\$ 1,335,584</u>	<u>\$ 216,680</u>	<u>\$ 1,552,264</u>	<u>\$ 3,888,726</u>	<u>\$ 5,440,989</u>
36	Other Income (Expense)					
37	Interest and Dividend Income	-	-	-	-	-
38	AFUDC Income	253,107	-	253,107	-	253,107
39	Miscellaneous Non-Utility Expenses	12,871	-	12,871	-	12,871
40	Interest Expense	(1,824,548)	69,452	(1,755,096)	-	(1,755,096)
41	Non Utility Income	-	-	-	-	-
42						
43	Total Other Income (Expense)	<u>\$ (1,558,569)</u>	<u>\$ 69,452</u>	<u>\$ (1,489,117)</u>	<u>\$ -</u>	<u>\$ (1,489,117)</u>
44	Net Profit (Loss)	<u>\$ (222,985)</u>	<u>\$ 286,132</u>	<u>\$ 63,146</u>	<u>\$ 3,888,726</u>	<u>\$ 3,951,872</u>

SUPPORTING SCHEDULES:

C-1, page 2

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RECAP SCHEDULES:

A-1

Liberty Utilities (Richfield Park Water & Sewer) Corp. - Water Division

dba Liberty Utilities

Test Year Ended December 31, 2024

Income Statement

Exhibit
Settlement Schedule C-1
Page 2.1
Witness: Bourassa

Line No.	Revenues	1 Test Year Adjusted Results	2 Depreciation & Amortization	3 Property Taxes	4 Contractual Svcs. Mgmt. Exp.	5 Water Testing Exp.	6 Consumer Deposit Interest	7 Purchase Power	8 Bad Debt Expense
1	Metered Water Revenues	\$ 15,957,126							
2	Other Water Revenues	184,885							
3	Total Operating Revenues	\$ 16,152,011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	Operating Expenses								
5	Salaries and Wages	237,928							
6	Purchased Water	1,626,446							
7	Purchased Power	1,220,885							
8	Chemicals	0							
9	Fuel for Power Production	93,474							
10	Materials and Supplies	-							
11	Contractual Services - Engineering	47,202							
12	Contractual Services - Accounting	4,553,839							
13	Contractual Services - Legal	93,139							
14	Contractual Services - Management	234,557							
15	Contractual Services - Testing	-							
16	Contractual Services - Other	22,806							
17	Rental of Building/Real Property	159,379							
18	Rental of Equipment	9,448							
19	Transportation	116,161							
20	Insurance - Vehicle	38,036							
21	Insurance - General Liability	-							
22	Regulatory Commission Expense	-							
23	Reg. Commission Exp. - Rate Case	-							
24	Reg. Commission Exp. - Other	86,790							
25	Water Conservation Expense	152,874							
26	Bad Debt Expense	267,146							
27	Miscellaneous	5,379,897							
28	Depreciation & Amortization	16,067							
29	Taxes Other Than Income	603,667							
30	Property Taxes	(143,435)							
31	Income Tax	-							
32	Customer Deposit Interest	-							
33	Total Operating Expenses	\$ 14,816,427	\$ (3,039)	\$ (36,970)	\$ (209,714)	\$ (17,124)	\$ (27,550)	\$ (1,245)	\$ (27,550)
34	Operating Income	\$ 1,335,584	\$ 3,039	\$ 36,970	\$ 209,714	\$ 17,124	\$ (27,550)	\$ 1,245	\$ 27,550
35	Other Income (Expense)								
36	Interest and Dividend Income	-							
37	AFUDC Income	253,107							
38	Miscellaneous Non-Utility Expenses	12,871							
39	Interest Expense	(1,824,548)							
40	Non Utility Income	-							
41	Total Other Income (Expense)	\$ (1,558,569)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
42	Net Profit (Loss)	\$ (222,985)	\$ 3,039	\$ 36,970	\$ 209,714	\$ 17,124	\$ (27,550)	\$ 1,245	\$ 27,550

SUPPORTING SCHEDULES:

C-2

E-2

DOCKET NO. W-01427A-25-0126, ET AL.

Liberty Utilities (Litchfield Park Water & Sewer) C
dba Liberty Utilities

Test Year Ended December 31, 2024
Income Statement

Exhibit
Schedule C-1
Page 2.2
Witness: Bourassa

Line No.		9	10	11	12	13	14	Test Year Adjusted Results	Proposed Rate Increase	Settlement Adjusted with Rate Increase
1	Revenues	Intentionally Left Blank	Intentionally Left Blank	Intentionally Left Blank	Intentionally Left Blank	Interest Synd.	Income Taxes			
2	Metered Water Revenues							\$ 15,967,126	\$ 5,316,591	\$ 21,283,717
3	Other Water Revenues							184,885		184,885
4	Total Operating Revenues							\$ 16,152,011	\$ 5,316,591	\$ 21,468,602
5	Operating Expenses									
6	Salaries and Wages									
7	Purchased Water							237,928		237,928
8	Purchased Power							1,625,201		1,625,201
9	Chemicals							1,220,885		1,220,885
10	Fuel for Power Production							0		0
11	Materials and Supplies							93,474		93,474
12	Contractual Services - Engineering									
13	Contractual Services - Accounting									
14	Contractual Services - Legal							47,202		47,202
15	Contractual Services - Management							4,344,125		4,344,125
16	Contractual Services - Testing							76,015		76,015
17	Contractual Services - Other							234,557		234,557
18	Rental of Building/Real Property									
19	Rental of Equipment									
20	Transportation							22,906		22,906
21	Insurance - Vehicle							159,379		159,379
22	Insurance - General Liability							9,448		9,448
23	Regulatory Commission Expense							116,161		116,161
24	Reg. Commission Exp. - Rate Case							38,036		38,036
25	Reg. Commission Exp. - Other									
26	Water Conservation Expense									
27	Bad Debt Expense									
28	Miscellaneous							86,790		86,790
29	Depreciation & Amortization							125,324	77,870	203,194
30	Taxes Other Than Income							267,146		267,146
31	Property Taxes							5,376,858		5,376,858
32	Income Tax							16,087		16,087
33	Customer Deposit Interest							566,697	62,656	629,353
34	Total Operating Expenses							(92,023)	1,287,339	1,195,317
35	Operating Income							27,550		27,550
36	Other Income (Expense)									
37	Interest and Dividend Income									
38	AFUDC Income									
39	Miscellaneous Non-Utility Expenses							253,107		253,107
40	Interest Expense							12,871		12,871
41	Non Utility Income							(1,755,096)		(1,755,096)
42										
43	Total Other Income (Expense)							\$ (1,499,117)	\$ -	\$ (1,499,117)
44	Net Profit (Loss)							\$ 63,146	\$ 3,888,726	\$ 3,951,872
45										

SUPPORTING SCHEDULES:

C-2
E-2

RECAP SCHEDULES:
C-1, page 1

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
Test Year Ended December 31, 2024
Adjustments to Revenues and Expenses

Exhibit
Schedule C-2
Page 1
Witness: Bourassa

Line No.	<u>Adjustments to Revenues and Expenses</u>						<u>Subtotal</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	
	<u>Depreciation & Amortization</u>	<u>Property Taxes</u>	<u>Contractual Svcs. Mgmt Exp.</u>	<u>Water Testing Exp.</u>	<u>Customer Deposit Interest</u>	<u>Purchase Power</u>	
1 Revenues	-	-	-	-	-	-	-
2 Expenses	(3,039)	(36,970)	(209,714)	(17,124)	27,550	(4,627)	(243,924)
3 Operating Income	3,039	36,970	209,714	17,124	(27,550)	4,627	243,924
4 Interest Expense							-
5 Other Income / Expense							-
6 Net Income	3,039	36,970	209,714	17,124	(27,550)	4,627	243,924
	<u>Adjustments to Revenues and Expenses</u>						<u>Subtotal</u>
	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	
	<u>Bad Debt Expense</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	
7 Revenues	-	-	-	-	-	-	-
8 Expenses	(27,550)	-	-	-	-	-	(271,474)
9 Operating Income	27,550	-	-	-	-	-	271,474
10 Interest Expense							-
11 Other Income / Expense							-
12 Net Income	27,550	-	-	-	-	-	271,474
	<u>Adjustments to Revenues and Expenses</u>						<u>Total</u>
	<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>			
	<u>Interest Synch.</u>	<u>Income Taxes</u>	<u>Interest Synch.</u>	<u>Income Taxes</u>			
13 Revenues							-
14 Expenses		51,412					(220,061)
15 Operating Income	-	(51,412)	-	-			220,061
16 Interest Expense	69,452						69,452
17 Other Income / Expense							-
18 Net Income	69,452	(51,412)	-	-			269,513

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Adjustments to Revenues and Expenses
Adjustment Number 1

Exhibit
Settlement Schedule C-2
Page 2
Witness: Bourassa

Depreciation Expense

Line No.	Acct. No.	Description	Adjusted Original Cost	Non-Depr. and Fully Depr. Plant	Fully Depr. Plant Adj	Depreciable Original Cost	Proposed Rates	Depreciation Expense
1	101	Plant-in-Service	\$ -	\$ -		\$ -		\$ -
2	301	Organization Cost	21,090	(21,090)		-	0.00%	-
3	302	Franchise Cost	-	-		-	0.00%	-
4	303	Land and Land Rights	3,093,743	(3,093,743)		-	0.00%	-
5	304	Structures and Improvements	31,896,410			31,896,410	3.33%	1,062,150
6	305	Collecting and Impounding Res.	-			-	2.50%	-
7	306	Lake, River and Other Intakes	-			-	2.50%	-
8	307	Wells and Springs	22,442,917			22,442,917	3.33%	747,349
9	308	Infiltration Galleries and Tunnels	-			-	6.67%	-
10	309	Supply Mains	4,233,597			4,233,597	2.00%	84,672
11	310	Power Generation Equipment	532,017	(224,813)		307,204	5.00%	15,360
12	310.1	Solar Generator	2,247,645			2,247,645	6.67%	140,918
13	311	Electric Pumping Equipment	9,026,881	(739,776)	(569,969)	7,717,134	12.50%	964,642
14	320	Water Treatment Equipment	(0)	0		(0)	3.33%	(0)
15	320.1	Water Treatment Plant	11,659,920			11,659,920	3.33%	386,275
16	320.2	Chemical Solution Feeders	580,825	(364,833)		215,992	20.00%	43,198
17	330	Dist. Reservoirs & Standpipe	0	1		1	2.22%	0
18	330.1	Storage tanks	1,136,035	0		1,136,035	2.22%	25,220
19	330.2	Pressure Tanks	490,054	(486,143)		3,911	5.00%	196
20	331	Trans. and Dist. Mains	53,004,770			53,004,770	2.00%	1,060,095
21	333	Services	7,896,164			7,896,164	3.33%	262,942
22	334	Meters	11,463,666	(1,936,576)		9,527,090	8.33%	793,607
23	335	Hydrants	3,979,630	-		3,979,630	2.00%	79,593
24	336	Backflow Prevention Devices	101,427	(36,387)		65,040	6.67%	4,205
25	339	Other Plant and Misc. Equip.	505,541	(259,531)		246,010	6.67%	16,409
26	340	Office Furniture and Fixtures	766,575	(650,746)		117,826	6.67%	7,859
27	340.1	Computers and Software	14,354	(26,629)		(12,274)	20.00%	(2,455)
28	341	Transportation Equipment	1,035,040	(796,782)		238,258	20.00%	47,652
29	341.1	Transportation Equipment - Golf Carts	52,207	-		52,207	7.83%	4,088
30	342	Stores Equipment	37,143	-		37,143	4.00%	1,466
31	343	Tools and Work Equipment	148,131	-		148,131	5.00%	7,407
32	344	Laboratory Equipment	16,537	(5,803)		9,734	10.00%	973
33	345	Power Operated Equipment	16,950	-		16,950	5.00%	948
34	346	Communications Equipment	1,006,934	(102,504)		1,504,430	10.00%	150,443
35	347	Miscellaneous Equipment	5,061	-		5,061	10.00%	506
36	347.1	Miscellaneous Equipment - CNG	468,490	-		468,490	3.33%	15,601
37	348	Other Tangible Plant	130,462	(130,462)		-	10.00%	-
38		SUBTOTAL	\$ 168,613,231	\$ (8,877,820)	\$ (569,969)	\$ 159,165,442		\$ 5,932,338
39								
40								
41	903	Land and Land Rights	\$ 26,060	\$ (26,060)		\$ -	0.00%	-
42	904	Structures and Improvements	940,326			940,326	2.56%	24,072
43	940	Office Furniture and Fixtures	219,955			219,955	6.67%	14,671
44	940.1	Computers and Software	1,505,319			1,505,319	20.00%	301,064
45	940.2	Customer First	5,865,609			5,865,609	5.00%	294,280
46	955	Power Generation	705			705	5.00%	35
47	955	Power Operated Equipment	116,519			116,519	5.00%	5,826
48		TOTALS	\$ 177,307,724	\$ (8,903,881)		\$ 167,833,875		\$ 6,572,287
49								
50								
51								
52		Less: Amortization of Contributions						
53	303	Land and Land Rights	\$ 229,065	(229,065)		-	0.00%	-
54	304	Structures and Improvements	\$ 609,937			609,937	3.33%	(20,311)
55	307	Wells and Springs	\$ 8,975,724			8,975,724	3.33%	(268,892)
56	309	Raw Water Supply Mains	\$ 1,467,063			1,467,063	2.00%	(29,341)
57	311	Electric Pumping Equipment	\$ 895,090	\$ (40,572)		854,518	12.50%	(106,815)
58	320	Water Treatment Equipment	\$ 1,526,791			1,526,791	3.33%	(50,842)
59	330	Distribution Reservoir and Standpipes	\$ 581,175			581,175	2.22%	(19,902)
60	331	Trans. and Dist. Mains	\$ 32,470,887			32,470,887	2.00%	(649,414)
61	333	Services	\$ 1,853,447			1,853,447	3.33%	(61,720)
62	334	Meters	\$ 43,196	\$ (41,899)		1,297	8.33%	(108)
63	335	Hydrants	\$ 1,297,193			1,297,193	2.00%	(26,944)
64	346	Communications Equipment	\$ 133,687			133,687	10.00%	(13,369)
65	339	Other Plant and Misc. Equip.	\$ 13,750			13,750	6.67%	(917)
66			\$ 50,096,804	\$ (311,536)		\$ 49,785,268		\$ (1,270,574)
67								
68		Amortization of Excess Def. Income Taxes and ITC						\$ -
69								
70								
71		Amortization of EADIT				1,505,147	3.6996%	75,145
72								\$ 75,145
73		Total Depreciation Expense						\$ 5,376,858
74								
75		Adjusted Test Year Depreciation Expense						5,379,897
76								
77		Increase (decrease) in Depreciation Expense						(3,039)
78								
79		Adjustment to Revenues and/or Expenses						\$ (3,039)
80								
81		SUPPORTING SCHEDULE						
82		B-2, page 3						

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
 Test Year Ended December 31, 2024
 Adjustment to Revenues and Expenses
 Adjustment Number 2

Exhibit
 Settlement Schedule C-2
 Page 3
 Witness: Bourassa

Property Taxes

Line No.	DESCRIPTION	Settlement Test Year as adjusted	Settlement Company Recommended
1	Company Adjusted Test Year Revenues	\$ 16,152,011	\$ 16,152,011
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	32,304,021	32,304,021
4	Company Recommended Revenue	16,152,011	21,468,602
5	Subtotal (Line 4 + Line 5)	48,456,032	53,772,623
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	16,152,011	17,924,208
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	32,304,021	35,848,415
10	Plus: 10% of CWIP (intentionally excluded)	-	-
11	Less: Net Book Value of Licensed Vehicles	246,416	246,416
12	Full Cash Value (Line 9 + Line 10 - Line 11)	32,057,605	35,601,999
13	Assessment Ratio	15.5%	15.5%
14	Assessment Value (Line 12 * Line 13)	4,968,929	5,518,310
15	Composite Property Tax Rate - Obtained from ADOR	11.4048%	11.4048%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$ 566,697	\$ 629,353
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	\$ 566,697	-
19	Test Year Property Taxes	\$ 603,667	-
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	\$ (36,970)	-
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		\$ 629,353
23	Company Test Year Adjusted Property Tax Expense (Line 18)		\$ 566,697
24	Increase in Property Tax Due to Increase in Revenue Requirement		\$ 62,656
25			
26	Increase in Property Tax Due to Increase in Revenue Requirement (Line 24)		\$ 62,656
27	Increase in Revenue Requirement		\$ 5,316,591
28	Increase in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		1.17850%
29			
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39			
40			

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
 Test Year Ended April 30, 2023
 Adjustment to Revenues and Expenses
 Adjustment Number 3

Exhibit
 Settlement Schedule C-2
 Page 4
 Witness: Bourassa

Contractual Services - Management

Line

No.

1		
2	Settlement Contractual Services - Management	\$ 4,344,125
3		
4	Adjusted TY Contractual Services - Management	<u>\$ 4,553,839</u>
5		
6	Increase (decrease) in Contractual Services - Management	\$ (209,714)
7		
8		
9		
10		
11	<u>Reference</u>	
12	Testimony	
13	Work Papers	
14		
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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
 Test Year Ended December 31, 2024
 Adjustment to Revenues and Expenses
 Adjustment Number 4

Exhibit
 Settlement Schedule C-2
 Page 5
 Witness: Bourassa

Water Testing

Line

No.

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Settlement Contractual Services - Testing

\$ 76,015

Adjusted TY Contractual Services - Testing

58,891

Increase (decrease) in Contractual Services - Management

\$ (17,124)

SUPPORTING SCHEDULES

Work papers

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
 Test Year Ended December 31, 2024
 Adjustment to Revenues and Expenses
 Adjustment Number 5

Exhibit
 Settlement Schedule C-2
 Page 6
 Witness: Bouressa

Customer Deposit Interest

Line

No.

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Settlement Customer Deposit Interest

\$ 27,550

Adjusted Test Year Customer Deposit Interest

-

Increase (decrease) in Contractual Services - Management

\$ 27,550

SUPPORTING SCHEDULES

Work papers

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Adjustment to Revenues and Expenses
Adjustment Number 6

Exhibit
Settlement Schedule C-2
Page 7
Witness: Bourassa

Purchase Power

Line

No.

1

2 Settlement Purchase Power

\$ 1,625,201

3

4 Adjusted Test Year Purchase Power

1,626,446

5

6 Increase (decrease) in Purchase Power

\$ (1,245)

7

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12 Reference

13 Testimony

14 Workpapers

15

16

17

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
 Test Year Ended December 31, 2024
 Adjustment to Revenues and Expenses
 Adjustment Number 7

Exhibit
 Settlement Schedule C-2
 Page 8
 Witness: Bourassa

Bad Debt Expense

Line No.	Revenues	Bad Debt Expense	Rate	Proposed Rate
1	Bad Debt Rate 2022	\$ 14,880,083	\$ (7,077)	-0.048%
2	Bad Debt Rate 2023	\$ 15,418,162	\$ 325,508	2.112%
3	Bad Debt Rate 2024	\$ 16,043,785	\$ 124,402	0.775%
4				
5	Average of three year's of bad debt expense rate		0.946%	0.946%
6				
7			Adjusted TY	Proposed
8				
9	Revenues		\$ 16,152,011	\$ 21,468,602
10				
11	Computed Bad Debt Expense		\$ 152,874	\$ 203,194
12				
13				
14	Computed Bad Debt Expense		\$ 152,874	
15	Test Year Bad Debt Expense		152,874	
16	Change in Bad Debt Expense		<u>\$ 0</u>	
17				
18	Bad Debt Expense on Company recommended revenue		\$	203,194
19	Company Test Year Adjusted Bad Debt Expense		\$	152,874
20	Settlement Adjustment		\$	(27,550)
21	Increase in Bad Debt due to Increase in Revenue Requirement		<u>\$</u>	<u>77,870</u>
22				
23	Increase in Bad Debt Expense Due to Increase in Revenue Requirement		\$	77,870
24	Increase in Revenue Requirement		\$	5,316,591
25	Increase in Bad Debt Expense Per Dollar Increase in Revenue			1.46466%

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended April 30, 2023
Adjustment to Revenues and Expenses
Adjustment Number 8

Exhibit
Settlement Schedule C-2
Page 9
Witness: Bourassa

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Line
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k Water & Sewer) Corp. - Water Division

Test Year Ended April 30, 2023
Adjustment to Revenues and Expenses
Rate Case Expense Surcharge

Exhibit
Settlement Schedule C-2
Page 10
Witness: Bourassa

Rate Case Expense Surcharge

Line			
No.			
1			
2	Remove TY Rate Case expense	\$	-
3			
4	Adjustment to Revenue and/or Expense	\$	-
5			
6			
7	<u>Proposed Rate Case Expense Surcharge</u>		
8			
9	Estimated Rate Case Expense	\$	172,000
10			
11	Estimated Amortization Period in Years		3
12			
13	Annual Rate Case Expense	\$	57,333
14			
15	YE number of customers		24,205
16			
17	Monthly Surcharge	\$	0.20
18			
19			
20			
21			
22	<u>Reference</u>		
23	Testimony		
24			
25			

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division

Test Year Ended December 31, 2024
Adjustment to Revenues and Expenses
Adjustment Number 13

Exhibit
Settlement Schedule C-2
Page 14
Witness: Bourassa

Interest Synchronization

Line
No.

1			
2			
3			
4	Fair Value Rate Base	\$ 70,007,480	
5	Weighted Cost of Debt	2.51%	
6	Interest Expense		\$ 1,755,096
7			
8	Test Year Interest Expense		<u>\$ 1,824,548</u>
9			
10	Increase (decrease) in Interest Expense		(69,452)
11			
12			
13			
14	Adjustment to Revenue and/or Expense		<u><u>\$ 69,452</u></u>

15
16
17 Weighted Cost of Debt Computation
18 Pro Forma Capital Structure

	<u>Percent</u>	<u>Cost</u>	<u>Weighted Cost</u>
20 Debt	46.00%	5.45%	2.51%
21 Equity	54.00%	9.75%	5.27%
22 Total	100.00%		7.77%

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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
 Test Year Ended December 31, 2024
 Adjustment to Revenues and/or Expenses
 Adjustment Number 14

Exhibit
 Settlement 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

15

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	Test Year at Present Rates	Test Year at Proposed Rates
\$	(92,023)	\$ 1,195,317
	(143,435)	(92,023)
\$	<u>51,412</u>	<u>\$ 1,287,339</u>

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024

Exhibit
Settlement Schedule C-3
Page 2
Witness: Bourassa

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)	1.1004%					
3	Revenues (L1 - L2)	98.8996%					
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	25.7564%					
5	Subtotal (L3 - L4)	73.1432%					
6	Revenue Conversion Factor (L1 / L5)	1.367181					
<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	1.4647%					
11	Uncollectible Factor (L9 ÷ L10)		1.1004%				
<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 F)	21.0000%					
16	Effective Federal Income Tax Rate (L14 × 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	1.1785%					
22	Effective Property Tax Factor (L20 × L21)		0.8954%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17 + L22)			25.7564%			
24	Required Operating Income (from A-1)	\$ 5,440,990					
25	Adjusted Test Year Operating Income (Loss) (from A-1)	\$ 1,552,264					
26	Required Increase in Operating Income (L24 - L25)		\$ 3,888,726				
27	Income Taxes on Recommended Revenue (Col. (F), L52)	\$ 1,195,317					
28	Income Taxes on Test Year Revenue (Col. (C), L52)	\$ (92,023)					
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 1,287,339				
30	Recommended Revenue Requirement	\$ 21,468,802					
31	Uncollectible Rate (Line 10)	1.4647%					
32	Uncollectible Expense on Recommended Revenue (L24 × L25)	\$ 314,442					
33	Adjusted Test Year Uncollectible Expense	\$ 125,324					
34	Required Increase in Revenue to Provide for Uncollectible Exp.		\$ 189,116				
35	Property Tax with Recommended Revenue	\$ 628,353					
36	Property Tax on Test Year Revenue	\$ 566,897					
37	Increase in Property Tax Due to Increase in Revenue (L35 - L36)		\$ 61,456				
38	Total Required Increase in Revenue (L26 + L29 + L37)		\$ 5,427,840				

1,385,096.33

	(A)	(B)	(C)	(D)	(E)	(F)
<u>Calculation of Income Tax:</u>						
39	Revenue	\$ 16,152,011	Water	\$ 21,468,802		\$ 21,468,802
40	Operating Expenses Excluding Income Taxes and EADIT amortization	14,766,914	14,766,914	14,907,440		14,907,440
41	Synchronized Interest (L54)	1,755,096	1,755,096	1,755,096		1,755,096
42	Arizona Taxable Income (L39 - L40 - L41)	\$ (370,000)	\$ (370,000)	\$ 4,806,067		\$ 4,806,067
43	Arizona State Effective Income Tax Rate	4.9000%	4.9000%	4.9000%		4.9000%
44	Arizona Income Tax (L42 × L43)	\$ (18,130)	\$ (18,130)	\$ 235,497		\$ 235,497
45	Federal Taxable Income (L42 - L44)	\$ (351,870)	\$ (351,870)	\$ 4,570,570		\$ 4,570,570
46	Federal Income Tax Rate	21.00%	21.00%	21.00%		21.00%
47	Federal Income Tax (L45 × L46)	\$ (73,893)	\$ (73,893)	\$ 959,820		\$ 959,820
48	Combined Federal and State Income Tax (L44 + L47)	\$ (92,023)	\$ (92,023)	\$ 1,195,317		\$ 1,195,317
49	COMBINED Applicable Federal Income Tax Rate [Col. (D), L47 - Col. (A), L47] / [Col. (D), L45 - Col. (A), L45]			21.0000%		
50	WASTEWATER Applicable Federal Income Tax Rate [Col. (E), L47 - Col. (B), L47] / [Col. (E), L45 - Col. (B), L45]				0.0000%	
51	WATER Applicable Federal Income Tax Rate [Col. (F), L47 - Col. (C), L47] / [Col. (F), L45 - Col. (C), L45]					21.0000%

Calculation of Interest Synchronization:

52	Rate Base	Water
53	Weighted Average Cost of Debt	\$ 70,907,480
54	Synchronized Interest (L52 × L54)	2.6070%
		\$ 1,755,096

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
 Test Year Ended December 31, 2024
 Computation of Gross Revenue Conversion Factor

Exhibit
 Settlement Schedule C-3
 Page 1
 Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Combined Federal and State Effective Income Tax Rate	24.871%
2		
3	Uncollectible Factor	1.100%
4		
5	Property Tax Factor	0.885%
6		
7		
8	Total Tax Percentage	26.857%
9		
10	Operating Income % = 100% - Tax Percentage	73.143%
11		
12		
13		
14		
15	<u>1</u> = Gross Revenue Conversion Factor	
16	Operating Income %	1.3672
17		
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26		
27	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>
28	C-3, page 2	A-1
29		
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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Summary of Cost of Capital

Exhibit
Settlement Schedule D-1
Page 1
Witness: Bourassa

Consolidated Capital Structure of Water and Wastewater Division

Adjusted End of Test Year										Projected Capital Structure			
Line No.	Item of Capital	Dollar Amount	Percent of Total		Cost Rate	Weighted Cost	Dollar Amount	Percent of Total		Cost Rate	Weighted Cost	Dollar Amount	Percent of Total
1	Long-Term Debt	30,000,000	20.86%		5.36%	1.12%	68,849,797	46.00%		5.45%	2.51%		
2													
3	Stockholder's Equity	113,782,395	79.14%		9.75%	7.72%	80,823,674	54.00%		9.75%	5.27%		
4													
5	Totals	143,782,395	100.00%			8.83%	149,673,471	100.00%			7.77%		
6													
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SUPPORTING SCHEDULES:
D-3
D-4
E-1
Testimony

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Cost of Long Term Debt

Exhibit
Settlement Schedule D-2
Page 1
Witness: Bourassa

		End of Test Year				End of Projected Year			
		Amount		Effective		Amount		Effective	
Line No.	Description of Debt	Outstanding	Interest	Rate	Cost	Outstanding	Interest	Rate	Cost
1	Liberty Utilities - Interco Note	\$ 30,000,000	\$ 1,608,600	5.36%	5.36%	\$ 30,000,000	\$ 1,608,600	5.362%	2.34%
2	Liberty Utilities - Pro Forma	-	-	0.00%	0.00%	38,849,797	2,143,732	5.518%	3.11%
3				0.00%	0.00%	-	-	0.00%	0.00%
4				0.00%	0.00%	-	-	0.00%	0.00%
5				0.00%	0.00%	-	-	0.00%	0.00%
6				0.00%	0.00%	-	-	0.00%	0.00%
7				0.00%	0.00%	-	-	0.00%	0.00%
8				0.00%	0.00%	-	-	0.00%	0.00%
9				0.00%	0.00%	-	-	0.00%	0.00%
10				0.00%	0.00%	-	-	0.00%	0.00%
11				0.00%	0.00%	-	-	0.00%	0.00%
12	Totals	\$ 30,000,000	1,608,600		5.36%	\$ 68,849,797	3,752,332		5.450%

SUPPORTING SCHEDULES:

E-1 Water Division
E-2 Water Division
Testimony

RECAP SCHEDULES:
D-1

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
 Test Year Ended December 31, 2024
 Cost of Preferred Stock

Exhibit
 Settlement Schedule D-3
 Page 1
 Witness: Bourassa

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	<u>End of Test Year</u>			<u>End of Projected Year</u>		
Description	Shares		Dividend	Shares		Dividend
of Issue	Outstanding	Amount	Requirement	Outstanding	Amount	Requirement
NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING						

SUPPORTING SCHEDULES:
 E-1

RECAP SCHEDULES:
 D-1

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Cost of Common Equity

Exhibit
Settlement Schedule D-4
Page 1
Witness: Bourassa

Line
No.

1
2 The Company is proposing a cost of common equity of 9.75% .
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17 SUPPORTING SCHEDULES:
18 E-1
19 D-4.1 to D-4.16
20

RECAP SCHEDULES:
D-1

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
 Test Year Ended December 31, 2024
 Revenue Summary

Exhibit
 Settlement Schedule H-1
 Page 1
 Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	3/4 Inch	Residential	\$ 4,390,954	\$ 5,822,369	\$ 1,431,415	32.60%	27.19%	27.12%
2	1 Inch	Residential	4,263,940	5,593,100	1,329,160	31.17%	26.40%	26.05%
3	1.5 Inch	Residential	51,972	70,795	18,822	36.22%	0.32%	0.33%
4	2 Inch	Residential	2,813	3,514	700	24.89%	0.02%	0.02%
5								
6		Subtotal	8,709,679	11,489,777	2,780,098	31.92%	53.92%	53.52%
7								
8	3/4 Inch	Commercial	\$ 15,102	\$ 20,448	\$ 5,346	35.40%	0.09%	0.10%
9	1 Inch	Commercial	39,324	52,791	13,467	34.24%	0.24%	0.25%
10	1.5 Inch	Commercial	159,048	214,114	55,066	34.62%	0.98%	1.00%
11	2 Inch	Commercial	1,230,956	1,650,328	419,372	34.07%	7.62%	7.69%
12	3 Inch	Commercial	27,046	36,633	9,587	35.44%	0.17%	0.17%
13	4 Inch	Commercial	459,328	617,724	158,397	34.48%	2.84%	2.88%
14	6 Inch	Commercial	148,699	200,754	52,055	35.01%	0.92%	0.94%
15	8 Inch	Commercial	13,341	16,390	3,049	22.86%	0.08%	0.08%
16	10 Inch	Commercial	36,131	44,141	8,011	22.17%	0.22%	0.21%
17								
18		Subtotal	\$ 2,128,975	\$ 2,853,324	\$ 724,349	34.02%	13.18%	13.29%
19								
20								
21	3/4 Inch	Irrigation	\$ 90,256	\$ 122,145	\$ 31,889	35.33%	0.56%	0.57%
22	1 Inch	Irrigation	499,305	676,753	177,448	35.54%	3.09%	3.15%
23	1.5 Inch	Irrigation	783,937	1,065,705	281,768	35.94%	4.85%	4.96%
24	2 Inch	Irrigation	2,288,550	3,102,503	813,953	35.57%	14.17%	14.45%
25	4 Inch	Irrigation	249,512	335,530	86,018	34.47%	1.54%	1.56%
26	6 Inch	Irrigation	85,020	115,066	30,046	35.34%	0.53%	0.54%
27								
28		Subtotal	\$ 3,996,581	\$ 5,417,702	\$ 1,421,122	35.56%	24.74%	25.24%
29								
30	1 Inch	MF	\$ 2,026	\$ 2,400	\$ 374	18.48%	0.01%	0.01%
31	1.5 Inch	MF	72,545	95,182	22,637	31.20%	0.45%	0.44%
32	2 Inch	MF	571,767	772,326	200,559	35.08%	3.54%	3.60%
33	3 Inch	MF	119,811	161,510	41,699	34.80%	0.74%	0.75%
34	4 Inch	MF	43,578	59,369	15,792	36.24%	0.27%	0.28%
35	6 Inch	MF	27,612	37,021	9,409	34.07%	0.17%	0.17%
36		Subtotal	\$ 837,339	\$ 1,127,809	\$ 290,470	34.69%	5.18%	5.25%
37								
38	5/8x3/4 Inch	Fire	\$ 25,813	\$ 30,833	\$ 5,020	19.45%	0.16%	0.14%
39	3/4 Inch	Fire	22,440	26,727	4,287	19.10%	0.14%	0.12%
40	1 Inch	Fire	378	449	71	18.79%	0.00%	0.00%
41	2 Inch	Fire	1,204	1,428	224	18.58%	0.01%	0.01%
42		Hydrant	92,613	157,473	64,860	70.03%	0.57%	0.73%
43								
44	8 Inch	Luke AFB (Bulk)	113,943	131,034	17,092	15.00%	0.71%	0.61%
45	6 Inch	VUI (Bulk)	4,063	4,818	755	18.58%	0.03%	0.02%
46	Total Revenues Before Annualization		\$ 15,933,028	\$ 21,241,375	\$ 5,308,347	33.32%	98.64%	98.94%
47								

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Revenue Summary

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			<u>Revenue Annualization</u>				<u>Additional Bills</u>	<u>Additional Gallons to be Pumped (In 1,000's)</u>
<u>No.</u>	<u>Meter Size</u>	<u>Class</u>	<u>Present Revenues</u>	<u>Proposed Revenues</u>	<u>Dollar Change</u>	<u>Percent Change</u>		
1	5/8x3/4 Inch	Residential	\$ -	\$ -	-	0.00%	-	-
2	3/4 Inch	Residential	8,283	10,771	2,488	30.03%	403	2,485
3	1 Inch	Residential	1,650	942	(708)	-42.90%	122	(597)
4	1.5 Inch	Residential	(249)	(328)	(79)	0.00%	2	(92)
5	2 Inch	Residential	-	-	-	0.00%	-	-
6	4 Inch	Residential	-	-	-	0.00%	-	-
7								
8		Subtotal	\$ 9,684	\$ 11,385	1,701	17.57%	527	1,796
9								
10	5/8x3/4 Inch	Commercial	\$ -	\$ -	-	0.00%	-	-
11	3/4 Inch	Commercial	379	536	157	41.38%	11	114
12	1 Inch	Commercial	1,718	2,386	668	38.87%	29	434
13	1.5 Inch	Commercial	1,157	1,652	495	42.78%	10	328
14	2 Inch	Commercial	3,645	5,105	1,459	40.04%	20	943
15	3 Inch	Commercial	122	198	76	62.37%	-	66
16	4 Inch	Commercial	3,116	4,190	1,074	34.46%	-	954
17	6 Inch	Commercial	-	-	-	0.00%	-	-
18	8 Inch	Commercial	-	-	-	0.00%	-	-
19	10 Inch	Commercial	1,732	2,181	449	25.91%	1	157
20								
21		Subtotal	\$ 11,869	\$ 16,247	7,780	65.55%	71	2,997
22								
23								
24	5/8x3/4 Inch	Irrigation	\$ -	\$ -	-	0.00%	-	-
25	3/4 Inch	Irrigation	402	569	167	41.56%	11	123
26	1 Inch	Irrigation	1,759	2,450	691	39.30%	16	524
27	1.5 Inch	Irrigation	(4,604)	(6,233)	(1,629)	0.00%	(4)	(1,402)
28	2 Inch	Irrigation	(883)	(1,008)	(125)	0.00%	12	(325)
29	4 Inch	Irrigation	9,654	13,290	3,636	37.66%	8	2,786
30	6 Inch	Irrigation	(2,283)	(3,156)	(873)	0.00%	(1)	(664)
31		Subtotal	\$ 4,044	\$ 5,911	1,867	46.16%	42	1,042
32								
33	1 Inch	MF	\$ (0)	\$ (0)	(0)	0.00%	-	(0)
34	1.5 Inch	MF	2,322	3,112	790	34.00%	24	443
35	2 Inch	MF	3,934	5,499	1,565	39.78%	14	1,140
36	3 Inch	MF	119	160	41	34.46%	-	36
37	4 Inch	MF	(1,915)	(2,631)	(716)	0.00%	(1)	(580)
38	6 Inch	MF	-	-	-	0.00%	-	-
39		Subtotal	\$ 4,461	\$ 6,140	1,680	37.66%	37	1,040
40								
41	5/8x3/4 Inch	Fire	\$ 621	\$ 744	124	19.91%	48	10
42	3/4 Inch	Fire	736	876	140	19.08%	58	5
43	1 Inch	Fire	-	-	-	0.00%	-	-
44	2 Inch	Fire	-	-	-	0.00%	-	-
45								
46								
47								
48								
49	Total Revenue Annualization		\$ 31,414	\$ 41,304	\$ 13,292	42.31%	677	6,875

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
 Test Year Ended December 31, 2024
 Revenue Summary

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Line No.		Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	Subtotal Metered Revenues	\$ 15,933,028	\$ 21,241,375	\$ 5,308,347	33.32%	98.64%	98.94%
2				-	0.00%	0.00%	0.00%
3	Subtotal Revenue Annualization	31,414	41,304	9,890	31.48%	0.19%	0.19%
4	Total Metered Revenues	\$ 15,964,442	\$ 21,282,678	\$ 5,318,237	33.31%	98.84%	99.13%
5							
6	Misc. Revenues	\$ 184,885	\$ 184,885	-	0.00%	1.14%	0.86%
7	Reconciling Amount to GL	2,684	1,039	(1,645)	-61.29%	0.02%	0.00%
8	Total Water Revenues	\$ 16,152,010	\$ 21,468,602	\$ 5,316,592	32.92%	100.00%	100.00%
9							
10							
11							
12							
13							
14							
15	Reconciliation of Revenues						
16	Metered Revenues Per GL	\$ 15,858,901					
17	Revenue Accrual Fix	(45,000)					
18	Unbilled Revenues Wigwam Irrigation	121,710					
19							
20	Adjusted Revenues per GL	\$ 15,935,611					
21							
22	Revenues before annualization	\$ 15,933,028					
23							
24	Difference	\$ 2,583					
25							
26	% Difference	0.02%					
27							
28	Tolerance (+/- 1/2% of revenues)	\$ 79,678					
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							

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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Bill Impact Summary at Average Usage

Line No.	Meter Size, Class	(a)		Average Bill		Proposed Increase	
		Average Number of Customers at 12/31/2024	Average Consumption	Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	3/4 Inch Residential	13,657	8,150 \$	24.16 \$	32.62 \$	8.45	34.99%
2	1 Inch Residential	6,673	14,199	48.72	64.88	16.16	33.17%
3	1.5 Inch Residential	26	43,040	146.38	207.46	61.07	41.72%
4	2 Inch Residential	2	9,167	117.22	146.40	29.18	24.89%
5	Subtotal	20,358					
6							
7	3/4 Inch Commercial	30	10,983.80 \$	35.62 \$	50.53 \$	14.91	41.87%
8	1 Inch Commercial	48	15,571	60.06	83.79	23.73	39.51%
9	1.5 Inch Commercial	80	40,064	136.66	194.38	57.72	42.24%
10	2 Inch Commercial	317	80,640	278.38	389.27	110.88	39.83%
11	3 Inch Commercial	5	107,283	398.44	559.09	160.66	40.32%
12	4 Inch Commercial	8	1,411,380	4,669.02	6,320.93	1,651.91	35.38%
13	6 Inch Commercial	3	1,175,574	3,955.70	5,404.62	1,448.92	36.63%
14	8 Inch Commercial	1	58,875	1,111.75	1,365.85	254.11	22.86%
15	10 Inch Commercial	2	69,856	1,570.89	1,919.18	348.28	22.17%
16	Subtotal	494					
17							
18	3/4 Inch Irrigation	152	13,347.67 \$	43.34 \$	60.92 \$	17.58	40.55%
19	1 Inch Irrigation	288	40,206	134.25	185.83	51.58	38.42%
20	1.5 Inch Irrigation	155	123,223	408.39	559.76	151.37	37.06%
21	2 Inch Irrigation	283	194,541	650.57	889.72	239.15	36.76%
22	4 Inch Irrigation	8	710,062	2,377.40	3,239.55	862.15	36.26%
23	6 Inch Irrigation	1	1,942,497	6,461.70	8,774.25	2,312.55	35.79%
24	Subtotal	888					
25							
26	1 Inch MF	5	3,101	33.55	39.58	6.03	17.99%
27	1.5 Inch MF	57	18,775	97.32	130.56	33.24	34.16%
28	2 Inch MF	144	85,893	295.55	412.35	116.80	39.52%
29	3 Inch MF	11	245,982	833.54	1,150.69	317.15	38.05%
30	4 Inch MF	4	231,759	814.49	1,138.03	323.54	39.72%
31	6 Inch MF	2	240,748	1,070.87	1,464.23	393.36	36.73%
32	Subtotal	223					
33							
34	5/8x3/4 Inch Fire	166	167 \$	12.85 \$	15.37	2.52	19.63%
35	3/4 Inch Fire	147	85	12.70	15.12	2.43	19.12%
36	1 Inch Fire	1	83	31.50	37.42	5.92	18.79%
37	2 Inch Fire	1	.	100.32	118.96	18.64	18.58%
38							
39	Hydrant	16	131,553 \$	479.86 \$	815.92	336.06	70.03%
40	Luke AFB (Bulk)	1	5,738,218	9,495.23	10,919.53	1,424.31	15.00%
41	VUI (Bulk)	1	.	338.58	401.49	62.91	18.58%
42	Total	22,295					
43							

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Bill Impact Summary at Average Usage
Including Rate Case Expense Surcharge

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Line No.	Meter Size, Class	Average Number of Customers at 12/31/2024	(a)				Average Bill			Proposed Increase	
			Average Consumption	Present Rates	Proposed Rates	RC Expense Surcharge	Total Prop. Rates	Dollar Amount	Percent Amount		
1	3/4 Inch Residential	13,657	8,150 \$	24.16 \$	32.62 \$	0.20 \$	32.82 \$	8.65	35.82%		
2	1 Inch Residential	6,673	14,199	48.72	64.88	0.20	65.08	16.36	33.58%		
3	1.5 Inch Residential	26	43,040	146.38	207.46	0.20	207.66	61.27	41.86%		
4	2 Inch Residential	2	9,167	117.22	146.40	0.20	146.60	29.38	25.07%		
5	Subtotal	20,358									
6											
7	3/4 Inch Commercial	30	10,983.80 \$	35.62 \$	50.53 \$	0.20 \$	50.73 \$	15.11	42.44%		
8	1 Inch Commercial	48	15,571	60.06	83.79	0.20	83.99	23.93	39.85%		
9	1.5 Inch Commercial	80	40,064	136.66	194.38	0.20	194.58	57.92	42.38%		
10	2 Inch Commercial	317	80,640	278.38	389.27	0.20	389.47	111.08	39.90%		
11	3 Inch Commercial	5	107,283	398.44	559.09	0.20	559.29	160.86	40.37%		
12	4 Inch Commercial	8	1,411,380	4,669.02	6,320.93	0.20	6,321.13	1,652.11	35.38%		
13	6 Inch Commercial	3	1,175,574	3,955.70	5,404.62	0.20	5,404.82	1,449.12	36.63%		
14	8 Inch Commercial	1	58,875	1,111.75	1,365.85	0.20	1,366.05	254.31	22.87%		
15	10 Inch Commercial	2	69,856	1,570.89	1,919.18	0.20	1,919.38	348.48	22.18%		
16	Subtotal	494									
17											
18	3/4 Inch Irrigation	152	13,348 \$	43.34 \$	60.92 \$	0.20 \$	61.12 \$	17.78	41.02%		
19	1 Inch Irrigation	288	40,206	134.25	185.83	0.20	186.03	51.78	38.57%		
20	1.5 Inch Irrigation	155	123,223	408.39	559.76	0.20	559.96	151.57	37.11%		
21	2 Inch Irrigation	283	194,541	650.57	889.72	0.20	889.92	239.35	36.79%		
22	4 Inch Irrigation	8	710,062	2,377.40	3,239.55	0.20	3,239.75	862.35	36.27%		
23	6 Inch Irrigation	1	1,942,497	6,461.70	8,774.25	0.20	8,774.45	2,312.75	35.79%		
24	Subtotal	888									
25											
26	1 Inch MF	5	3,101 \$	33.55 \$	39.58 \$	0.20 \$	39.78 \$	6.23	18.58%		
27	1.5 Inch MF	57	18,775	97.32	130.56	0.20	130.76	33.44	34.36%		
28	2 Inch MF	144	85,893	295.55	412.35	0.20	412.55	117.00	39.59%		
29	3 Inch MF	11	245,982	833.54	1,150.69	0.20	1,150.89	317.35	38.07%		
30	4 Inch MF	4	231,759	814.49	1,138.03	0.20	1,138.23	323.74	39.75%		
31	6 Inch MF	2	240,748	1,070.87	1,464.23	0.20	1,464.43	393.56	36.75%		
32	Subtotal	223									
33											
34	5/8x3/4 Inch Fire	166	167 \$	12.85 \$	15.37 \$	0.20 \$	15.57	2.72	21.19%		
35	3/4 Inch Fire	147	85	12.70	15.12	0.20	15.32	2.63	20.70%		
36	1 Inch Fire	1	83	31.50	37.42	0.20	37.62	6.12	19.43%		
37	2 Inch Fire	1	-	100.32	118.96	0.20	119.16	18.84	18.78%		
38											
39	Hydrant	16	131,553 \$	479.86 \$	815.92 \$	0.20 \$	816.12	336.26	70.07%		
40	Luke AFB (Bulk)	1	5,738,218	9,495.23	10,919.53	0.20	10,919.73	1,424.51	15.00%		
41	VUI (Bulk)	1	-	338.58	401.49	0.20	401.69	63.11	18.64%		
42	Total	22,295									

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Bill Impact Summary at Median Usage

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Witness: Bourassa

Line No.	Meter Size, Class	(a)		Median Consumption	Median Bill		Proposed Increase	
		Average Number of Customers at 12/31/2024			Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	3/4 Inch Residential	13,657		6,500	\$ 21.12	\$ 27.68	\$ 6.56	31.05%
2	1 Inch Residential	6,673		10,500	41.90	53.81	11.90	28.41%
3	1.5 Inch Residential	26		26,500	111.56	153.68	42.13	37.76%
4	2 Inch Residential	2		4,750	109.08	133.18	24.10	22.10%
5	Subtotal	20,358						
6								
7	3/4 Inch Commercial	30		4,500	\$ 20.84	\$ 28.34	\$ 7.51	36.02%
8	1 Inch Commercial	48		6,500	43.33	56.63	13.30	30.69%
9	1.5 Inch Commercial	80		16,500	93.12	123.75	30.63	32.89%
10	2 Inch Commercial	317		16,500	130.74	168.36	37.62	28.77%
11	3 Inch Commercial	5		75,500	339.84	463.94	124.11	36.52%
12	4 Inch Commercial	8		67,500	437.95	573.82	135.88	31.03%
13	6 Inch Commercial	3		994,983	3,365.60	4,611.16	1,245.55	37.01%
14	8 Inch Commercial	1		53,500	1,101.84	1,349.76	247.93	22.50%
15	10 Inch Commercial	2		63,500	1,559.17	1,900.15	340.98	21.87%
16	Subtotal	494						
17								
18	3/4 Inch Irrigation	152		4,500	\$ 20.84	\$ 28.34	\$ 7.51	36.02%
19	1 Inch Irrigation	288		15,500	59.93	83.58	23.65	39.46%
20	1.5 Inch Irrigation	155		72,500	242.65	336.89	94.25	38.84%
21	2 Inch Irrigation	283		109,320	372.10	515.28	143.18	38.48%
22	4 Inch Irrigation	8		90,500	480.35	642.68	162.33	33.79%
23	6 Inch Irrigation	1		1,380,974	4,626.87	6,307.09	1,680.22	36.31%
24	Subtotal	888						
25								
26	1 Inch MF	5		2,500	\$ 33.12	\$ 39.12	\$ 5.99	18.09%
27	1.5 Inch MF	57		8,500	78.37	99.80	21.43	27.34%
28	2 Inch MF	144		29,500	154.71	207.27	52.57	33.98%
29	3 Inch MF	11		67,500	325.09	439.99	114.91	35.35%
30	4 Inch MF	4		240,999	844.69	1,178.63	333.94	39.53%
31	6 Inch MF	2		251,889	1,091.41	1,497.58	406.17	37.22%
32	Subtotal	223						
33								
34	5/8 Inch Fire	166		-	\$ 12.54	\$ 14.87	2.33	18.58%
35	3/4 Inch Fire	147		-	12.54	14.87	2.33	18.58%
36	1 Inch Fire	1		-	31.35	37.18	5.83	18.58%
37	2 Inch Fire	1		-	100.32	118.96	18.64	18.58%
38								
39	Hydrant	16		20,500	\$ 116.99	\$ 327.99	\$ 211.01	180.37%
40	Luke AFB (Bulk)	1		5,568,151	9,229.92	10,614.94	1,385.02	15.01%
41	VUI (Bulk)	1		0	338.58	401.49	62.91	18.58%
42	Total	22,295						
43								
44								
45								

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Bill Impact Summary at Median Usage
Including Rate Case Expense Surcharge

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Line No.	Meter Size, Class	(a)		Median Consumption	Present Rates	Proposed Rates	Median Bill		Total Prop. Rates	Proposed Increase	
		Average Number of Customers at 12/31/2024	12/31/2024				RC Expense	Surcharge		Dollar Amount	Percent Amount
1	3/4 Inch Residential	13,657		6,500	\$ 21.12	\$ 27.68	\$ 0.20	\$ 0.20	\$ 27.88	\$ 6.76	31.99%
2	1 Inch Residential	6,673		10,500	41.90	53.81	0.20	0.20	54.01	12.10	28.89%
3	1.5 Inch Residential	26		26,500	111.56	153.68	0.20	0.20	153.88	42.33	37.94%
4	2 Inch Residential	2		4,750	109.08	133.18	0.20	0.20	133.38	24.30	22.28%
5	Subtotal	20,358									
6											
7	3/4 Inch Commercial	30		4,500	\$ 20.84	\$ 28.34	\$ 0.20	\$ 0.20	\$ 28.54	\$ 7.71	36.98%
8	1 Inch Commercial	48		6,500	43.33	56.63	0.20	0.20	56.83	13.50	31.15%
9	1.5 Inch Commercial	80		16,500	93.12	123.75	0.20	0.20	123.95	30.83	33.10%
10	2 Inch Commercial	317		16,500	130.74	168.36	0.20	0.20	168.56	37.82	28.92%
11	3 Inch Commercial	5		75,500	339.84	463.94	0.20	0.20	464.14	124.31	36.58%
12	4 Inch Commercial	8		67,500	437.95	573.82	0.20	0.20	574.02	136.08	31.07%
13	6 Inch Commercial	3		994,983	3,365.60	4,611.16	0.20	0.20	4,611.36	1,245.75	37.01%
14	8 Inch Commercial	1		53,500	1,101.84	1,349.76	0.20	0.20	1,349.96	248.13	22.52%
15	10 Inch Commercial	2		63,500	1,559.17	1,900.15	0.20	0.20	1,900.35	341.18	21.88%
16	Subtotal	494									
17											
18	3/4 Inch Irrigation	152		4,500	\$ 20.84	\$ 28.34	\$ 0.20	\$ 0.20	\$ 28.54	\$ 7.71	36.98%
19	1 Inch Irrigation	288		15,500	59.93	83.58	0.20	0.20	83.78	23.85	39.80%
20	1.5 Inch Irrigation	155		72,500	242.65	336.89	0.20	0.20	337.09	94.45	38.92%
21	2 Inch Irrigation	283		109,320	372.10	515.28	0.20	0.20	515.48	143.38	38.53%
22	4 Inch Irrigation	8		90,500	480.35	642.68	0.20	0.20	642.88	162.53	33.83%
23	6 Inch Irrigation	1		1,380,974	4,626.87	6,307.09	0.20	0.20	6,307.29	1,680.42	36.32%
24	Subtotal	888									
25											
26	1 Inch MF	5		2,500	\$ 33.12	\$ 39.12	\$ 0.20	\$ 0.20	\$ 39.32	\$ 6.19	18.70%
27	1.5 Inch MF	57		8,500	78.37	99.80	0.20	0.20	100.00	21.63	27.59%
28	2 Inch MF	144		29,500	154.71	207.27	0.20	0.20	207.47	52.77	34.11%
29	3 Inch MF	11		67,500	325.09	439.99	0.20	0.20	440.19	115.11	35.41%
30	4 Inch MF	4		240,999	844.69	1,178.63	0.20	0.20	1,178.83	334.14	39.56%
31	6 Inch MF	2		251,889	1,091.41	1,497.58	0.20	0.20	1,497.78	406.37	37.23%
32	Subtotal	223									
33											
34	5/8 Inch Fire	166		-	\$ 12.54	\$ 14.87	\$ 0.20	\$ 0.20	\$ 15.07	\$ 2.53	20.18%
35	3/4 Inch Fire	147		-	12.54	14.87	0.20	0.20	15.07	2.53	20.18%
36	1 Inch Fire	1		-	31.35	37.18	0.20	0.20	37.38	6.03	19.22%
37	2 Inch Fire	1		-	100.32	118.96	0.20	0.20	119.16	18.84	18.78%
38											
39	Hydrant	16		20,500	\$ 116.99	\$ 327.99	\$ 0.20	\$ 0.20	\$ 328.19	\$ 211.21	180.54%
40	8 Inch Luke AFB (Bulk)	1		5,568,151	9,229.92	10,614.94	0.20	0.20	10,615.14	1,385.22	15.01%
41	6 Inch VJI (Bulk)	1		0	338.58	401.49	0.20	0.20	401.69	63.11	18.64%
42	Total	22,295									
43											
44											
45											

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division

Test Year Ended December 31, 2024
Present and Proposed Rates

Exhibit
Settlement Schedule H-3
Page 1
Witness Bourassa

Line No.	Monthly Usage Charge for: Meter Size (All Classes):	Present Rates	Proposed Rates	Change	Percent Change
1	5/8x3/4 Inch	\$	12.54 \$	14.87 \$	2.33
2	3/4 Inch - Residential only		12.54	14.87	2.33
3	1 Inch - Residential only		28.22	33.46	5.24
4	1 1/2 Inch		31.35	37.18	5.83
5	2 Inch		62.70	74.35	11.65
6	3 Inch		100.32	118.96	18.64
7	4 Inch		200.64	237.92	37.28
8	6 Inch		313.50	371.75	58.25
9	8 Inch		627.00	743.50	116.50
10	10 Inch		1,003.20	1,189.60	186.40
11	12 Inch		1,442.10	1,710.05	267.95
12			2,696.10	3,197.05	500.95
13	Construction - Hydrants	\$	50.00 \$	237.92	187.92
14	4 Inch - Bulk Water Resale Only		169.29	200.75	31.46
15	6 Inch - Bulk Water Resale Only		338.58	401.49	62.91
16	8 Inch - Bulk Water Resale Only		543.61	642.38	98.78
17	10 Inch - Bulk Water Resale Only		778.73	923.43	144.69
18	12 Inch - Bulk Water Resale Only		1,455.89	1,726.41	270.51
19	Fire Service	By Meter size	By Meter size		
20	Industrial Fire Service	NT	NT		
21					
22					
23	Gallons In Minimum (All Meter Sizes and Classes)				
24					
25	Commodity Rates				
26	(Residential, Commercial, Industrial)	Block	Present Rate	Proposed Rate	(Per 1,000 gallons)
27					
28					
29	5/8x3/4 Inch and 3/4 Inch Meter - Residential	0 gallons to 3,000 gallons	\$	0.7091 \$	0.7765
30		3,001 gallons to 10,000 gallons	\$	1.8437 \$	2.9937
31		10,001 gallons to 20,000 gallons	\$	2.8437 \$	3.9937
32		over 20,000 gallons	\$	3.2676 \$	4.3937
33					
34	5/8x3/4 Inch and 3/4 Inch Meter - Com., Irr.	0 gallons to 9,000 gallons	\$	1.8437 \$	2.9937
35		over 9,000 gallons	\$	3.2676 \$	4.3937
36					
37					
38	1 Inch Meter - Residential, MF	0 gallons to 5,000 gallons	\$	0.7091 \$	0.7765
39		5,001 gallons to 19,000 gallons	\$	1.8437 \$	2.9937
40		19,001 gallons to 30,000 gallons	\$	2.8437 \$	3.9937
41		over 30,000 gallons	\$	3.2676 \$	4.3937
42					
43	NT = No Tariff				

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2024
Present and Proposed Rates

Exhibit
Settlement Schedule H-3
Page 2
Witness Bourassa

Line No.	Commodity Rates (Residential, Commercial, Industrial)	Block	(Per 1,000 gallons)	
			Present Rate	Proposed Rate
1				
2				
3				
4				
5	1 Inch Meter - All Classes, except Residential	0 gallons to 20,000 gallons over 20,000 gallons	\$ 1.8437 \$ \$ 3.2676 \$	2.9937 4.3937
6				
7				
8	1.5 Inch Meter - All Classes	0 gallons to 40,000 gallons over 40,000 gallons	\$ 1.8437 \$ \$ 3.2676 \$	2.9937 4.3937
9				
10				
11	2 Inch Meter - All Classes	0 gallons to 60,000 gallons over 60,000 gallons	\$ 1.8437 \$ \$ 3.2676 \$	2.9937 4.3937
12				
13				
14	3 Inch Meter - All Classes	0 gallons to 120,000 gallons over 120,000 gallons	\$ 1.8437 \$ \$ 3.2676 \$	2.9937 4.3937
15				
16				
17	4 Inch Meter - Bulk resale Only	All gallons	\$ 1.5600 \$	1.7910
18				
19	4 Inch Meter - All Classes	0 gallons to 180,000 gallons over 180,000 gallons	\$ 1.8437 \$ \$ 3.2676 \$	2.9937 4.3937
20				
21				
22	6 Inch Meter - Bulk resale Only	All gallons	\$ 1.5600 \$	1.7910
23				
24	6 Inch Meter - All Classes	0 gallons to 360,000 gallons over 360,000 gallons	\$ 1.8437 \$ \$ 3.2676 \$	2.9937 4.3937
25				
26				
27	8 Inch Meter - Bulk resale only	All gallons	\$ 1.5600 \$	1.7910
28				
29	8 Inch Meter - All Classes	0 gallons to 650,000 gallons over 650,000 gallons	\$ 1.8437 \$ \$ 3.2676 \$	2.9937 4.3937
30				
31				
32	10 Inch Meter - Bulk resale Only	All gallons	\$ 1.5600 \$	1.7910
33				
34	10 Inch Meter - All Classes	0 gallons to 940,000 gallons over 940,000 gallons	\$ 1.8437 \$ \$ 3.2676 \$	2.9937 4.3937
35				
36				
37	12 Inch Meter - Bulk resale Only	All gallons	\$ 1.5600 \$	1.7910
38				
39	12 Inch Meter - All Classes	0 gallons to 1,248,000 gallons over 1,248,000 gallons	\$ 1.8437 \$ \$ 3.2676 \$	2.9937 4.3937
40				
41				
42	Construction- Hydrants	All gallons	\$ 3.2676 \$	4.3937
43				
44				
45	NT = No Tariff			

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
 Changes in Representative Rate Schedules
 Test Year Ended December 31, 2024

Exhibit
 Settlement Schedule H-3
 Page 3
 Witness: Bourassa

Line

<u>No.</u>	<u>Service Charges</u>	<u>Present Charges</u>	<u>Proposed Charges</u>
1	Establishment per A.A.C. R14-2-403(D)(1)	\$20.00	\$30.00
2	Re-Establishment per A.A.C. R14-2-403(D)(1)	(b)	(b)
3	Reconnection per A.A.C. R14-2-403(D)(1)	\$50.00	\$50.00
4	Meter Test (if correct) per Rule R14-2-408(F)	\$25.00	\$30.00
5	Meter Reread (if correct) per Rule R14-2-408(C)	\$5.00	\$20.00
6	Fire Hydrant Meter Relocation	\$50.00	\$50.00
7	Fire Hydrant Meter Repair	At Cost	At Cost
8	NSF Check per A.A.C. R14-2-408(E)(1)	\$25 (a)	\$25.00 (a)
9	Deferred Payment, Per Month	1.5%	1.5%
10	Late Charge	(c)	(c)
11	Service Calls - After Hours	\$40.00 (d)	\$125 (d)
12	After-Hours Service Charge	NT	NT
13	Deposit Requirements	(e)	(e)
14	Deposit Interest per A.A.C. R14-2-403(B)	6.00%	6.00%
15	Water Hook-Up fees	(f)	(f)
16	Failed Final Inspection Fee	NT	\$75.00

17

18

19 (a) Liberty Litchfield Park may charge only one NSF fee when customers are billed for water and sewer services on one bill.

20 (b) Minimum Charges times number of full months off the system per A.A.C. R14-2-403(D)

21 (c) Greater of \$5.00 or 1.50% of unpaid balance.

(d) Customer shall be charged for after-hours service calls outside of normal working hours for work performed at the customer's request or convenience.

22

(e) Per ACC Rules R14-2-403(B) Residential - two times the average bill by class. Non-residential - two and one-half times the customer's estimated maximum monthly bill.

23 (f) Customers shall pay the applicable Water Hook-Up fees per tariff.

24

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 R14-2-409(D)5.

26

27

28

29

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division

Test Year Ended December 31, 2024

Meter and Service Line Charges

Exhibit

Settlement Schedule H-3

Page 4

Witness: Bourassa

Line

No.

1

2

Refundable Meter and Service Line Charges

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

N/T = No Tariff

26

27

28

Hydrant Meter Deposit*

29

30

31

32

33

34

35

36

37

38

39

* Shall have a non-interest bearing deposit of the amount indicated , refundable in its entirety upon return of the meter in good condition and payment of the final bill.

Present

Meter

Install-

ation

Charge

Total

Current

Charge

Proposed

Service

Line

Charge

Proposed

Meter

Install-

ation

Charge

Total

Proposed

Charge

Wastewater Settlement Schedules

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
 Test Year Ended December 31, 2024
 Computation of Increase in Gross Revenue
 Requirements As Adjusted

Exhibit
 Settlement Schedule A-1
 Page 1
 Witness: Bourassa

Line

No.

1	Fair Value Rate Base				\$	136,328,067	
2							
3	Adjusted Operating Income				\$	3,181,348	
4							
5	Current Rate of Return					2.33%	
6							
7	Required Operating Income				\$	10,595,434	
8							
9	Required Rate of Return on Fair Value Rate Base					7.77%	
10							
11	Operating Income Deficiency				\$	7,414,085	
12							
13	Gross Revenue Conversion Factor					1.3509	
14							
15	Increase in Gross Revenue						
16	Requirement				\$	10,015,953	
17							
18	Adjusted Test Year Revenues				\$	21,569,086	
19	Increase in Gross Revenue Revenue Requirement				\$	10,015,953	
20	Proposed Revenue Requirement				\$	31,585,039	
21	% Increase					46.44%	
22							
23	Customer	Present	Proposed	Dollar	Percent		
24	Classification	Rates	Rates	Increase	Increase		
25	Residential	\$ 12,706,853	\$ 19,586,343	\$ 6,879,490	54.14%		
26	Residential HOA 133	72,191	111,275	39,084	54.14%		
27	Residential HOA 134	72,734	112,112	39,378	54.14%		
28	Residential HOA 138	74,905	115,458	40,553	54.14%		
29	Residential HOA 160	86,846	133,865	47,018	54.14%		
30	Residential HOA 520	282,250	435,060	152,810	54.14%		
31	Subtotal	\$ 13,295,778	\$ 20,494,112	\$ 7,198,334	54.14%		
32							
33	Multi Unit Housing	\$ 2,405,004	\$ 3,707,073	\$ 1,302,069	54.14%		
34							
35	Small Commercial	\$ 93,479,383	\$ 144,089,121	\$ 50,610	54.14%		
36	Measured Service:						
37	Regular Domestic	\$ 1,871,984	\$ 2,999,950	\$ 1,127,965	60.26%		
38	Regular Domestic - Influent	2,122,889	3,412,131	1,289,242	60.73%		
39	Restaurant, Motels, Grocery, Dry Cleaning	531,541	851,005	319,464	60.10%		
40	Subtotal	\$ 4,526,414	\$ 7,263,086	\$ 2,736,671	60.46%		
41							
42	Wigwam Resort - Per Room	\$ 166,795	\$ 267,105	\$ 100,310	60.14%		
43	Wigwam Resort - Main	19,956	31,957	12,001	60.14%		
44	Subtotal	\$ 186,750	\$ 299,062	\$ 112,312	60.14%		
45							
46	Elementary Schools	\$ 81,418	\$ 130,383	\$ 48,965	60.14%		
47	Middle and High Schools	95,787	153,393	57,606	60.14%		
48	Community College	24,745	39,627	14,882	60.14%		
49	Subtotal	\$ 201,950	\$ 323,402	\$ 121,453	60.14%		
50							
51							
52	Total Revenues Before Revenues Annualization	\$ 20,709,376	\$ 32,230,824	\$ 11,521,448	55.63%		
53							
54	Revenue Annualization	135,122	212,830	77,708	57.51%		
55	Subtotal	\$ 20,844,497	\$ 32,443,653	\$ 11,599,156	55.65%		
56							
57	Effluent Revenues	\$ 59,035	\$ 59,035	-	0.00%		
58	Other Wastewater Revenues	663,170	663,170	-	0.00%		
59	Reconciling Amount	2,384	(393)	(2,777)	-116.48%		
60	Rounding	-	-	-	0.00%		
61	Total of Water Revenues	\$ 21,569,086	\$ 33,165,465	\$ 11,596,379	53.76%		
62							
63							
64							
65	<u>SUPPORTING SCHEDULES:</u>						
66	B-1						
67	C-1						
68	C-3						
69	H-1						

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
 Test Year Ended December 31, 2024
 Summary of Rate Base

Exhibit
 Settlement Schedule B-1
 Page 1
 Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	\$ 271,633,701	\$ 271,633,701
3	Less: Accumulated Depreciation	61,733,724	61,733,724
4			
5	Net Utility Plant in Service	\$ 209,899,976	\$ 209,899,976
6			
7	<u>Less:</u>		
8	Advances in Aid of Construction	9,282,824	9,282,824
9			
10	Contributions in Aid of Construction	86,270,883	86,270,883
11			
12	Accumulated Amortization of CIAC	(20,083,978)	(20,083,978)
13			
14	Customer Meter Deposits	-	-
15	Customer Security Deposits	-	-
16	Accumulated Deferred Income Tax	1,406,888	1,406,888
17	Excess Accumulated Deferred Income Taxes (EADIT)	1,612,053	1,612,053
18			
19	<u>Plus:</u>		
20	Sarival Depreciation Deferral Accounting Order	5,204,310	5,204,310
21	Unamortized Finance		
22	Charges	-	-
23	Prepayments	(42,101)	(42,101)
24	Materials and Supplies	-	-
25	Cash Working capital	(245,449)	(245,449)
26			
27	Total Rate Base	<u>\$ 136,328,067</u>	<u>\$ 136,328,067</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 (Litchfield Park Water & Sewer) Corp. - Sewer Division
 Test Year Ended December 31, 2024
 Original Cost Rate Base Proforma Adjustments

Exhibit
 Settlement Schedule B-2
 Page 1
 Witness: Bourassa

Line No.		Adjusted at End of Test Year	Settlement Adjustment	Adjusted at end of Test Year
1	Gross Utility			
2	Plant in Service	\$ 273,971,889	(2,338,189)	\$ 271,633,701
3				
4	Less:			
5	Accumulated			
6	Depreciation	62,157,853	(424,129)	61,733,724
7				
8				
9	Net Utility Plant			
10	in Service	\$ 211,814,036		\$ 209,899,976
11				
12	Less:			
13	Advances in Aid of			
14	Construction	11,726,776	(2,443,953)	9,282,824
15				
16	Contributions in Aid of			
17	Construction - Gross	89,687,625	(3,416,742)	86,270,883
18				
19	Accumulated Amortization of CIAC	(20,279,742)	195,764	(20,083,978)
20				
21	Customer Meter Deposits	-	-	-
22	Customer Security Deposits	-	-	-
23	Accumulated Deferred Income Tax	228,048	1,178,840	1,406,888
24	Excess Accumulated Deferred Income Taxes (EADIT)	1,612,052	0	1,612,053
25				
26				
27	Plus:			
28	Sarival Depreciation Deferral Accounting Order	5,204,310	-	5,204,310
29	Unamortized Finance			
30	Charges	143,964	(143,964)	-
31	Prepayments	(42,101)		(42,101)
32	Materials and Supplies	-		-
33	Working capital	(258,291)	12,842	(245,449)
34				-
35				
36	Total	<u>\$ 133,887,159</u>		<u>\$ 136,328,067</u>

47 SUPPORTING SCHEDULES:
 48 B-2, pages 2
 49 E-1
 50
 51
 52

RECAP SCHEDULES:
 B-1

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
Test Year Ended December 31, 2024
Original Cost Rate Base Proforma Adjustments

Exhibit
Settlement Schedule B-2
Page 2
Witness: Bourassa

Line No.		Actual at End of Test Year	1	2	3	Proforma Adjustments				6	7	8	9	Adjusted at end of Test Year
						4	5	ADIT	AMC					
1	Gross Utility	\$ 273,971,889	(2,338,189)											\$ 271,633,701
2	Plant in Service													
3	Less:													
4	Accumulated													
5	Depreciation	62,157,853		(424,129)										61,733,724
6														
7														
8	Net Utility Plant in Service	\$ 211,814,036	\$ (2,338,189)	\$ 424,129	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,869,376
9	Less:													
10	Advances in Aid of Construction	11,726,776				(2,443,953)								9,282,824
11														
12	Contributions in Aid of Construction (CIAC)	89,687,625			(3,416,742)									86,270,883
13														
14	Accumulated Amort of CIAC	(20,279,742)			195,764									(20,083,978)
15	Customer Meter Deposits	-												-
16	Customer Security Deposits	-												-
17	Accumulated Deferred Income Taxes	228,048												1,406,388
18	Excess Accum. Def. Inc. Taxes (EADIT)	1,612,052					1,178,840	\$ 0						1,612,053
19	Plus:													
20	Survival Depreciation Deferral Accounting Order	5,204,310												5,204,310
21	Unamortized Finance													
22	Charges	143,964											(143,964)	
23	Prepayments	(42,101)												(42,101)
24	Materials and Supplies	-												-
25	Allowance for Cash Working Capital	(258,291)									12,842			(245,449)
26	Total	\$ 133,887,159	\$ (2,338,189)	\$ 424,129	\$ 3,220,978	\$ 2,443,953	\$ (1,178,840)	\$ (0)	\$ 12,842	\$ -	\$ -	\$ (143,964)	\$ -	\$ 136,328,067

SUPPORTING SCHEDULES:

B-2, pages 3-8
E-1

RECAP SCHEDULES:
B-1

Liberty Utilities (Liberty Park Water & Sewer) Corp. - Sewer Division
Test Year Ended December 31, 2024
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1

Exhibit
Settlement Schedule B-2
Page 3
Witness: Bourassa

Plant-in-Service													
Line No.		Adjustments											
1		A	B	C	D	E	F	G	H	I	J	K	L
2		Settlement	Settlement	Settlement	Settlement	Settlement	Settlement	Settlement	Settlement	Settlement	Settlement	Settlement	Settlement
3		Original	PTV	Capitalized	CWP	Staff Adj No 1	Staff Adj No 2	Staff Adj No 3	Staff Adj No 3	AFUDC	Retirements	Adjustments to Reconcile	Adjusted
4	Acct.	Cost	Plant Adj.	Overhead	Transfers	Reclass to WW	Reclass	Reclass	Reclass			Plant to Reconstruction	Original
5	No. Description												Cost
6	106 Construction Comp. Not Class	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	351 Organization	(3,211)	-	3,211	-	-	-	-	-	-	-	(2)	-
8	352 Franchise	29,596	-	(3,211)	-	-	-	-	-	-	-	-	26,385
9	353 Land	4,185,292	-	-	-	-	-	-	-	-	-	-	4,185,292
10	354 Structures & Improvements	84,801,648	-	(50,094)	-	170,839	(120,041)	-	(58,564)	-	-	-	84,793,768
11	355 Power Generation	5,325,145	-	-	-	-	(36,252)	-	(868)	-	-	-	5,291,325
12	355.1 Solar Generation	-	-	-	-	-	-	-	-	-	-	-	-
13	360 Collection Sewer Force	13,310,536	-	-	-	-	-	-	-	-	-	-	13,310,537
14	361 Collection Sewers Gravity	54,919,980	-	(161,070)	-	(1,305,388)	-	(531,829)	(415)	-	-	-	52,871,280
15	362 Special Collecting Structures	-	-	-	-	-	-	-	-	-	-	-	-
16	363 Customer Services	1,487,610	-	39,492	-	-	-	-	-	-	-	-	1,527,102
17	364 Flow Measuring Devices	172,125	-	-	-	-	-	-	-	-	-	-	172,125
18	365 Flow Measuring Installations	-	-	-	-	-	-	-	-	-	-	-	-
19	366 Route Services	4,153,479	-	-	-	-	-	-	-	-	-	-	4,153,479
20	367 Route Meters And Installation	219,881	-	-	-	-	-	-	(17)	-	-	-	219,863
21	370 Receiving Wells	1,072,757	-	-	-	-	-	-	(117)	-	-	-	1,072,640
22	371 Pumping Equipment	8,666,916	-	(170,904)	-	-	-	(85,742)	-	-	-	-	8,410,269
23	374 Route Distribution Reservoirs	1,686,834	-	-	-	-	-	-	(1,020)	-	-	-	1,687,813
24	375 Route Trans. and Dist. System	1,413,340	-	-	-	-	-	-	(529)	-	-	-	1,412,810
25	380 Treatment & Disposal Equipment	46,711,657	-	(160,518)	-	-	-	(6,647)	(240)	-	-	-	46,544,251
26	380.1 Odor Control GAC	-	-	-	-	-	-	-	-	-	-	-	-
27	381 Plant Sewers	22,548,283	-	207,553	-	-	-	-	(8)	-	-	-	22,755,836
28	382 Outfall Sewer Lines	343,681	-	-	-	-	-	-	-	-	-	-	343,681
29	389 Other Sewer Plant & Equipment	839,790	-	-	-	-	-	-	-	-	-	-	839,790
30	390 Office Furniture & Equipment	516,616	-	-	-	-	(86,502)	-	-	-	-	-	430,113
31	390.1 Computers and Software	457,098	-	-	-	-	(68,065)	-	-	-	-	-	389,032
32	391 Transportation Equipment	403,454	-	-	-	-	-	-	-	-	-	-	403,454
33	392 Storage Equipment	8,966	-	-	-	-	-	-	-	-	-	-	8,966
34	393 Tools, Shop And Garage Equip	657,385	-	(13,200)	6	-	-	-	-	-	-	-	644,191
35	394 Laboratory Equip	225,315	-	-	-	-	-	-	-	-	-	-	225,315
36	395 Power Operated Equipment	500,202	-	-	-	-	-	-	-	-	-	-	500,202
37	396 Communication Equip	6,297,253	-	(160,000)	-	-	-	-	(108)	-	-	-	6,137,144
38	397 Miscellaneous Equip.	375,882	-	-	-	-	-	(36,814)	-	-	-	-	339,068
39	397.1 Misc. Equipment CNG	375,882	-	-	-	-	-	-	-	-	-	-	375,882
40	398 Other Tangible Plant	79,026	-	-	-	-	-	-	-	-	-	-	79,026
41													
42	SUBTOTAL	\$ 261,751,535	\$ -	\$ (416,848)	\$ (50,088)	\$ -	\$ (1,305,388)	\$ 0	\$ (761,074)	\$ -	\$ (61,600)	\$ (1)	\$ 259,124,733
43													
44	903 Land and Land Rights	\$ 37,777	\$ -	\$ -	-	-	-	-	-	-	-	-	\$ 37,777
45	904 Structures and Improvements	1,355,036	-	-	-	-	-	-	-	-	-	-	1,355,036
46	940 Office Furniture and Fixtures	361,396	(45,012)	-	-	-	-	-	-	-	-	-	316,384
47	940.1 Computers and Software	1,775,034	76,011	314,215	-	-	-	-	-	-	-	-	2,165,260
48	940.2 Customer First	4,482,495	(16,601)	-	-	-	-	-	-	-	-	-	4,465,894
49	955 Power Generation	1,014	-	-	-	-	-	-	-	-	-	-	1,014
50	995 Power Operated Equipment	167,501	-	-	-	-	-	-	-	-	-	-	167,501
51													
52	TOTALS	\$ 273,971,888	\$ 14,399	\$ (104,433)	\$ (50,088)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1)	\$ 273,837,701
53													
54	Plant-in-Service per Books												\$ 273,837,701
55													
56	Increase (decrease) in Plant-in-Service												\$ (2,336,189)
57													
58	Adjustment to Plant-in-Service												\$ (2,336,189)
59													
60	SUPPORTING SCHEDULES												
61	B-2, pages 3.1 to 3.5												
62													
63													

RECAP SCHEDULES:
B-2, page 2

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division

Test Year Ended December 31, 2024
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - A

Exhibit
Settlement Schedule B-2
Page 3.1
Witness: Bourassa

Line

<u>No.</u>			[1]	[2]	[3]	[4] = [1]x[2]x[3]	Direct	
				Liberty		Settlement Allocat	Allocated	
	Acct.		Original	Utilities		Original	Original	Settlement
	<u>No.</u>	<u>Description</u>	<u>Cost</u>	<u>Factor</u>	<u>Factor</u>	<u>Cost</u>	<u>Cost</u>	<u>Adjustment</u>
1		<u>Corporate Plant</u>						
2								
3								
4	903	Land and Land Rights	\$ 1,364,008	6.6567%	30.2279%	\$ 27,446	\$ 27,446	\$ -
5	904	Structures and Improvements	11,557,420	6.6567%	30.2279%	232,555	232,555	-
6								
7								
8								
9								
10								
11								
12		<u>LU Sub-Corp. Plant (8020)</u>						
13								
14	903	Land and Land Rights	\$ 58,167	51.39%	34.5602%	\$ 10,330	10,330	\$ -
15	904	Structures and Improvements	6,320,249	51.39%	34.5602%	1,122,483	1,122,483	-
16	940	Office Furniture and Equipment	1,781,431	51.39%	34.5602%	316,384	361,396	(45,012)
17	940.1	Computers and Software	5,038,773	86.78%	34.5602%	1,511,199	1,435,188	76,011
18	940.2	Customer First	28,227,726	86.78%	34.5602%	8,465,895	8,482,495	(16,601)
19	955	Power Generation	5,710	51.39%	34.5602%	1,014	1,014	-
20	995	Power Operated Equipment	943,696	51.39%	34.5602%	167,601	167,601	-
21								
22		<u>Totals</u>						
23								
24	903	Land and Land Rights	\$ 1,422,174			\$ 37,777	37,777	\$ -
25	904	Structures and Improvements	17,877,670			1,355,038	1,355,038	-
26	940	Office Furniture and Equipment	1,781,431			316,384	361,396	(45,012)
27	940.1	Computers and Software	5,038,773			1,511,199	1,435,188	76,011
28	940.2	Customer First	28,227,726			8,465,895	8,482,495	(16,601)
29	955	Power Generation	5,710			1,014	1,014	-
30	995	Power Operated Equipment	943,696			167,601	167,601	-
31	997	Miscellaenous Equipment	-			-	-	-
32			<u>55,297,180</u>			<u>11,854,908</u>	<u>11,840,509</u>	<u>14,399</u>

SUPPORTING SCHEDULE

Work papers
Testimony

RECAP SCHEDULES:

B-2, page 3

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division

Test Year Ended December 31, 2024
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - B

Exhibit
Settlement Schedule B-2
Page 3.2
Witness: Bourassa

Line

No.

1 Post-Test Year Plant

2

3

4 Acct.

5 No. Description

6 106 Construction Completed Not Classified

7 351 Organization

8 352 Franchise

9 353 Land

10 354 Structures & Improvements

11 355 Power Generation

12 355.1 Solar Generation

13 360 Collection Sewer Forced

14 361 Collection Sewers Gravity

15 362 Special Collecting Structures

16 363 Customer Services

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

23 374 Reuse Distribution Reservoirs

24 375 Reuse Trans. and Dist. System

25 380 Treatment & Disposal Equipment

26 380.1 Odor Control GAC

27 381 Plant Sewers

28 382 Outfall Sewer Lines

29 389 Other Sewer Plant & Equipment

30 390 Office Furniture & Equipment

31 390.1 Computers and Software

32 391 Transportation Equipment

33 392 Stores Equipment

34 393 Tools, Shop And Garage Equip

35 394 Laboratory Equip

36 395 Power Operated Equipment

37 396 Communication Equip

38 397 Miscellaenous Equip.

39 397.1 Misc Equipment CNG

40 398 Other Tangible Plant

41

42

43

44

45 Subtotal

46

47 903 Land and Land Rights

48 904 Structures and Improvments

49 940 Office Furniture and Fixtures

50 940.1 Computers and Software

51 940.2 Customer First

52 955 Power Generation

53 995 Power Operated Equipment

54 997 Miscellaenous Equipment

55 Subtotal

56

57 Total

58

59

60 SUPPORTING SCHEDULE

61 Work Papers

62

Adjusted Test Year Original Cost	Settlement Adjustment	Settlement Cost
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
274,583	(161,070)	113,513
-	-	-
41,250	39,492	80,742
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
256,437	(170,904)	85,533
-	-	-
-	-	-
214,812	(160,519)	54,293
-	-	-
-	207,553	207,553
-	-	-
-	-	-
-	-	-
-	-	-
13,200	(13,200)	-
-	-	-
-	-	-
160,000	(160,000)	-
-	-	-
-	-	-
-	-	-
\$ 960,283	\$ (418,648)	\$ 541,635
\$ -	\$ -	\$ -
-	-	-
-	-	-
339,845	\$ 314,215	654,060
-	-	-
-	-	-
-	-	-
-	-	-
\$ 339,845	\$ 314,215	\$ 654,060
#####	\$ (104,433)	\$ 1,195,695

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
Test Year Ended December 31, 2024
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - C

Exhibit
Settlement Schedule B-2
Page 3.3
Witness: Bourassa

Line No.	Acct. No.	Description	2017	2018	2019	2020	2021	2022	2023	2024	Total	Settlement Adjustment	Settlement Test Year Total
1		Capitalized Overhead Adjustments											
2													
3													
4													
5	106	Construction Completed Not Classified	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	351	Organization	-	-	-	-	-	-	-	-	-	3,211	0
7	352	Franchise	-	-	-	-	-	-	(1,727)	(1,484)	(3,211)	(3,211)	(3,211)
8	353	Land	-	-	-	-	-	-	-	(0)	(0)	(0)	(7,702)
9	354	Structures & Improvements	-	(3,044)	(473)	(146)	(659)	(3,083)	(1,857)	(1,484)	(7,702)	(50,094)	(246,953)
10	355	Power Generation	-	(2,782)	(8,512)	(8,512)	(36,452)	(119,667)	(13,707)	(12,695)	(196,859)	(52,458)	(401,319)
11	355.1	Solar Generation	-	(320)	(34,723)	-	(10,946)	(5,531)	-	(938)	(52,458)	-	(187,649)
12	360	Collection Sewer Forced	-	(15)	(458)	(9,153)	(15,242)	(6,741)	(223,928)	(145,782)	(401,319)	-	(30,716)
13	361	Collection Sewers Gravity	-	(39,942)	(115,069)	(20,535)	(28,767)	(7,836)	(6,163)	31,062	(187,649)	-	(421)
14	362	Special Collecting Structures	-	(802)	(2,685)	(2,472)	(2,794)	(3,321)	(10,624)	(8,017)	(30,716)	-	(2,216)
15	363	Customer Services	-	-	-	-	(10)	(411)	-	-	(421)	-	(1,396)
16	364	Flow Measuring Devices	-	-	-	-	-	-	-	-	-	-	(13,139)
17	365	Flow Measuring Installations	-	-	-	-	-	-	-	-	-	-	(54,313)
18	366	Reuse Services	-	-	-	-	(8)	(914)	(1,071)	(223)	(2,216)	-	(43,945)
19	367	Reuse Meters And Installation	-	-	-	-	(1,268)	(123)	(5)	-	(1,396)	-	(16,405)
20	370	Receiving Wells	-	(9,347)	(2,069)	-	(445)	(1,123)	(18)	-	(13,139)	-	(181,565)
21	371	Pumping Equipment	-	(3,325)	(9,086)	(4,179)	(11,326)	(18,436)	(7,960)	(0)	(54,313)	-	(10,848)
22	374	Reuse Distribution Reservoirs	-	-	-	(10,329)	(10,475)	(16,377)	(1,237)	(5,527)	(43,945)	-	-
23	375	Reuse Trans. and Dist. System	-	-	-	(8,858)	(6,302)	(1,100)	(2)	(142)	(16,405)	-	-
24	380	Treatment & Disposal Equipment	-	(12,525)	(8,542)	(7,341)	(13,159)	(13,623)	(10,739)	(115,636)	(181,565)	-	-
25	380.1	Odor Control GAC	-	-	-	-	-	-	-	-	-	-	-
26	381	Plant Sewers	-	-	-	(4,361)	(288)	(379)	(853)	(544)	(10,848)	-	-
27	382	Outfall Sewer Lines	-	-	-	-	-	-	-	-	-	-	-
28	389	Other Sewer Plant & Equipment	-	-	-	-	-	-	-	-	-	-	-
29	390	Office Furniture & Equipment	-	(62)	(386)	(376)	(13)	(83)	(7,457)	(27)	(8,406)	-	-
30	390.1	Computers and Software	-	(247)	(489)	(4,705)	(591)	(10,955)	(3,911)	-	(20,899)	-	-
31	391	Transportation Equipment	-	-	-	-	-	(1,088)	-	-	(1,088)	-	-
32	392	Stores Equipment	-	-	-	-	-	-	-	-	-	-	-
33	393	Tools, Shop And Garage Equip	-	(328)	(1,203)	(1,055)	(418)	(2,849)	-	-	(5,859)	6	(5,853)
34	394	Laboratory Equip	-	(198)	(52)	(125)	(1)	(697)	-	(6)	(1,330)	-	-
35	395	Power Operated Equipment	-	(38,696)	(1)	-	-	-	(4)	(252)	(38,687)	-	-
36	396	Communication Equip	-	(181)	(2,369)	(526)	(1,376)	(1,192)	-	-	(6,200)	-	-
37	397	Miscellaneous Equip.	-	(151)	-	(2,919)	(3)	-	(557)	-	(4,952)	-	-
38	397.1	Misc. Equipment CNG	-	-	-	-	-	-	-	(2,030)	(151)	-	-
39	398	Other Tangible Plant	-	(1,700)	-	-	-	-	-	(1,081)	(2,782)	-	-
40													
41													
42		TOTALS	\$ -	\$ (110,873)	\$ (184,812)	\$ (85,996)	\$ (140,543)	\$ (215,528)	\$ (291,942)	\$ (264,824)	\$ (1,294,516)	\$ (50,098)	\$ (1,344,604)
43													
44													
45		SUPPORTING SCHEDULE											
46		Work papers											
47													

RECAP SCHEDULES:
B-2, page 3

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division

Test Year Ended December 31, 2024

Original Cost Rate Base Proforma Adjustments

Adjustment Number 1 - D

Exhibit

Settlement Schedule B-2

Page 3.4

Witness: Bourassa

Line

No.1 CWIP Transfers

2

3

4 Acct.

5 No. Description

6 106 Construction Completed Not Classified

Adjusted
Test Year
Original
CostSettlement
AdjustmentsSettlement
Original
Cost

\$ - \$ -

7 351 Organization

- -

8 352 Franchise

- -

9 353 Land

- -

10 354 Structures & Improvements

187,379 187,379

11 355 Power Generation

- -

12 355.1 Solar Generation

- -

13 360 Collection Sewer Forced

1,061,426 1,061,426

14 361 Collection Sewers Gravity

300,580 300,580

15 362 Special Collecting Structures

- -

16 363 Customer Services

262,707 262,707

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

29,430 29,430

23 374 Reuse Distribution Reservoirs

- -

24 375 Reuse Trans. and Dist. System

- -

25 380 Treatment & Disposal Equipment

720,219 720,219

26 380.1 Odor Control GAC

- -

27 381 Plant Sewers

- -

28 382 Outfall Sewer Lines

- -

29 389 Other Sewer Plant & Equipment

- -

30 390 Office Furniture & Equipment

91,758 91,758

31 390.1 Computers and Software

- -

32 391 Transportation Equipment

- -

33 392 Stores Equipment

- -

34 393 Tools, Shop And Garage Equip

- -

35 394 Laboratory Equip

8,784 8,784

36 395 Power Operated Equipment

- -

37 396 Communication Equip

- -

38 397 Miscellaenous Equip.

- -

39 397.1 Misc Equipment CNG

- -

40 398 Other Tangible Plant

- -

41

42

43

44

45

46 TOTALS

\$ 2,662,283 \$ - \$ 2,662,283

47

48

49 SUPPORTING SCHEDULE

50 Work papers

51

RECAP SCHEDULES:

B-2, page 3

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
 Test Year Ended December 31, 2024
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - D

Exhibit
 Settlement Schedule B-2
 Page 3.5
 Witness: Bourassa

Line									
No.									
1	<u>Plant Additions Reclassed to Water</u>								
2									
3									
4	Acct.		Adjusted						
5	No.	Description	Test Year						
6			Original	2021	2022	2023	2024	Settlement	
7			Cost	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	
8	106	Construction Completed Not Classified	\$ -					\$ -	
9	351	Organization	-					-	
10	352	Franchise	-					-	
11	353	Land	-					-	
12	354	Structures & Improvements	-					-	
13	355	Power Generation	-					-	
14	355.1	Solar Generation	-					-	
15	360	Collection Sewer Forced	-					-	
16	361	Collection Sewers Gravity	-	\$ (565,744)	\$ (422,995)	\$ (287,689)	\$ (78,958)	(1,355,386)	
17	362	Special Collecting Structures	-					-	
18	363	Customer Services	-					-	
19	364	Flow Measuring Devices	-					-	
20	365	Flow Measuring Installations	-					-	
21	366	Reuse Services	-					-	
22	367	Reuse Meters And Installation	-					-	
23	370	Receiving Wells	-					-	
24	371	Pumping Equipment	-					-	
25	374	Reuse Distribution Reservoirs	-					-	
26	375	Reuse Trans. and Dist. System	-					-	
27	380	Treatment & Disposal Equipment	-					-	
28	380.1	Odor Control GAC	-					-	
29	381	Plant Sewers	-					-	
30	382	Outfall Sewer Lines	-					-	
31	389	Other Sewer Plant & Equipment	-					-	
32	390	Office Furniture & Equipment	-					-	
33	390.1	Computers and Software	-					-	
34	391	Transportation Equipment	-					-	
35	392	Stores Equipment	-					-	
36	393	Tools, Shop And Garage Equip	-					-	
37	394	Laboratory Equip	-					-	
38	395	Power Operated Equipment	-					-	
39	396	Communication Equip	-					-	
40	397	Miscellaneous Equip.	-					-	
41	397.1	Misc Equipment CNG	-					-	
42	398	Other Tangible Plant	-					-	
43									
44									
45									
46		TOTALS	\$ -	\$ (565,744)	\$ (422,995)	\$ (287,689)	\$ (78,958)	\$ (1,355,386)	
47									
48									
49	<u>SUPPORTING SCHEDULE</u>								
50	Work papers								
51									

RECAP SCHEDULES:
 B-2, page 3

Check

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
 Test Year Ended December 31, 2024
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - D

Exhibit
 Settlement Schedule B-2
 Page 3.6
 Witness: Bourassa

Line No.	Acct. No.	Description	Adjusted Test Year Original Cost	2020 Adjustment	2021 Adjustment	2022 Adjustment	2023 Adjustment	2024 Adjustment	Settlement Adjustment
1		<u>Plant Reclasses</u>							
2									
3									
4									
5	106	Construction Completed Not Classified	\$ -						\$ -
6	351	Organization	-						-
7	352	Franchise	-						-
8	353	Land	-						-
9	354	Structures & Improvements	-	\$ 25,705		\$ 53,377		\$ 91,758	170,839
10	355	Power Generation	-			\$ (36,252)			(36,252)
11	355.1	Solar Generation	-						-
12	360	Collection Sewer Forced	-						-
13	361	Collection Sewers Gravity	-						-
14	362	Special Collecting Structures	-						-
15	363	Customer Services	-						-
16	364	Flow Measuring Devices	-						-
17	365	Flow Measuring Installations	-						-
18	366	Reuse Services	-						-
19	367	Reuse Meters And Installation	-						-
20	370	Receiving Wells	-						-
21	371	Pumping Equipment	-						-
22	374	Reuse Distribution Reservoirs	-						-
23	375	Reuse Trans. and Dist. System	-						-
24	380	Treatment & Disposal Equipment	-						-
25	380.1	Odor Control GAC	-						-
26	381	Plant Sewers	-						-
27	382	Outfall Sewer Lines	-						-
28	389	Other Sewer Plant & Equipment	-						-
29	390	Office Furniture & Equipment	-	\$ 25,255				\$ (91,758)	(66,502)
30	390.1	Computers and Software	-	\$ (50,961)		\$ (17,125)			(68,085)
31	391	Transportation Equipment	-						-
32	392	Stores Equipment	-						-
33	393	Tools, Shop And Garage Equip	-						-
34	394	Laboratory Equip	-						-
35	395	Power Operated Equipment	-						-
36	396	Communication Equip	-						-
37	397	Miscellaneous Equip.	-						-
38	397.1	Misc Equipment CNG	-						-
39	398	Other Tangible Plant	-						-
40									
41									
42									
43									
44									
45									
46		TOTALS	\$ -	\$ -		\$ -	\$ -	\$ -	0
47									
48									
49		<u>SUPPORTING SCHEDULE</u>							<u>RECAP SCHEDULES:</u>
50		Work papers							B-2, page 3
51									

Check

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
 Test Year Ended December 31, 2024
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - D

Exhibit
 Settlement Schedule B-2
 Page 3.7
 Witness: Bourassa

Line	No.									
1		<u>Plant Removals</u>								
2			Adjusted							
3			Test Year							
4	Acct.		Original							
5	No.	Description	Cost	2020	2021	2022	2023	2024	Settlement	
6	106	Construction Completed Not Classified	\$ -	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	\$ -
7	351	Organization	-							-
8	352	Franchise	-							-
9	353	Land	-							-
10	354	Structures & Improvements	-					\$ (120,041)		(120,041)
11	355	Power Generation	-							-
12	355.1	Solar Generation	-							-
13	360	Collection Sewer Forced	-							-
14	361	Collection Sewers Gravity	-			\$ (367,180)		\$ (164,649)		(531,829)
15	362	Special Collecting Structures	-							-
16	363	Customer Services	-							-
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	-		\$ (85,742)					(85,742)
23	374	Reuse Distribution Reservoirs	-							-
24	375	Reuse Trans. and Dist. System	-							-
25	380	Treatment & Disposal Equipment	-				\$ (6,647)			(6,647)
26	380.1	Odor Control GAC	-							-
27	381	Plant Sewers	-							-
28	382	Outfall Sewer Lines	-							-
29	389	Other Sewer Plant & Equipment	-							-
30	390	Office Furniture & Equipment	-							-
31	390.1	Computers and Software	-							-
32	391	Transportation Equipment	-							-
33	392	Stores Equipment	-							-
34	393	Tools, Shop And Garage Equip	-							-
35	394	Laboratory Equip	-							-
36	395	Power Operated Equipment	-							-
37	396	Communication Equip	-							-
38	397	Miscellaneous Equip.	-	\$ (36,814)						(36,814)
39	397.1	Misc Equipment CNG	-							-
40	398	Other Tangible Plant	-							-
41										
42										
43										
44										
45										
46		TOTALS	\$ -	\$ (36,814)	\$ (85,742)	\$ (367,180)	\$ (6,647)	\$ (284,690)	\$	(781,074)
47										
48										
49		<u>SUPPORTING SCHEDULE</u>								
50		Work papers								
51										

RECAP SCHEDULES:
 B-2, page 3

Check

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
 Test Year Ended December 31, 2024
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - B

Exhibit
 Settlement Schedule B-2
 Page 3.8
 Witness: Bourassa

Line No.	Acct. No.	Description	Adjusted Test Year Original Cost	2019 Adjustment	2020 Adjustment	2021 Adjustment	2022 Adjustment	2023 Adjustment	2024 Adjustment	Settlement Adjustment
1		Place-Holder AFUDC								
2										
3										
4										
5	106	Construction Completed Not Classified	\$ -	-	-	-	-	-	-	\$ -
6	351	Organization	-	-	-	-	-	-	-	\$ -
7	352	Franchise	-	-	-	-	-	-	-	\$ -
8	353	Land	-	-	-	-	-	-	-	\$ -
9	354	Structures & Improvements	-	-	-	-	(177)	-	(58,407)	\$ (58,584)
10	355	Power Generation	-	-	-	-	(568)	-	-	\$ (568)
11	355.1	Solar Generation	-	-	-	-	-	-	-	\$ -
12	360	Collection Sewer Forced	-	-	-	-	-	-	0	\$ 0
13	361	Collection Sewers Gravity	-	-	-	(415)	-	-	-	\$ (415)
14	362	Special Collecting Structures	-	-	-	-	-	-	-	\$ -
15	363	Customer Services	-	-	-	-	-	-	-	\$ -
16	364	Flow Measuring Devices	-	-	-	-	-	-	-	\$ -
17	365	Flow Measuring Installations	-	-	-	-	-	-	-	\$ -
18	366	Reuse Services	-	-	-	-	-	-	-	\$ -
19	367	Reuse Meters And Installation	-	-	-	-	(17)	-	-	\$ (17)
20	370	Receiving Wells	-	-	-	-	-	-	(117)	\$ (117)
21	371	Pumping Equipment	-	-	-	-	-	-	-	\$ -
22	374	Reuse Distribution Reservoirs	-	-	(174)	-	(352)	(242)	(252)	\$ (1,020)
23	375	Reuse Trans. and Dist. System	-	-	(340)	-	(189)	-	-	\$ (529)
24	380	Treatment & Disposal Equipment	-	-	-	-	(63)	-	(177)	\$ (240)
25	380.1	Odor Control GAC	-	-	-	-	-	-	-	\$ -
26	381	Plant Sewers	-	-	-	-	-	-	(8)	\$ (8)
27	382	Outfall Sewer Lines	-	-	-	-	-	-	-	\$ -
28	389	Other Sewer Plant & Equipment	-	-	-	-	-	-	-	\$ -
29	390	Office Furniture & Equipment	-	-	-	-	-	-	-	\$ -
30	390.1	Computers and Software	-	-	-	-	-	-	-	\$ -
31	391	Transportation Equipment	-	-	-	-	-	-	-	\$ -
32	392	Stores Equipment	-	-	-	-	-	-	-	\$ -
33	393	Tools, Shop And Garage Equip	-	-	-	-	-	-	-	\$ -
34	394	Laboratory Equip	-	-	-	-	-	-	-	\$ -
35	395	Power Operated Equipment	-	-	-	-	-	-	-	\$ -
36	396	Communication Equip	-	-	-	-	(108)	-	-	\$ (108)
37	397	Miscellaneous Equip.	-	-	-	-	-	-	-	\$ -
38	397.1	Misc Equipment CNG	-	-	-	-	-	-	-	\$ -
39	398	Other Tangible Plant	-	-	-	-	-	-	-	\$ -
40										
41										
42		Subtotal	\$ -	\$ -	\$ (514)	\$ (415)	\$ (1,474)	\$ (242)	\$ (58,961)	\$ (61,606)
43										
44										
45										
46		SUPPORTING SCHEDULE								
47		Work Papers								
48										

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division

Test Year Ended December 31, 2024

Original Cost Rate Base Proforma Adjustments

Adjustment Number 1 - E

Exhibit

Settlement Schedule B-2

Page 3.9

Witness: Bourassa

Line

No.

Reconciliation of Plant to Plant Reconstruction

Acct.	Adjusted Test Year Original Cost	Settlement B-2 Adjustments	Adjusted Original Cost	Settlement Plant Per Reconstruction	Difference
106 Construction Completed Not Classified	\$ -	\$ -	\$ -	\$ -	\$ -
351 Organization	(3,211)	3,211	0	-	(0)
352 Franchise	29,596	(3,211)	26,385	26,385	-
353 Land	4,185,292	-	4,185,292	4,185,292	-
354 Structures & Improvements	84,851,648	(57,880)	84,793,769	84,793,769	-
355 Power Generation	5,328,145	(36,820)	5,291,325	5,291,325	-
355.1 Solar Generation	-	-	-	-	-
360 Collection Sewer Forced	13,310,536	0	13,310,537	13,310,537	-
361 Collection Sewers Gravity	54,919,980	(2,048,700)	52,871,280	52,871,280	-
362 Special Collecting Structures	-	-	-	-	-
363 Customer Services	1,487,610	39,492	1,527,102	1,527,102	-
364 Flow Measuring Devices	172,125	-	172,125	172,125	-
365 Flow Measuring Installations	-	-	-	-	-
366 Reuse Services	4,153,479	-	4,153,479	4,153,479	-
367 Reuse Meters And Installation	219,481	(17)	219,463	219,463	-
370 Receiving Wells	1,072,757	(117)	1,072,640	1,072,640	-
371 Pumping Equipment	8,668,916	(256,647)	8,412,269	8,412,269	-
374 Reuse Distribution Reservoirs	1,698,934	(1,020)	1,697,915	1,697,915	-
375 Reuse Trans. and Dist. System	1,413,040	(529)	1,412,510	1,412,510	-
380 Treatment & Disposal Equipment	46,711,657	(167,406)	46,544,251	46,544,251	-
380.1 Odor Control GAC	-	-	-	-	-
381 Plant Sewers	22,548,293	207,545	22,755,838	22,755,838	-
382 Outfall Sewer Lines	343,681	-	343,681	343,681	-
389 Other Sewer Plant & Equipment	839,750	-	839,750	839,750	-
390 Office Furniture & Equipment	516,616	(66,502)	450,113	450,113	-
390.1 Computers and Software	457,098	(68,085)	389,012	389,012	-
391 Transportation Equipment	403,454	-	403,454	403,454	-
392 Stores Equipment	8,968	-	8,968	8,968	-
393 Tools, Shop And Garage Equip	657,385	(13,194)	644,191	644,191	-
394 Laboratory Equip	225,315	-	225,315	225,315	-
395 Power Operated Equipment	500,203	-	500,203	500,203	-
396 Communication Equip	6,297,253	(160,108)	6,137,144	6,137,144	-
397 Miscellaenous Equip.	375,982	(36,814)	339,168	339,168	-
397.1 Misc Equipment CNG	318,526	-	318,526	318,526	-
398 Other Tangible Plant	79,028	-	79,028	79,028	-

TOTALS

\$ 261,791,535	\$ (2,666,802)	\$ 259,124,733	\$ 259,124,733	\$ (0)
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SUPPORTING SCHEDULE

B-2, pages 3.1 through 3.4

B-2, pages 3.6 through 3.10

RECAP SCHEDULES:

B-2, page 3

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
 Test Year Ended December 31, 2024
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - A

Exhibit
 Settlement Schedule B-2
 Page 4.1
 Witness: Bourassa

Line No.		[1]	[2]	[3]	[4] = [1]x[2]x[3]			
	Acct. No. Description	Original Cost	Liberty Utilities Factor	Factor	Allocated Original Cost	Direct Allocated Original Cost A/D	Settlement Adjustment	
1	<u>Corporate Plant A/D</u>							
2								
3								
4								
5								
6	903 Land and Land Rights	\$ -	6.6567%	30.2279%	\$ -	\$ -	\$ -	
7	904 Structures and Improvements	4,041,052	6.6567%	30.2279%	81,313	81,313	-	
8								
9								
10								
11	<u>LU Sub-Corp. Plant (8020) A/D</u>							
12								
13	903 Land and Land Rights	\$ -	51.39%	34.5602%	\$ -	\$ -	\$ -	
14	904 Structures and Improvements	732,762	51.39%	34.5602%	130,139	130,139	-	
15	940 Office Furniture and Equipment	1,408,790	51.39%	34.5602%	250,202	36,158	(214,045)	
16	940.1 Computers and Software	937,092	86.78%	34.5602%	281,047	247,091	(33,956)	
17	940.2 Customer First	2,115,461	86.78%	34.5602%	634,457	636,187	1,730	
18	955 Power Generation	999	51.39%	34.5602%	177	177	-	
19	995 Power Operated Equipment	165,147	51.39%	34.5602%	29,330	29,330	-	
20								
21	Totals							
22								
23	903 Land and Land Rights	\$ -			\$ -	\$ -	\$ -	
24	904 Structures and Improvements	4,773,814			211,452	211,452	-	
25	940 Office Furniture and Equipment	1,408,790			250,202	36,158	(214,045)	
26	940.1 Computers and Software	937,092			281,047	247,091	(33,956)	
27	940.2 Customer First	2,115,461			634,457	636,187	1,730	
28	955 Power Generation	999			177	177	-	
29	995 Power Operated Equipment	165,147			29,330	29,330	-	
30	997 Miscellaneous Equipment	-			-	-	-	
31		<u>\$ 9,401,303</u>			<u>\$ 1,406,666</u>	<u>\$ 1,160,395</u>	<u>\$ (246,271)</u>	
32								
33								
34								
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42								
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45								
46	<u>SUPPORTING SCHEDULE</u>				<u>RECAP SCHEDULES:</u>			
47	Work papers				B-2, page 4			
48								

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division

Test Year Ended December 31, 2024
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - B

Exhibit
Settlement Schedule B-2
Page 4.2
Witness: Bourassa

Line

No.

1 Post-Test Year Plant A/D

2

3

4 Acct.

5 No.

6 Description

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Depr	PTY	Settlement	Direct	Settlement
Rate	Plant	PTYP Plant	PTYP	Adjustment
		Depreciation	Depreciation	
		\$	\$	\$
0.00%	-	-	-	-
0.00%	-	-	-	-
0.00%	-	-	-	-
3.33%	-	-	-	-
5.00%	-	-	-	-
6.67%	-	-	-	-
2.00%	-	-	-	-
2.00%	113,513	1,135	2,746	(1,611)
2.00%	-	-	-	-
2.00%	80,742	807	413	395
10.00%	-	-	-	-
10.00%	-	-	-	-
2.00%	-	-	-	-
8.33%	-	-	-	-
3.33%	-	-	-	-
12.50%	85,533	5,346	16,027	(10,682)
2.50%	-	-	-	-
2.50%	-	-	-	-
5.00%	54,293	1,357	5,370	(4,013)
0.00%	-	-	-	-
5.00%	207,553	5,188.83	-	5,189
3.33%	-	-	-	-
6.67%	-	-	-	-
6.67%	-	-	-	-
20.00%	-	-	-	-
20.00%	-	-	-	-
4.00%	-	-	-	-
5.00%	-	-	330	(330)
10.00%	-	-	-	-
5.00%	-	-	-	-
10.00%	-	-	8,000	(8,000)
10.00%	-	-	-	-
3.33%	-	-	-	-
10.00%	-	-	-	-

Subtotal

\$ 541,635	\$ 13,835	\$ 32,886	\$ (19,051)
------------	-----------	-----------	-------------

903 Land and Land Rights

0.00%

\$

-

\$

-

904 Structures and Improvements

2.56%

-

-

940 Office Furniture and Fixtures

4.00%

-

-

940.1 Computers and Software

20.00%

654,060

65,406

33,985

31,422

940.2 Customer First

5.00%

-

-

955 Power Generation

5.00%

-

-

995 Power Operated Equipment

5.00%

-

-

997 Miscellaenous Equipment

10.00%

-

-

Subtotal

\$ 654,060	\$ 65,406	\$ 33,985	\$ 31,422
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Total

\$ 1,195,695	\$ 79,241	\$ 66,871	\$ 12,370
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SUPPORTING SCHEDULE

Work papers

RECAP SCHEDULES:

B-2, page 4

DOCKET NO. W-01427A-25-0126, ET AL.

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
Test Year Ended December 31, 2024
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - C

Exhibit
Schedule B-2
Page 4.3
Witness: Bourassa

Line No.	Acct.	Description	No. of years	2017-2024										Settlement Adjustment
				2017	2018	2019	2020	2021	2022	2023	2024	Total	Depr Rate	
1		A/D on Capitalized Overhead Adjustments		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	
2													0.00%	
3													0.00%	
4													0.00%	
5	106	Construction Completed Not Classified		-	-	-	-	-	-	-	(1,484)	(3,211)	0.00%	3,211.00
6	351	Organization		-	-	-	-	-	-	-	(0)	(0)	0.00%	-
7	352	Franchise		-	-	-	-	-	-	-	(1,857)	(7,702)	0.00%	-
8	353	Land		-	-	-	-	-	-	-	(13,707)	(246,953)	3.33%	(834.06)
9	354	Structures & Improvements		-	(3,044)	(473)	(146)	(659)	(3,083)	(1,857)	(62,788)	(52,458)	5.00%	(12,283.11)
10	355	Power Generation		-	(320)	(34,723)	(8,512)	(10,946)	(5,531)	-	-	-	6.67%	-
11	355.1	Solar Generation		-	-	-	-	-	-	-	-	-	2.00%	-
12	360	Collection Sewer Force		-	(15)	(458)	(9,153)	(15,242)	(6,741)	(223,928)	(145,782)	(401,319)	2.00%	(10,455.78)
13	361	Collection Sewers Gravity		-	(39,942)	(115,069)	(20,935)	(28,767)	(7,836)	(6,163)	31,062	(187,649)	2.00%	(22,013.92)
14	362	Special Collecting Structures		-	-	-	-	-	-	-	-	-	2.00%	-
15	363	Customer Services		-	(802)	(2,685)	(2,472)	(2,794)	(3,321)	(10,624)	(8,017)	(30,716)	10.00%	(1,382.70)
16	364	Flow Measuring Devices		-	-	-	-	(10)	(411)	-	-	(421)	10.00%	(106.26)
17	365	Flow Measuring Installations		-	-	-	-	-	-	-	-	-	10.00%	-
18	366	Reuse Services		-	-	-	-	(8)	(914)	(1,071)	(223)	(2,216)	2.00%	(80.62)
19	367	Reuse Meters And Installation		-	-	-	-	(1,268)	(1,233)	(5)	-	(1,396)	8.33%	(395.86)
20	370	Receiving Wells		-	-	-	-	(445)	(1,123)	(138)	(18)	(1,319)	3.33%	(2,554.55)
21	371	Pumping Equipment		-	(9,347)	(2,069)	(4,179)	(11,326)	(18,436)	(7,960)	(0)	(54,313)	12.50%	(23,508.29)
22	374	Reuse Distribution Reservoirs		-	(3,325)	(9,086)	-	-	(16,377)	(1,237)	(5,527)	(43,945)	2.50%	(3,217.61)
23	375	Reuse Trans. and Dist. System		-	-	-	(10,329)	(10,475)	(1,100)	(2)	(142)	(16,405)	2.50%	(1,618.71)
24	380	Treatment & Disposal Equipment		-	-	(8,859)	(6,302)	(13,159)	(13,623)	(10,739)	(115,536)	(181,565)	5.00%	(15,773.35)
25	380.1	Odor Control GAC		-	(12,525)	(6,542)	(7,341)	-	-	-	-	-	0.00%	-
26	381	Plant Sewers		-	-	(4,424)	(4,361)	(288)	(379)	(853)	(544)	(10,848)	5.00%	(2,373.12)
27	382	Outfall Sewer Lines		-	-	-	-	-	-	-	-	-	3.33%	-
28	389	Other Sewer Plant & Equipment		-	-	-	-	-	-	-	-	-	6.67%	-
29	390	Office Furniture & Equipment		-	(62)	(386)	(378)	(13)	(83)	(7,457)	(27)	(8,406)	6.67%	(1,046.00)
30	390.1	Computers and Software		-	(247)	(489)	(4,705)	(591)	(10,955)	(3,911)	-	(20,899)	20.00%	(12,158.46)
31	391	Transportation Equipment		-	-	-	-	-	(1,088)	-	-	(1,088)	20.00%	(544.03)
32	392	Stores Equipment		-	-	-	-	-	-	-	-	-	4.00%	-
33	393	Tools, Shop And Garage Equip		-	(328)	(1,203)	(1,055)	(418)	(2,849)	-	(6)	(5,859)	5.00%	(1,104.10)
34	394	Laboratory Equip		-	(198)	(52)	(125)	(1)	(697)	-	(252)	(1,330)	10.00%	(401.62)
35	395	Power Operated Equipment		-	(38,686)	(1)	-	-	-	(4)	-	(38,687)	5.00%	(12,573.11)
36	396	Communication Equip		-	(181)	(2,369)	(526)	(1,376)	(1,192)	(557)	(2,030)	(6,200)	10.00%	(2,519.88)
37	397	Miscellaneous Equip		-	-	-	(2,919)	(3)	-	-	-	(4,952)	10.00%	(1,415.93)
38	397.1	Misc. Equipment CNG		-	(151)	-	-	-	-	-	-	(151)	3.33%	(32.68)
39	398	Other Tangible Plant		-	(1,700)	-	-	-	-	(1)	(1,081)	(2,782)	10.00%	(1,159.17)
40														
41														
42														
43														
44														
45		TOTALS		\$ -	\$ (110,873)	\$ (184,812)	\$ (85,996)	\$ (140,543)	\$ (215,528)	\$ (291,942)	\$ (314,918)	\$ (1,344,610)		\$ (147,104) \$ (143,059) \$ 2,377

45 SUPPORTING SCHEDULE

46 Work papers

47

RECAP SCHEDULES
B-2, page 3

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division

Test Year Ended December 31, 2024
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - D

Exhibit
Settlement Schedule B-2
Page 4.4
Witness: Bourassa

Line

No.1 CWIP Transfers A/D

2

3

4 Acct.

5 No. Description

6 351 Organization

7 352 Franchise

8 353 Land

9 354 Structures & Improvements

10 355 Power Generation

11 355.1 Solar Generation

12 360 Collection Sewer Forced

13 361 Collection Sewers Gravity

14 362 Special Collecting Structures

15 363 Customer Services

16 364 Flow Measuring Devices

17 365 Flow Measuring Installations

18 366 Reuse Services

19 367 Reuse Meters And Installation

20 370 Receiving Wells

21 371 Pumping Equipment

22 374 Reuse Distribution Reservoirs

23 375 Reuse Trans. and Dist. System

24 380 Treatment & Disposal Equipment

25 380.1 Odor Control GAC

26 381 Plant Sewers

27 382 Outfall Sewer Lines

28 389 Other Sewer Plant & Equipment

29 390 Office Furniture & Equipment

30 390.1 Computers and Software

31 391 Transportation Equipment

32 392 Stores Equipment

33 393 Tools, Shop And Garage Equip

34 394 Laboratory Equip

35 395 Power Operated Equipment

36 396 Communication Equip

37 397 Miscellaneous Equip.

38 397.1 Misc Equipment CNG

39 398 Other Tangible Plant

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41

42

43 Subtotal

44

45 903 Land and Land Rights

46 904 Structures and Improvements

47 940 Office Furniture and Fixtures

48 940.1 Computers and Software

49 940.2 Customer First

50 955 Power Generation

51 995 Power Operated Equipment

52 Subtotal

53

54 Total

55

56

57 SUPPORTING SCHEDULE

58 Work papers

59

Depr Rate	Settlement CWIP Transfers	Settlement CWIP Transfer Depreciation	Direct CWIP Transfer Depreciation	Settlement Adjustment
0.00%	\$ -	\$ -	\$ -	\$ -
0.00%	-	-	-	-
0.00%	-	-	-	-
3.33%	187,379	3,120	3,120	-
5.00%	-	-	-	-
6.67%	-	-	-	-
2.00%	1,061,426	10,614	10,614	-
2.00%	300,580	3,006	3,006	-
2.00%	-	-	-	-
2.00%	262,707	2,627	2,627	-
10.00%	-	-	-	-
10.00%	-	-	-	-
2.00%	-	-	-	-
8.33%	-	-	-	-
3.33%	-	-	-	-
12.50%	29,430	1,839	1,839	-
2.50%	-	-	-	-
2.50%	-	-	-	-
5.00%	720,219	18,005	18,005	-
0.00%	-	-	-	-
5.00%	-	-	-	-
3.33%	-	-	-	-
6.67%	-	-	-	-
6.67%	91,758	3,060	3,060	-
20.00%	-	-	-	-
20.00%	-	-	-	-
4.00%	-	-	-	-
5.00%	-	-	-	-
10.00%	8,784	439	439	-
5.00%	-	-	-	-
10.00%	-	-	-	-
10.00%	-	-	-	-
3.33%	-	-	-	-
10.00%	-	-	-	-
	\$ 2,662,283	\$ 42,711	\$ 42,711	\$ -
0.00%	\$ -	\$ -	\$ -	\$ -
2.56%	-	-	-	-
4.00%	-	-	-	-
20.00%	-	-	-	-
5.00%	-	-	-	-
5.00%	-	-	-	-
5.00%	-	-	-	-
	\$ -	\$ -	\$ -	\$ -
	\$ 2,662,283	\$ 42,711	\$ 42,711	\$ -

RECAP SCHEDULES:

B-2, page 4

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
 Test Year Ended December 31, 2024
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - B

Exhibit
 Settlement Schedule B-2
 Page 4.5
 Witness: Bourassa

Line No.				Settlement	Settlement	Settlement	Settlement	Settlement	Settlement	Settlement
				Additions TsF	2021	2022	2023	2024	Depreciation	Adjustment
				to Water	Depreciation	Adjustment	Adjustment	Adjustment		
1	<u>Plant Additions Reclassed to Water A/D</u>									
2										
3										
4	Acct.		Depr							
5	No. Description		Rate							
6	351 Organization		0.00%	\$ -						\$ -
7	352 Franchise		0.00%	-						-
8	353 Land		0.00%	-						-
9	354 Structures & Improvements		3.33%	-						-
10	355 Power Generation		5.00%	-						-
11	355.1 Solar Generation		6.67%	-						-
12	360 Collection Sewer Forced		2.00%	-						-
13	361 Collection Sewers Gravity		2.00%	(1,355,386)	(5,657.44)	(15,544.82)	(22,651.66)	(26,318.14)	(70,172)	(70,172)
14	362 Special Collecting Structures		2.00%	-						-
15	363 Customer Services		2.00%	-						-
16	364 Flow Measuring Devices		10.00%	-						-
17	365 Flow Measuring Installations		10.00%	-						-
18	366 Reuse Services		2.00%	-						-
19	367 Reuse Meters And Installation		8.33%	-						-
20	370 Receiving Wells		3.33%	-						-
21	371 Pumping Equipment		12.50%	-						-
22	374 Reuse Distribution Reservoirs		2.50%	-						-
23	375 Reuse Trans. and Dist. System		2.50%	-						-
24	380 Treatment & Disposal Equipment		5.00%	-						-
25	380.1 Odor Control GAC		0.00%	-						-
26	381 Plant Sewers		5.00%	-						-
27	382 Outfall Sewer Lines		3.33%	-						-
28	389 Other Sewer Plant & Equipment		6.67%	-						-
29	390 Office Furniture & Equipment		6.67%	-						-
30	390.1 Computers and Software		20.00%	-						-
31	391 Transportation Equipment		20.00%	-						-
32	392 Stores Equipment		4.00%	-						-
33	393 Tools, Shop And Garage Equip		5.00%	-						-
34	394 Laboratory Equip		10.00%	-						-
35	395 Power Operated Equipment		5.00%	-						-
36	396 Communication Equip		10.00%	-						-
37	397 Miscellaenous Equip.		10.00%	-						-
38	397.1 Misc Equipment CNG		3.33%	-						-
39	398 Other Tangible Plant		10.00%	-						-
40										
41										
42										
43	Subtotal			\$ (1,355,386)	\$ (5,657)	\$ (15,545)	\$ (22,652)	\$ (26,318)	\$ (70,172)	\$ (70,172)
44										
45	903 Land and Land Rights		0.00%	\$ -						
46	904 Structures and Improvments		2.56%	-						
47	940 Office Furniture and Fixtures		4.00%	-						
48	940.1 Computers and Software		20.00%	-						
49	940.2 Customer First		5.00%	-						
50	955 Power Generation		5.00%	-						
51	995 Power Operated Equipment		5.00%	-						
52	997 Miscellaenous Equipment		10.00%	-						
53	Subtotal			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
54										
55	Total			\$ (1,355,386)	\$ (5,657)	\$ (15,545)	\$ (22,652)	\$ (26,318)	\$ (70,172)	\$ (70,172)
56										
57										
58	<u>SUPPORTING SCHEDULE</u>			<u>RECAP SCHEDULES:</u>						
59	Work papers			B-2, page 4						
60										

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
 Test Year Ended December 31, 2024
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - B

Exhibit
 Settlement Schedule B-2
 Page 4.6
 Witness: Bourassa

Line No.											
1	<u>Plant Reclasses A/D</u>										
2											
3											
4	Acct.		Depr	Settlement	Settlement	Settlement	Settlement	Settlement	Settlement	Settlement	Settlement
5	No.	Description	Rate	Additions Tsf to Water	2020 Depreciation	2021 Depreciation	2022 Adjustment	2023 Adjustment	2024 Adjustment	Depreciation	Adjustment
6	351	Organization	0.00%	\$ -	-	-	-	-	-	-	\$ -
7	352	Franchise	0.00%	-	-	-	-	-	-	-	-
8	353	Land	0.00%	-	-	-	-	-	-	-	-
9	354	Structures & Improvements	3.33%	170,839	428	856	1,745	2,633	4,161	9,623	9,623
10	355	Power Generation	5.00%	(36,252)	-	-	(906)	(1,613)	(1,813)	(4,532)	(4,532)
11	355.1	Solar Generation	6.67%	-	-	-	-	-	-	-	-
12	360	Collection Sewer Forced	2.00%	-	-	-	-	-	-	-	-
13	361	Collection Sewers Gravity	2.00%	-	-	-	-	-	-	-	-
14	362	Special Collecting Structures	2.00%	-	-	-	-	-	-	-	-
15	363	Customer Services	2.00%	-	-	-	-	-	-	-	-
16	364	Flow Measuring Devices	10.00%	-	-	-	-	-	-	-	-
17	365	Flow Measuring Installations	10.00%	-	-	-	-	-	-	-	-
18	366	Reuse Services	2.00%	-	-	-	-	-	-	-	-
19	367	Reuse Meters And Installation	8.33%	-	-	-	-	-	-	-	-
20	370	Receiving Wells	3.33%	-	-	-	-	-	-	-	-
21	371	Pumping Equipment	12.50%	-	-	-	-	-	-	-	-
22	374	Reuse Distribution Reservoirs	2.50%	-	-	-	-	-	-	-	-
23	375	Reuse Trans. and Dist. System	2.50%	-	-	-	-	-	-	-	-
24	380	Treatment & Disposal Equipment	5.00%	-	-	-	-	-	-	-	-
25	380.1	Odor Control GAC	0.00%	-	-	-	-	-	-	-	-
26	381	Plant Sewers	5.00%	-	-	-	-	-	-	-	-
27	382	Outfall Sewer Lines	3.33%	-	-	-	-	-	-	-	-
28	389	Other Sewer Plant & Equipment	6.67%	-	-	-	-	-	-	-	-
29	390	Office Furniture & Equipment	6.67%	(66,502)	842	1,685	1,685	1,685	(1,376)	4,520	4,520
30	390.1	Computers and Software	20.00%	(68,085)	(5,096)	(10,192)	(11,905)	(13,617)	(13,617)	(54,427)	(54,427)
31	391	Transportation Equipment	20.00%	-	-	-	-	-	-	-	-
32	392	Stores Equipment	4.00%	-	-	-	-	-	-	-	-
33	393	Tools, Shop And Garage Equip	5.00%	-	-	-	-	-	-	-	-
34	394	Laboratory Equip	10.00%	-	-	-	-	-	-	-	-
35	395	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-
36	396	Communication Equip	10.00%	-	-	-	-	-	-	-	-
37	397	Miscellaneous Equip.	10.00%	-	-	-	-	-	-	-	-
38	397.1	Misc Equipment CNG	3.33%	-	-	-	-	-	-	-	-
39	398	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-
40											
41											
42											
43		Subtotal		\$ 0	\$ (3,826)	\$ (9,382)	\$ (11,112)	\$ (12,644)	\$ (44,615)	\$ (44,615)	
44											
45	903	Land and Land Rights	0.00%	\$ -	-	-	-	-	-	-	-
46	904	Structures and Improvments	2.56%	-	-	-	-	-	-	-	-
47	940	Office Furniture and Fixtures	4.00%	-	-	-	-	-	-	-	-
48	940.1	Computers and Software	20.00%	-	-	-	-	-	-	-	-
49	940.2	Customer First	5.00%	-	-	-	-	-	-	-	-
50	955	Power Generation	5.00%	-	-	-	-	-	-	-	-
51	995	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-
52	997	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	-
53		Subtotal		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
54											
55		Total		\$ 0	\$ (3,826)	\$ (9,382)	\$ (11,112)	\$ (12,644)	\$ (44,615)	\$ (44,615)	
56											
57											
58	<u>SUPPORTING SCHEDULE</u>			<u>RECAP SCHEDULES:</u>							
59	Work papers			B-2, page 4							
60											

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
 Test Year Ended December 31, 2024
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - B

Exhibit
 Settlement Schedule B-2
 Page 4.7
 Witness: Bourassa

Line
 No.

<u>Plant Removals A/D</u>									
4	Acct.	Depr	Settlement	Settlement	Settlement	Settlement	Settlement	Settlement	Settlement
5	No.	Rate	Additions Tsf	2020	2021	2022	2023	2024	Settlement
6	351	Organization	0.00%	\$ -	Depreciation	Adjustment	Adjustment	Adjustment	Depreciation
7	352	Franchise	0.00%	-					Adjustment
8	353	Land	0.00%	-					\$ -
9	354	Structures & Improvements	3.33%	(120,041)	-	-	-	(1,999)	(1,999)
10	355	Power Generation	5.00%	-	-	-	-	-	(1,999)
11	355.1	Solar Generation	6.67%	-	-	-	-	-	-
12	360	Collection Sewer Forced	2.00%	-	-	-	-	-	-
13	361	Collection Sewers Gravity	2.00%	(531,829)	-	(3,672)	(7,344)	(8,990)	(20,005)
14	362	Special Collecting Structures	2.00%	-	-	-	-	-	(20,005)
15	363	Customer Services	2.00%	-	-	-	-	-	-
16	364	Flow Measuring Devices	10.00%	-	-	-	-	-	-
17	365	Flow Measuring Installations	10.00%	-	-	-	-	-	-
18	366	Reuse Services	2.00%	-	-	-	-	-	-
19	367	Reuse Meters And Installation	8.33%	-	-	-	-	-	-
20	370	Receiving Wells	3.33%	-	-	-	-	-	-
21	371	Pumping Equipment	12.50%	(85,742)	-	(5,359)	(10,718)	(10,718)	(37,512)
22	374	Reuse Distribution Reservoirs	2.50%	-	-	-	-	-	(37,512)
23	375	Reuse Trans. and Dist. System	2.50%	-	-	-	-	-	-
24	380	Treatment & Disposal Equipment	5.00%	(6,647)	-	-	-	(166)	(332)
25	380.1	Odor Control GAC	0.00%	-	-	-	-	-	(499)
26	381	Plant Sewers	5.00%	-	-	-	-	-	-
27	382	Outfall Sewer Lines	3.33%	-	-	-	-	-	-
28	389	Other Sewer Plant & Equipment	6.67%	-	-	-	-	-	-
29	390	Office Furniture & Equipment	6.67%	-	-	-	-	-	-
30	390.1	Computers and Software	20.00%	-	-	-	-	-	-
31	391	Transportation Equipment	20.00%	-	-	-	-	-	-
32	392	Stores Equipment	4.00%	-	-	-	-	-	-
33	393	Tools, Shop And Garage Equip	5.00%	-	-	-	-	-	-
34	394	Laboratory Equip	10.00%	-	-	-	-	-	-
35	395	Power Operated Equipment	5.00%	-	-	-	-	-	-
36	396	Communication Equip	10.00%	-	-	-	-	-	-
37	397	Miscellaneous Equip.	10.00%	(36,614)	(1,841)	(3,681)	(3,681)	(3,681)	(16,566)
38	397.1	Misc Equipment CNG	3.33%	-	-	-	-	-	(16,566)
39	398	Other Tangible Plant	10.00%	-	-	-	-	-	-
40									
41									
42									
43	Subtotal		\$ (781,074)	\$ (1,841)	\$ (18,071)	\$ (21,909)	\$ (25,720)	\$ (76,581)	\$ (76,581)
44									
45	903	Land and Land Rights	0.00%	\$ -					
46	904	Structures and Improvements	2.56%	-					
47	940	Office Furniture and Fixtures	4.00%	-					
48	940.1	Computers and Software	20.00%	-					
49	940.2	Customer First	5.00%	-					
50	955	Power Generation	5.00%	-					
51	995	Power Operated Equipment	5.00%	-					
52	997	Miscellaneous Equipment	10.00%	-					
53	Subtotal		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
54									
55	Total		\$ (781,074)	\$ (1,841)	\$ (18,071)	\$ (21,909)	\$ (25,720)	\$ (76,581)	\$ (76,581)
56									
57									
58	<u>SUPPORTING SCHEDULE</u>		<u>RECAP SCHEDULES:</u>						
59	Work papers		B-2, page 4						
60									

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
 Test Year Ended December 31, 2024
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - B

Exhibit
 Settlement Schedule B-2
 Page 4.8
 Witness: Bourassa

Line No.	Acct. No.	Description	Depr Rate	Settlement Additions To Water	Settlement 2020 Depreciation	Settlement 2021 Depreciation	Settlement 2022 Adjustment	Settlement 2023 Adjustment	Settlement 2024 Adjustment	Settlement Adjustment
1		<u>Plant Removals A/D</u>								
2										
3										
4										
5										
6	351	Organization	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	352	Franchise	0.00%	-	-	-	-	-	-	-
8	353	Land	0.00%	-	-	-	-	-	-	-
9	354	Structures & Improvements	3.33%	(58,584)	-	-	(3)	(6)	(978)	(987)
10	355	Power Generation	5.00%	(568)	-	-	(14)	(26)	(28)	(71)
11	355.1	Solar Generation	6.67%	-	-	-	-	-	-	-
12	360	Collection Sewer Forced	2.00%	0	-	-	-	-	0	0
13	361	Collection Sewers Gravity	2.00%	(415)	-	(4)	(8)	(8)	(8)	(29)
14	362	Special Collecting Structures	2.00%	-	-	-	-	-	-	-
15	363	Customer Services	2.00%	-	-	-	-	-	-	-
16	364	Flow Measuring Devices	10.00%	-	-	-	-	-	-	-
17	365	Flow Measuring Installations	10.00%	-	-	-	-	-	-	-
18	366	Reuse Services	2.00%	-	-	-	-	-	-	-
19	367	Reuse Meters And Installation	8.33%	(17)	-	-	(1)	(1)	(1)	(4)
20	370	Receiving Wells	3.33%	(117)	-	-	-	-	(2)	(2)
21	371	Pumping Equipment	12.50%	-	-	-	-	-	-	-
22	374	Reuse Distribution Reservoirs	2.50%	(1,020)	(2)	(4)	(9)	(16)	(22)	(54)
23	375	Reuse Trans. and Dist. System	2.50%	(529)	(4)	(9)	(11)	(13)	(13)	(50)
24	380	Treatment & Disposal Equipment	5.00%	(240)	-	-	(2)	(3)	(8)	(12)
25	380.1	Odor Control GAC	0.00%	-	-	-	-	-	-	-
26	381	Plant Sewers	5.00%	(8)	-	-	-	-	(0)	(0)
27	382	Outfall Sewer Lines	3.33%	-	-	-	-	-	-	-
28	389	Other Sewer Plant & Equipment	6.67%	-	-	-	-	-	-	-
29	390	Office Furniture & Equipment	6.67%	-	-	-	-	-	-	-
30	390.1	Computers and Software	20.00%	-	-	-	-	-	-	-
31	391	Transportation Equipment	20.00%	-	-	-	-	-	-	-
32	392	Stores Equipment	4.00%	-	-	-	-	-	-	-
33	393	Tools, Shop And Garage Equip	5.00%	-	-	-	-	-	-	-
34	394	Laboratory Equip	10.00%	-	-	-	-	-	-	-
35	395	Power Operated Equipment	5.00%	-	-	-	-	-	-	-
36	396	Communication Equip	10.00%	(108)	-	-	(5)	(11)	(11)	(27)
37	397	Miscellaneous Equip.	10.00%	-	-	-	-	-	-	-
38	397.1	Misc Equipment CNG	3.33%	-	-	-	-	-	-	-
39	398	Other Tangible Plant	10.00%	-	-	-	-	-	-	-
40										
41										
42										
43		Subtotal		\$ (61,606)	\$ (6)	\$ (17)	\$ (53)	\$ (87)	\$ (1,073)	\$ (1,236)
44										
45	903	Land and Land Rights	0.00%	\$ -	-	-	-	-	-	-
46	904	Structures and Improvments	2.56%	-	-	-	-	-	-	-
47	940	Office Furniture and Fixtures	4.00%	-	-	-	-	-	-	-
48	940.1	Computers and Software	20.00%	-	-	-	-	-	-	-
49	940.2	Customer First	5.00%	-	-	-	-	-	-	-
50	955	Power Generation	5.00%	-	-	-	-	-	-	-
51	995	Power Operated Equipment	5.00%	-	-	-	-	-	-	-
52	997	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-
53		Subtotal		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
54										
55		Total		\$ (61,606)	\$ (6)	\$ (53)	\$ (87)	\$ (1,073)	\$ (1,236)	
56										
57										
58		<u>SUPPORTING SCHEDULE</u>								
59		Work papers								
60										

RECAP SCHEDULES:
 B-2, page 4

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division

Test Year Ended December 31, 2024

Original Cost Rate Base Proforma Adjustments

Adjustment Number 2 - E

Exhibit

Schedule B-2

Page 4.9

Witness: Bourassa

Line

No.

1 Reconciliation of A/D to A/D Reconstruction

2

3

4 Acct.

5 No.

6 Description

7

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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
 Test Year Ended December 31, 2024
 Original Cost Rate Base Proforma Adjustments
 Adjustment 3

Exhibit
 Settlement Schedule B-2
 Page 5
 Witness: Bourassa

Contributions-in-Aid of Construction (CIAC) and Accumulated Amortization

Line
 No.

1			
2			
3			
4		Gross	Accumulated
		<u>CIAC</u>	<u>Amortization</u>
5	Settlement Computed balance at End of Test Year	\$ 86,270,883	\$ 20,083,978
6			
7	Adjusted Balance at End of Test Year	<u>\$ 89,687,625</u>	<u>\$ 20,279,742</u>
8			
9	Increase (decrease)	\$ (3,416,742)	\$ (195,764)
10			
11			
12	Adjustment to CIAC/AA CIAC	<u>\$ (3,416,742)</u>	<u>\$ 195,764</u>
13	Label	<u>3a</u>	<u>3b</u>
14			
15			
16			
17			
18			

SUPPORTING SCHEDULES

E-1
 B-2, page 5.1

RECAP SCHEDULES:

B-2, page 2

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division

Test Year Ended December 31, 2024

Original Cost Rate Base Proforma Adjustments

Adjustment 4

Advances-in-Aid of Construction (AIAC)

Exhibit
Settlement Schedule B-2
Page 6
Witness: Bourassa

Line			
No.			
1			
2			
3			
4	Settlement Computed balance at End of Test Year	\$	9,282,824
5			
6	Adjusted balance at End of Test Year	\$	11,726,776
7			
8	Increase (decrease)	\$	(2,443,953)
9			
10			
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12			
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18			

19	<u>SUPPORTING SCHEDULES</u>	<u>RECAP SCHEDULES:</u>
20	E-1	B-2, page 2
21	B-2, page 6.1	
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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
Test Year Ended December 31, 2024
Advances-in-Aid of Construction (AIAC)

Exhibit
Settlement Schedule B-2
Page 6.1
Witness: Bourassa

Line No.	Decision (1) Balance 12/31/2016	2017		2018		2019		2020		2021	
		Additions	Balance 12/31/2017	Additions	Balance 12/31/2018	Additions	Balance 12/31/2019	Additions	Balance 4/30/2023	Additions	Balance 12/31/2019
1											
2											
3											
4											
5	AIAC	-	3,045,489	-	3,045,489	-	3,166,552	-	3,178,996	-	16,025
6	Additions										
7	Refunds					121,063		12,444			
8	AIAC to CIAC									(963)	
9	AIAC in Progress	(9,774)								(3,162,008)	
10	Developer Admin Deposit	-									
11	Accrual Correction Rate Case	-									
12	RC True Up										
13											
14	Total AIAC	(9,774)	3,045,489	-	3,045,489	121,063	3,166,552	12,444	3,178,996	(3,162,971)	16,025
15											
16											
17											
18											
19											
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26											

Liberty Utilities (Litchfield Park Water & Sewerage)
Test Year Ended December 31, 2024
Advances-in-Aid of Construction (AIAC)

Exhibit
Settlement Schedule B-2
Page 6.2
Witness: Bourassa

Line No.	2022		2023		2024		TEST Year End	
	Additions	Balance 12/31/2020	Additions	Balance 12/31/2023	Additions	Balance 12/31/2024	Additions	Balance 12/31/2024
1	-	14,690	-	14,690	-	9,282,824	-	9,282,824
2	(1,335)				11,926,217			
3					(214,131)			
4								
5								
6								
7								
8								
9								
10								
11					(2,443,953)			
12								
13								
14	(1,335)	14,690	-	14,690	9,268,133	9,282,824	-	9,282,824
15								
16								
17								
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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
 Test Year Ended December 31, 2024
 Accumulated Deferred Income Taxes (ADIT)

Exhibit
 Settlement Schedule B-2
 Page 7.0
 Witness: Bourassa

Line No.	Description	Book	Tax	Difference	Tax Rate	ADIT Impact
1	PTY Plant	\$ 1,195,695	\$ 1,195,695	\$ -	24.87%	\$ -
2	CWIP Transfers	2,662,283	2,662,283	-	24.87%	-
3	Capitalized Overhead	(1,294,516)	(1,294,516)	-	24.87%	-
4	PTY Plant A/D	32,886	119,843	86,957	24.87%	21,626
5	CWIP Transfers A/D	42,711	-	(42,711)	24.87%	(10,622)
6	Capitalized Overhead A/D	(147,104)	(199,311)	(52,208)	24.87%	(12,984)
7	A/D Reconciliation Adjustment	(1)	-	1	24.87%	0
8	Net AIAC Adjustment	(2,443,953)	-	2,443,953	24.87%	607,811
8	Net CIAC Adjustment	(3,220,978)	-	3,220,978	24.87%	801,057
10	Increase(decrease) in ADIT	\$ (5,736,438)	\$ (79,469)	\$ 5,656,969		\$ 1,406,888
12	Per Direct					\$ 228,048
13	Increase(decrease) in ADIT from above					1,406,888
15	Adjustment to ADIT					<u>\$ 1,178,840</u>
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					

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division

Test Year Ended December 31, 2024

Computation of Tax Depreciation on PTY Plant and CWIP Transfers

Exhibit

Settlement Schedule B-2

Page 7.1

Witness: Bourassa

Line

No.

1 Post-Test Year Plant and CWIP Transfers A/D

2

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4 Acct.

5 No.

6 Description

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Subtotal

903 Land and Land Rights

904 Structures and Improvements

940 Office Furniture and Fixtures

940.1 Computers and Software

940.2 Customer First

955 Power Generation

995 Power Operated Equipment

997 Miscellaneous Equipment

Subtotal

Total

Life (yrs)	Method	Tax Depr Rate	PTY Plant	PTYP Depreciation	CWIP Transfers	CWIP Transfer Depreciation
		0.00%	\$ -	\$ -	\$ -	\$ -
		0.00%	-	-	-	-
		0.00%	-	-	-	-
25	SL	4.00%	-	-	-	-
25	SL	4.00%	-	-	-	-
25	SL	4.00%	-	-	-	-
25	SL	4.00%	-	-	-	-
25	SL	4.00%	113,513	2,270	-	-
25	SL	4.00%	-	-	-	-
25	SL	4.00%	80,742	1,615	-	-
25	SL	4.00%	-	-	-	-
25	SL	4.00%	-	-	-	-
25	SL	4.00%	-	-	-	-
25	SL	4.00%	-	-	-	-
25	SL	4.00%	-	-	-	-
25	SL	4.00%	-	-	-	-
25	SL	4.00%	85,533	1,711	-	-
25	SL	4.00%	-	-	-	-
25	SL	4.00%	-	-	-	-
25	SL	4.00%	54,293	1,086	-	-
25	SL	4.00%	-	-	-	-
25	SL	4.00%	207,553	4,151	-	-
25	SL	4.00%	-	-	-	-
5	SL	20.00%	-	-	-	-
3	SL	33.33%	-	-	-	-
5	SL	20.00%	-	-	-	-
7	MACR	14.29%	-	-	-	-
7	MACR	14.29%	-	-	-	-
7	MACR	14.29%	-	-	-	-
10	MACR	10.00%	-	-	-	-
5	MACR	20.00%	-	-	-	-
10	MACR	10.00%	-	-	-	-
25	SL	4.00%	-	-	-	-
25	SL	4.00%	-	-	-	-

\$ 541,635 \$ 10,833 \$ - \$ -

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654,060 109,010 - -

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\$ 654,060 \$ 109,010 \$ - \$ -

\$ 1,195,695 \$ 119,843 \$ - \$ -

SUPPORTING SCHEDULE

Work papers

RECAP SCHEDULES:

B-2, page 4

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
Test Year Ended December 31, 2024
Computation of Tax Depreciation on Capitalized Overhead

Exhibit
Schedule B-2
Page 7.2
Wilfredo Bourassa

Line No.	Capitalized Overhead Adjustments	Description	2017-2024										Tax	Capitalized Overhead Depreciation 1/2 Year Conv.			
			2017	2018	2019	2020	2021	2022	2023	2024	Total	Settlement Adjustment			Settlement Test Year Total	Life (Yrs)	Method
1		Construction Completed Not Classified															
2																	
3																	
4																	
5																	
6	106	Organization															
7	351	Franchise															
8	352	Land															
9	353	Structures & Improvements															
10	354	Power Generation															
11	355	Solar Generation															
12	355.1	Collection Sewer Forced															
13	360	Collection Sewers Gravity															
14	361	Special Collecting Structures															
15	362	Customer Services															
16	363	Flow Measuring Devices															
17	364	Flow Measuring Installations															
18	365	Reuse Services															
19	366	Reuse Meters And Installation															
20	367	Receiving Wells															
21	370	Pumping Equipment															
22	371	Reuse Distribution Reservoirs															
23	374	Reuse Trans. and Dist. System															
24	375	Treatment & Disposal Equipment															
25	380	Odor Control GAC															
26	380.1	Plant Sewers															
27	381	Outfall Sewer Lines															
28	382	Other Sewer Plant & Equipment															
29	389	Office Furniture & Equipment															
30	390	Computers and Software															
31	390.1	Transportation Equipment															
32	391	Stores Equipment															
33	392	Tools, Shop And Garage Equip															
34	393	Laboratory Equip															
35	394	Power Operated Equipment															
36	395	Communication Equip															
37	396	Miscellaneous Equip.															
38	397	Misc. Equipment CNG															
39	397.1	Other Tangible Plant															
40	398																
41		TOTALS															
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45 SUPPORTING SCHEDULE
46 Work papers

RECAP SCHEDULES
B-2, page 3

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division

Test Year Ended December 31, 2024

Original Cost Rate Base Proforma Adjustments

Adjustment 6

Excess Accumulated Deferred Income Tax EADIT

Exhibit

Settlement Schedule B-2

Page 8

Witness: Bourassa

Line
No.

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Accumulated Deferred Income Tax Under New Tax Rates - Asset (Liability)	\$ (1,612,052)
Accumulated Deferred Income Tax Under New Tax Rates - Asset (Liability) Per GL	<u>\$ (1,612,052)</u>
Excess Accumulated Deferred Income Tax EADIT	\$ 0
TY EADIT Balance	\$ (1,612,052)

SUPPORTING SCHEDULES

E-1

Work Papers

RECAP SCHEDULES:

B-2, page 2

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
Test Year Ended December 31, 2024
Original Cost Rate Base Proforma Adjustments
Adjustment 6

Exhibit
 Settlement Schedule B-2
 Page 8.1
 Witness: Bourassa

Line	Last Rate Case Decision	Water	Sewer	Total	
No.					
1	EADIT Balance 12.31.2017	2,031,159	2,236,878	4,268,037	
2	Amortization Period:	27.03	25.06		
3	Annual Amortization	75,145	89,261	164,406	
4	Start Date:	1/1/2018	1/1/2018		
5	Tax Rate:	24.870%	24.870%		
6					
7		EADIT Amortization Activity			
			Opening	Ending	
8	Year	Months	Balance	Balance	
9	2018	12	2,236,878	89,261	2,147,617
10	2019	12	2,147,617	89,261	2,058,356
11	2020	12	2,058,356	89,261	1,969,095
12	2021	12	1,969,095	89,261	1,879,834
13	2022	12	1,879,834	89,261	1,790,574
14	2023	12	1,790,574	89,261	1,701,313
15	2024	12	1,701,313	89,261	1,612,052
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					

RECAP SCHEDULES:
 B-2, page 2

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division

Test Year Ended December 31, 2024

Original Cost Rate Base Proforma Adjustments

Adjustment 8

Sarival Accounting Order

Exhibit

Settlement Schedule B-2

Page 9

Witness: Bourassa

Line

No.

1

2

3

4

Net Sarival Plant Costs eligible for Deferral

\$ 74,106,765

5

Composite useful life rate

4.68%

6

7

2024 Depreciation deferral

1,734,770

8

9

2025 Depreciation deferral

3,469,540

10

11

Total Sarival Accounting Order deferral

\$ 5,204,310

12

13

Settlement Adjustment

\$ -

14

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SUPPORTING SCHEDULES

20

Workpaper

RECAP SCHEDULES:

B-2, page 2

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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division

Test Year Ended December 31, 2024

Original Cost Rate Base Proforma Adjustments

Adjustment 8

Unamortized Finance Charges

Exhibit

Settlement Schedule B-2

Page 10

Witness: Bourassa

Line

No.

1

2

3

4

Settlement Unamortized Finance Charges

\$

-

5

6

Adjusted balance at End of Test Year

143,964.19

7

8

Increase (decrease)

(143,964)

9

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SUPPORTING SCHEDULES

RECAP SCHEDULES:

20

Workpaper

B-2, page 2

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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division

Test Year Ended December 31, 2014

Cash Working Capital

Exhibit
Settlement Schedule B-5
Page 1

Witness: Bourassa

Line No.	Description	Proforma 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	-	44.29	-	44.29	0.12133956	\$ -
9	Purchased Wastewater Treat	55,208	44.29	47.89	(3.60)	(0.00986592)	(545)
10	Sludge Removal	590,826	44.29	47.82	(3.53)	(0.00967414)	(5,716)
11	Purchased Power	1,562,153	44.29	51.34	(7.05)	(0.01931797)	(30,176)
12	Chemicals	375,969	44.29	40.06	4.23	0.01158614	4,356
13	Fuel for Power Production	-	44.29	-	44.29	0.12133956	-
14	Materials and Supplies	196,533	44.29	29.91	14.38	0.03939436	7,742
15	Contractual Services - Engineering	-	44.29	-	44.29	0.12133956	-
16	Contractual Services - Accounting	-	44.29	-	44.29	0.12133956	-
17	Contractual Services - Legal	0	44.29	70.62	(26.33)	(0.07213989)	(0)
18	Contractual Services - Management	5,813,559	44.29	35.00	9.29	0.02544915	147,950
19	Contractual Services - Testing	58,459	44.29	45.88	(1.59)	(0.00435907)	(255)
20	Contractual Services - Other	608,191	44.29	71.50	(27.21)	(0.07455085)	(45,341)
21	Rental of Building/Real Property	-	44.29	-	44.29	0.12133956	-
22	Rental of Equipment	2,236	44.29	15.81	28.48	0.07802449	174
23	Transportation Expense	43,618	44.29	42.08	2.21	0.00605189	26
24	Insurance - Vehicle	18,070	44.29	(182.50)	226.79	0.62133956	11,228
25	Insurance - General Liability	152,284	44.29	(182.50)	226.79	0.62133956	94,620
26	Advertising Expense	(0)	44.29	60.45	(16.16)	(0.04427688)	0
27	Miscellaneous	151,244	44.29	44.20	0.09	0.00024367	37
28	Customer Deposit Interest	8,049	44.29	184.00	(139.71)	(0.38277003)	(3,081)
31	TAXES						
32	General Taxes-Property ¹	\$ 905,866	44.29	213.96	(169.67)	(0.46484765)	\$ (421,090)
33	General Taxes-Other	(1,485)	44.29	-	44.29	0.12133956	(180)
34	Income Tax ¹	2,405,675	44.29	37.00	7.29	0.01996970	48,041
35							
36	OTHER						
37	Interest expense	3,417,761	44.29	50.00	(5.71)	(0.01564674)	(53,477)
38							
39	TOTAL	\$ 16,364,216					\$ (245,449)
40					WORKING CASH REQUIREMENT		
41					WORKING CAPITAL REQUIREMENT PER DIRECT		\$ (258,291)
42					ADJUSTMENT TO WORKING CAPITAL		\$ 12,842
43							
44							
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47							

RECAP SCHEDULES:
B-2 page 2

RECAP SCHEDULES:
B-2, page 2

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
 Test Year Ended December 31, 2024
 Income Statement

Exhibit
 Settlement Schedule C-1
 Page 1
 Witness: Bourassa

Line No.		Test Year Adjusted Results	Adjustment	Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	Revenues					
2	Sewer Revenues	\$ 20,846,881	\$ -	\$ 20,846,881	\$ 10,015,953	\$ 30,862,834
3	Misc. Revenues	722,205	-	722,205	-	722,205
4	Total Operating Revenues	<u>\$ 21,569,086</u>	<u>\$ -</u>	<u>\$ 21,569,086</u>	<u>\$ 10,015,953</u>	<u>\$ 31,585,039</u>
5	Operating Expenses					
6	Salaries and Wages	\$ -	-	\$ -	\$ -	\$ -
7	Purchased Wastewater Treatment	\$ 55,208	-	55,208	-	55,208
8	Sludge Removal	\$ 590,826	-	590,826	-	590,826
9	Purchased Power	\$ 1,562,153	-	1,562,153	-	1,562,153
10	Chemicals	\$ 375,969	-	375,969	-	375,969
11	Fuel For Power Production	\$ -	-	-	-	-
12	Materials and Supplies	\$ 196,533	-	196,533	-	196,533
13	Contractual Services - Engineering	\$ -	-	-	-	-
14	Contractual Services - Accounting	\$ -	-	-	-	-
15	Contractual Services - Legal	\$ 0	-	0	-	0
16	Contractual Services - Management	\$ 6,117,689	(304,130)	5,813,559	-	5,813,559
17	Contractual Services - Testing	\$ 74,905	(16,447)	58,459	-	58,459
18	Contractual Services - Other	\$ 593,245	14,946	608,191	-	608,191
19	Rental of Building/Real Property	\$ -	-	-	-	-
20	Rental of Equipment	\$ 2,236	-	2,236	-	2,236
21	Transportation Expense	\$ 43,618	-	43,618	-	43,618
22	Insurance - Vehicle	\$ 18,070	-	18,070	-	18,070
23	Insurance - General Liability	\$ 152,284	-	152,284	-	152,284
24	Advertising Expense	\$ (0)	-	(0)	-	(0)
25	Reg. Commission Exp. - Rate Case	\$ -	-	-	-	-
26	Reg. Commission Exp. - Other	\$ -	-	-	-	-
27	Bad Debt Expense	\$ 38,508	(8,049)	30,459	25,931	56,390
28	Miscellaneous	\$ 151,244	-	151,244	-	151,244
29	Depreciation & Amortization	\$ 8,288,470	(301,710)	7,986,760	-	7,986,760
30	Taxes Other Than Income	\$ (1,485)	-	(1,485)	-	(1,485)
31	Property Taxes	\$ 815,797	(31,480)	784,317	121,549	905,866
32	Income Tax	\$ (228,417)	179,704	(48,714)	2,454,388	2,405,675
33	Customer Deposit Interest	\$ -	8,049	8,049	-	8,049
34	Total Operating Expenses	<u>\$ 18,846,854</u>	<u>\$ (467,165)</u>	<u>\$ 18,387,738</u>	<u>\$ 2,601,868</u>	<u>\$ 20,989,606</u>
35	Operating Income	<u>\$ 2,722,232</u>	<u>\$ 467,165</u>	<u>\$ 3,181,348</u>	<u>\$ 7,414,085</u>	<u>\$ 10,595,433</u>
36	Other Income (Expense)					
37	Interest and Dividend Income	-	-	-	-	-
38	AFUDC Income	977,226	-	977,226	-	977,226
39	Miscellaneous Non-Utility Expenses	(93,561)	-	(93,561)	-	(93,561)
40	Interest Expense	(3,623,234)	205,473	(3,417,761)	-	(3,417,761)
41						
42	Total Other Income (Expense)	<u>\$ (2,739,568)</u>	<u>\$ 205,473</u>	<u>\$ (2,534,095)</u>	<u>\$ -</u>	<u>\$ (2,534,095)</u>
43	Net Profit (Loss)	<u>\$ (17,336)</u>	<u>\$ 672,638</u>	<u>\$ 647,253</u>	<u>\$ 7,414,085</u>	<u>\$ 8,061,338</u>

SUPPORTING SCHEDULES:

C-1, page 2

E-2

RECAP SCHEDULES:

A-1

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
dba Liberty Utilities
Test Year Ended December 31, 2024
Income Statement

Exhibit
Schedule C-1
Page 2.1
Witness: Bourassa

Line No.	Revenues	1 LABEL>>>>> Test Year Book Results	2 Depreciation	3 Property Taxes	4 Contractual Svcs Mgmt Exp.	5 Wastewater Testing Exp.	6 Consumer Deposit Interest	7 Contractual Svcs Other Exp.	8 Bad Debt Expense	9 Intentionally Left Blank
1	Sewer Revenues	\$ 20,846,881								
2	Other Revenue	722,205								
3	Total Operating Revenues	\$ 21,569,086	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	Operating Expenses									
5	Salaries and Wages	\$ -								
6	Purchased Wastewater Treatment	55,208								
7	Sludge Removal Expense	590,826								
8	Purchased Power	1,562,153								
9	Chemicals	375,969								
10	Fuel For Power Production	-								
11	Materials and Supplies	196,533								
12	Contractual Services - Engineering	-								
13	Contractual Services - Accounting	-								
14	Contractual Services - Legal	0								
15	Contractual Services - Management	6,117,689			(304,130)					
16	Contractual Services - Testing	74,905				(16,447)				
17	Contractual Services - Other	593,245								
18	Rental of Building/Real Property	-								
19	Rental of Equipment	2,236								
20	Transportation Expense	43,618								
21	Insurance - Vehicle	18,070								
22	Insurance - General Liability	152,284								
23	Advertising Expense	(0)								
24	Reg. Commission Exp. - Rate Case	-								
25	Reg. Commission Exp. - Other	-								
26	Bad Debt Expense	38,508							(8,049)	
27	Miscellaneous	151,244								
28	Depreciation & Amortization	8,288,470								
29	Taxes Other Than Income	(1,485)								
30	Property Taxes	815,797								
31	Income Tax	(228,417)								
32	Customer Deposit Interest	-								
33	Total Operating Expenses	\$ 18,846,854	\$ (301,710)	\$ (31,480)	\$ (304,130)	\$ (16,447)	\$ -	\$ 14,946	\$ (8,049)	\$ -
34	Operating Income	\$ 2,722,232	\$ 301,710	\$ 31,480	\$ 304,130	\$ 16,447	\$ -	\$ (14,946)	\$ 8,049	\$ -
35	Other Income (Expense)									
36	Interest and Dividend Income	-								
37	AFUDC Income	977,226								
38	Miscellaneous Non-Utility Expenses	(93,561)								
39	Interest Expense	(3,623,234)								
40	Total Other Income (Expense)	\$ (2,739,568)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
41	Net Profit (Loss)	\$ (17,336)	\$ 301,710	\$ 31,480	\$ 304,130	\$ 16,447	\$ -	\$ (14,946)	\$ 8,049	\$ -
42										
43										
44										
45										
46										
47										

Liberty Utilities (Litchfield Park Water & Sewer) Corp.
dba Liberty Utilities
 Test Year Ended December 31, 2024
 Income Statement

Exhibit
 Schedule C-1
 Page 2.2
 Witness: Bourassa

Line No.		10 Intentionally Left Blank	11 Intentionally Left Blank	12 Intentionally Left Blank	13 Interest Synch.	14 Income Taxes	Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	Revenues								
2	Sewer Revenues						\$ 20,846,881	\$ 10,015,953	\$ 30,862,834
3	Other Revenue						722,205		722,205
4	Total Operating Revenues						\$ 21,569,086	\$ 10,015,953	\$ 31,585,039
5	Operating Expenses								
6	Salaries and Wages								
7	Purchased Wastewater Treatment						\$ -		\$ -
8	Sludge Removal Expense						55,208		55,208
9	Purchased Power						590,826		590,826
10	Chemicals						1,562,153		1,562,153
11	Fuel For Power Production						375,969		375,969
12	Materials and Supplies						-		-
13	Contractual Services - Engineering						196,533		196,533
14	Contractual Services - Accounting						-		-
15	Contractual Services - Legal						-		-
16	Contractual Services - Management						0		0
17	Contractual Services - Testing						5,813,559		5,813,559
18	Contractual Services - Other						58,459		58,459
19	Rental of Building/Real Property						608,191		608,191
20	Rental of Equipment						-		-
21	Transportation Expense						2,236		2,236
22	Insurance - Vehicle						43,618		43,618
23	Insurance - General Liability						18,070		18,070
24	Advertising Expense						152,284		152,284
25	Reg. Commission Exp. - Rate Case						(0)		(0)
26	Reg. Commission Exp. - Other						-		-
27	Bad Debt Expense						-		-
28	Miscellaneous						30,459	25,931	56,390
29	Depreciation & Amortization						151,244		151,244
30	Taxes Other Than Income						7,986,760		7,986,760
31	Property Taxes						(1,485)		(1,485)
32	Income Tax						784,317	121,549	905,866
33	Customer Deposit Interest						(48,714)	2,454,388	2,405,675
34	Total Operating Expenses						8,049		8,049
35	Operating Income						\$ 179,704	\$ 2,601,868	\$ 20,989,606
36	Other Income (Expense)								
37	Interest and Dividend Income						-		-
38	AFUDC Income						977,226		977,226
39	Miscellaneous Non-Utility Expenses						(93,561)		(93,561)
40	Interest Expense				205,473		(3,417,761)		(3,417,761)
41									
42	Total Other Income (Expense)						\$ 205,473	\$ -	\$ (2,534,095)
43	Net Profit (Loss)						\$ 205,473	\$ 7,414,085	\$ 8,061,338

SUPPORTING SCHEDULES:
 C-2
 E-2

RECAP SCHEDULES:
 C-1, page 1

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
Test Year Ended December 31, 2024
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>						
	<u>Depreciation</u>	<u>Property Taxes</u>	<u>Contractual Svcs. Mgmt Exp.</u>	<u>Wastewater Testing Exp</u>	<u>Customer Deposit Interest</u>	<u>Contractual Svcs Other Exp.</u>	
Revenues	-	-	-	-	-	-	-
Expenses	(301,710)	(31,480)	(304,130)	(16,447)	8,049	14,946	(630,771)
Operating Income	301,710	31,480	304,130	16,447	(8,049)	(14,946)	630,771
Interest Expense							-
Other Income / Expense							-
Net Income	301,710	31,480	304,130	16,447	(8,049)	(14,946)	630,771
	<u>Adjustments to Revenues and Expenses</u>						
	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>Subtotal</u>
	<u>Bad Debt Expense</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	
Revenues	-	-	-	-	-	-	-
Expenses	(8,049)	-	-	-	-	-	(638,820)
Operating Income	8,049	-	-	-	-	-	638,820
Interest Expense	-						-
Other Income / Expense							-
Net Income	8,049	-	-	-	-	-	638,820
	<u>Adjustments to Revenues and Expenses</u>						
	<u>13</u>	<u>14</u>					<u>Total</u>
	<u>Interest Synch.</u>	<u>Income Taxes</u>					
Revenues	-	-					-
Expenses	-	179,704					(459,116)
Operating Income	-	(179,704)	-	-	-	-	459,116
Interest Expense	205,473						205,473
Other Income / Expense							-
Net Income	205,473	(179,704)	-	-	-	-	664,589

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
 Test Year Ended December 31, 2024
 Adjustments to Revenues and Expenses
 Adjustment Number 1

Exhibit
 Settlement Schedule C-2
 Page 2
 Witness: Bourassa

Depreciation Expense

No.	Acct.		Adjusted Original Cost	Non-Depr. or Fully Depr. Plant	Settlement Fully Depr Plant Adj	Depr Original Cost	Proposed Rates	Depreciation Expense
1								
2								
3								
4	No.	Description						
5	101	Plant-in-Service	-	-		-	0.00%	-
6	351	Organization	-	(0)		(0)	0.00%	-
7	352	Franchise	26,385	(26,385)		-	0.00%	-
8	353	Land	4,185,292	(4,185,292)		-	0.00%	-
9	354	Structures & Improvements	84,793,769			84,793,769	3.33%	2,823,632
10	355	Power Generation	5,291,325	-		5,291,325	5.00%	264,566
	355.1	Solar Generation	-	-		-	6.67%	-
11	360	Collection Sewer Forced	13,310,537			13,310,537	2.00%	266,211
12	361	Collection Sewers Gravity	52,871,280			52,871,280	2.00%	1,057,426
13	362	Special Collecting Structures	-			-	2.00%	-
14	363	Customer Services	1,527,102			1,527,102	2.00%	30,542
15	364	Flow Measuring Devices	172,125	(143,304)		28,821	10.00%	2,882
16	365	Flow Measuring Installations	-			-	10.00%	-
17	366	Reuse Services	4,153,479			4,153,479	2.00%	83,070
18	367	Reuse Meters And Installation	219,463			219,463	8.33%	18,281
19	370	Receiving Wells	1,072,640			1,072,640	3.33%	35,719
20	371	Pumping Equipment	8,412,269	(1,678,386)	(2,451,551)	4,282,332	12.50%	535,292
21	374	Reuse Distribution Reservoirs	1,697,915			1,697,915	2.50%	42,448
22	375	Reuse Trans. and Dist. System	1,412,510			1,412,510	2.50%	35,313
23	380	Treatment & Disposal Equipment	46,544,251			46,544,251	5.00%	2,327,213
24	380.1	Odor Control GAC	-			-	0.00%	-
25	381	Plant Sewers	22,755,838			22,755,838	5.00%	1,137,792
26	382	Outfall Sewer Lines	343,681			343,681	3.33%	11,445
27	389	Other Sewer Plant & Equipment	839,750	(785,285)		54,464	6.67%	3,633
28	390	Office Furniture & Equipment	450,113	(157,124)		292,989	6.67%	19,542
29	390.1	Computers and Software	389,012	(212,242)		176,770	20.00%	35,354
30	391	Transportation Equipment	403,454	(331,474)		71,979	20.00%	14,396
31	392	Stores Equipment	8,968			8,968	4.00%	359
32	393	Tools, Shop And Garage Equip	644,191			644,191	5.00%	32,210
33	394	Laboratory Equip	225,315	(175,913)		49,402	10.00%	4,940
34	395	Power Operated Equipment	500,203	-		500,203	5.00%	25,010
35	396	Communication Equip	6,137,144	(396,611)		5,740,533	10.00%	574,053
36	397	Miscellaneous Equip.	339,168			339,168	10.00%	33,917
37	397.1	Misc. Equipment CNG	318,526			318,526	3.33%	10,607
38	398	Other Tangible Plant	79,028			79,028	10.00%	7,903
39								
40		SUBTOTAL	\$ 259,124,733	\$ (8,092,017)	\$ (2,451,551)	\$ 248,581,165		\$ 9,433,754
41	903	Land and Land Rights	\$ 37,777	\$ (37,777)		-	0.00%	\$ -
42	904	Structures and Improvements	1,355,038			1,355,038	2.56%	34,689
43	940	Office Furniture and Fixtures	316,384			316,384	4.00%	12,655
44	940.1	Computers and Software	2,165,260			2,165,260	20.00%	433,052
45	940.2	Customer First	8,465,895			8,465,895	5.00%	423,295
46	955	Power Generation	1,014			1,014	5.00%	51
47	995	Power Operated Equipment	167,601			167,601	5.00%	8,380
48		TOTALS	\$ 271,633,701	\$ (8,129,794)		\$ 261,052,356		\$ 10,345,876
49								
		Less: Amortization of Contributions	Gross CIAC	Non-Amort. Or Fully Amortized		Net CIAC	Amort. Rate	
	353	Land	1,795,220	(1,795,220)		-	0.0000%	-
	352	Franchise	12,782	(12,782)		-	0.0000%	-
	354	Structure and Improvements	15,933,143			15,933,143	3.3300%	(530,574)
	360	Collection Sewers Force	8,422,569			8,422,569	2.0000%	(168,451)
	361	Collection Sewers Gravity	36,097,301			36,097,301	2.0000%	(721,946)
	364	Flow Measuring Devices	49,448	(49,448)		-	10.0000%	-
	363	Customer Services	3,014,026			3,014,026	2.0000%	(60,281)
	371	Pumping Equipment	287,461	(287,461)		-	12.5000%	-
	380	Treatment and Disposal	17,638,844			17,638,844	5.0000%	(881,942)
	381	Plant Sewers	3,006,339			3,006,339	5.0000%	(150,317)
	398	Other Tangible Plant	13,750	(13,750)		-	6.6700%	-
50			\$ 86,270,883	\$ (2,158,662)		\$ 84,112,222		\$ (2,513,511)
51		Amortization of Excess Deferred Depreciation						
52	Less:	Amortization of EADIT	2,236,878			2,236,878	3.9904%	(89,261)
53	Add:	Sarival Depreciation Deferral Accounting Order				5,204,310	4.6818%	243,656
54								
55		Total Depreciation Expense						\$ 7,986,760
56								
57		Adjusted Test Year Depreciation Expense						8,288,470
58								
59		Increase (decrease) in Depreciation Expense						(301,710)
60								
61		Adjustment to Revenues and/or Expenses						\$ (301,710)
62								
63		<u>SUPPORTING SCHEDULE</u>						
64		B-2, page 3						

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division

Test Year Ended December 31, 2024
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	\$ 21,569,086	\$ 21,569,086
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	43,138,172	43,138,172
4	Company Recommended Revenue	21,569,086	31,585,039
5	Subtotal (Line 4 + Line 5)	64,707,258	74,723,211
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	21,569,086	24,907,737
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	43,138,172	49,815,474
10	Plus: 10% of CWIP (intentionally excluded)	-	-
11	Less: Net Book Value of Licensed Vehicles	51,582	51,582
12	Full Cash Value (Line 9 + Line 10 - Line 11)	43,086,590	49,763,892
13	Assessment Ratio	15.5%	15.5%
14	Assessment Value (Line 12 * Line 13)	6,678,421	7,713,403
15	Composite Property Tax Rate - Obtained from ADOR	11.7440%	11.7440%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$ 784,317	\$ 905,866
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	\$ 784,317	
19	Test Year Property Taxes	\$ 815,797	
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	<u>\$ (31,480)</u>	
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		\$ 905,866
23	Company Test Year Adjusted Property Tax Expense (Line 18)		\$ 784,317
24	Increase in Property Tax Due to Increase in Revenue Requirement		<u>\$ 121,549</u>
25			
26	Increase in Property Tax Due to Increase in Revenue Requirement (Line 24)		\$ 121,549
27	Increase in Revenue Requirement		\$ 10,015,953
28	Increase in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		1.21355%
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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division

Test Year Ended April 30, 2023
Adjustment to Revenues and Expenses
Adjustment Number 3

Exhibit
Schedule C-2
Page 4
Witness: Bourassa

Contractual Services Management

Line
No.

1		
2	Settlement Contractual Services - Management	\$ 5,813,559
3		
4	Adjusted TY Contractual Services - Management	<u>\$ 6,117,689</u>
5		
6	Increase (decrease) in Contracual Services - Management	\$ (304,130)
7		
8		
9		
10		
11	<u>Reference</u>	
12	Testimony	
13	Work Papers	
14		
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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
 Test Year Ended December 31, 2024
 Adjustment to Revenues and Expenses
 Adjustment Number 4

Exhibit
 Schedule C-2
 Page 5
 Witness: Bourassa

Wastewater Testing

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Settlement Contractual Services - Testing

\$ 58,459

Adjusted TY Contractual Services - Testing

74,905

Increase (decrease) in Contracual Services - Management

\$ (16,447)

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
Test Year Ended December 31, 2024
Adjustment to Revenues and Expenses
Adjustment Number 5

Exhibit
Schedule C-2
Page 6
Witness: Bourassa

Customer Deposit Interest

Line		
<u>No.</u>		
1		
2		
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4	Settlement Contractual Services - Other	\$ 8,049
5		
6	Adjusted Test Year Customer Deposit Interest	-
7		
8	Increase (decrease) in Contracual Services - Management	<u>\$ 8,049</u>
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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
Test Year Ended December 31, 2024
Adjustment to Revenues and Expenses
Adjustment Number 6

Exhibit
Schedule C-2
Page 7
Witness: Bourassa

Contractual Services Other

Line		
<u>No.</u>		
1		
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3		
4	Settlement Contractual Services - Other	\$ 608,191
5		
6	Adjusted TY Contractual Services - Other	593,245
7		
8	Increase (decrease) in Contracual Services - Management	<u>\$ 14,946</u>
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20	<u>Reference</u>	
21	Testimony	
22	H-1	
23		
24		

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division

Test Year Ended December 31, 2024
 Adjustment to Revenues and Expenses
 Adjustment Number 7

Exhibit
 Schedule C-2
 Page 8
 Witness: Bourassa

Bad Debt Expense

Line No.	Revenues	Bad Debt Expense	Rate	Proposed Rate
1	Bad Debt Rate 2022	\$ 18,928,017	\$ (2,891)	-0.015%
2	Bad Debt Rate 2023	\$ 23,417,997	\$ 138,546	0.592%
3	Bad Debt Rate 2024	\$ 21,417,214	\$ (8,726)	-0.041%
4				
5	Average of three year's of bad debt expense rate		0.179%	0.179%
6				
7			<u>Adjusted TY</u>	<u>Proposed</u>
8				
9	Revenues		\$ 21,569,086	\$ 31,585,039
10				
11	Computed Bad Debt Expense		\$ 38,508	\$ 56,390
12				
13				
14	Computed Bad Debt Expense		\$ 38,508	
15	Test Year Bad Debt Expense		38,508.40	
16	Change in Bad Debt Expense		<u>\$ -</u>	
17				
18	Bad Debt Expense on Company recommended revenue			\$ 56,390
19	Company Test Year Adjusted Bad Debt Expense			\$ 38,508
20	Settlement Adjustment			\$ (8,049)
21	Increase in Bad Debt due to Increase in Revenue Requirement			<u>\$ 25,931</u>
22				
23	Increase in Bad Debt Expense Due to Increase in Revenue Requirement			\$ 25,931
24	Increase in Revenue Requirement			\$ 10,015,953
25	Increase in Bad Debt Expense Per Dollar Increase in Revenue			0.25890%

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
Test Year Ended April 30, 2023
Adjustment to Revenues and Expenses
Adjustment Number 8

Exhibit
Schedule C-2
Page 9
Witness: Bourassa

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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division

Test Year Ended December 31, 2024

Adjustment to Revenues and Expenses

Adjustment Number 9

Exhibit

Schedule C-2

Page 10

Witness: Bourassa

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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division

Test Year Ended December 31, 2024
Adjustment to Revenues and Expenses
Adjustment Number 10

Exhibit
Schedule C-2
Page 11
Witness: Bourassa

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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
Test Year Ended December 31, 2024
Adjustment to Revenues and Expenses

Exhibit
Schedule C-2
Page 12
Witness: Bourassa

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23 Reference

24 Testimony

25 Work Papers

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
Test Year Ended December 31, 2024
Adjustment to Revenues and Expenses
Adjustment Number 12

Exhibit
Schedule C-2
Page 13
Witness: Bourassa

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19
20
21 Reference
22 Testimony
23 Work Papers
24

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division

Test Year Ended April 30, 2023

Rate Case Expense Surcharge

Exhibit

Settlement Schedule C-2

Page 14

Witness: Bourassa

Rate Case Expense Surcharge

Line

No.

1

2 Remove TY Rate Case expense

\$ -

3

4 Adjustment to Revenue and/or Expense

\$ -

5

6

7 Proposed Rate Case Expense Surcharge

8

9 Estimated Rate Case Expense

\$ 228,000

10

11 Estimated Amortization Period in Years

3

12

13 Annual Rate Case Expense

\$ 76,000

14

15 YE number of customers

24,205

16

17 Monthly Surcharge

\$ 0.26

18

19

20

21

22 Reference

23 Testimony

24

25

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
Test Year Ended December 31, 2024
Adjustment to Revenues and Expenses
Adjustment Number 13

Exhibit
Schedule C-2
Page 15
Witness: Bourassa

Interest Synchronization

Line				
No.				
1				
2				
3				
4	Fair Value Rate Base	\$	136,328,067	
5	Weighted Cost of Debt		2.51%	
6	Settlement Interest Expense	\$	3,417,761	
7				
8	Adjusted Test Year Interest Expense	\$	(3,623,234)	
9				
10	Increase (decrease) in Interest Expense		(205,473)	
11				
12				
13				
14	Adjustment to Revenue and/or Expense	\$	205,473	
15				
16				
17	<u>Weighted Cost of Debt Computation</u>			
18	<u>Pro forma Capital Structure</u>			
19		<u>Percent</u>	<u>Cost</u>	<u>Weighted Cost</u>
20	Debt	46.00%	5.45%	2.51%
21	Equity	54.00%	9.75%	5.27%
22	Total	100.00%		7.77%
23				
24				
25				
26				
27				
28				
29				
30				

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
Test Year Ended December 31, 2024
Adjustment to Revenues and/or Expenses
Adjustment Number 14

Exhibit
Schedule C-2
Page 16
Witness: Bourassa

Line
No.
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Income Taxes

Computed Income Tax
Test Year Income tax Expense
Adjustment to Income Tax Expense

	Test Year at Present Rates	Test Year at Proposed Rates
\$	(48,714)	\$ 2,405,675
	(228,417)	(48,714)
\$	<u>179,704</u>	<u>\$ 2,454,388</u>

SUPPORTING SCHEDULE
C-3, page 2

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
 Test Year Ended December 31, 2024
 Computation of Gross Revenue Conversion Factor

Exhibit
 Schedule C-3
 Page 1
 Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Combined Federal and State Effective Income Tax Rate	24.871%
2		
3	Uncollectible Factor	0.195%
4		
5	Property Tax Factor	0.912%
6		
7		
8	Total Tax Percentage	25.977%
9		
10	Operating Income % = 100% - Tax Percentage	74.023%
11		
12		
13		
14		
15	<u>1</u> = Gross Revenue Conversion Factor	
16	Operating Income %	1.3509
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>
28	C-3, page 2	A-1
29		
30		
31		
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42		

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
Test Year Ended December 31, 2024

Exhibit
Schedule C-3
Page 2
Witness: Bourassa

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)	0.1945%					
3	Revenues (L1 - L2)	99.8055%					
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	25.7827%					
5	Subtotal (L3 - L4)	74.0228%					
6	Revenue Conversion Factor (L1 / L5)	1.350936					
<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	0.2589%					
11	Uncollectible Factor (L9 * L10)		0.1945%				
<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	1.2136%					
22	Effective Property Tax Factor (L20*L21)		0.9117%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			25.7827%			
24	Required Operating Income	\$ 10,595,434					
25	Adjusted Test Year Operating Income (Loss)	\$ 3,181,348					
26	Required Increase in Operating Income (L24 - L25)	\$ 3,181,348	\$ 7,414,085				
27	Income Taxes on Recommended Revenue (Col. (E), L52)	\$ 2,405,675					
28	Income Taxes on Test Year Revenue (Col. (B), L54)	\$ (48,714)					
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 2,454,388				
30	Recommended Revenue Requirement	\$ 31,585,039					
31	Uncollectible Rate (Line 10)	0.2589%					
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ 81,773					
33	Adjusted Test Year Uncollectible Expense	\$ 30,459					
34	Required Increase in Revenue to Provide for Uncollectible Exp.		\$ 51,313				
35	Property Tax with Recommended Revenue	\$ 905,666					
36	Property Tax on Test Year Revenue	\$ 764,317					
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		\$ 121,549				
38	Total Required Increase in Revenue (L26 + L29 + L37)		\$ 10,041,336				
<u>Calculation of Income Tax:</u>							
39	Revenue	\$ 21,569,086	\$ 21,569,086		\$ 31,585,039	\$ 31,585,039	
40	Operating Expenses Excluding Income Taxes and EADIT amortization	\$ 18,347,191	\$ 18,347,191		\$ 18,494,670	\$ 18,494,670	
41	Synchronized Interest (L47)	\$ 3,417,761	\$ 3,417,761		\$ 3,417,761	\$ 3,417,761	
42	Arizona Taxable Income (L39 - L40 - L41)	\$ (195,866)	\$ (195,866)		\$ 9,672,609	\$ 9,672,609	
43	Arizona State Effective Income Tax Rate	4.9000%	4.9000%	4.9000%	4.9000%	4.9000%	4.9000%
44	Arizona Income Tax (L42 x L43)	\$ (9,597)	\$ (9,597)	\$ -	\$ 473,958	\$ 473,958	\$ -
45	Federal Taxable Income (L42-L44)	\$ (186,268)	\$ (186,268)	\$ -	\$ 9,198,651	\$ 9,198,651	\$ -
46	Federal Income Tax Rate	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
47	Federal Income Tax (L45xL46)	\$ (39,116)	\$ (39,116)	\$ -	\$ 1,931,717	\$ 1,931,717	\$ -
48	Combined Federal and State Income Tax (L35 + L42)	\$ (48,714)	\$ (48,714)	\$ -	\$ 2,405,675	\$ 2,405,675	\$ -
49	COMBINED Applicable Federal Income Tax Rate [Col. (D), L47 - Col. (A), L47 / [Col. (D), L45 - Col. (A), L45]				21.0000%		
50	WASTEWATER Applicable Federal Income Tax Rate [Col. (E), L47 - Col. (B), L47] / [Col. (E), L45 - Col. (B), L45]					21.0000%	
51	WATER Applicable Federal Income Tax Rate [Col. (F), L47 - Col. (C), L47] / [Col. (F), L45 - Col. (C), L45]						0.0000%

Calculation of Interest Synchronization:

52	Rate Base	Sewer	
53	Weighted Average Cost of Debt	\$ 136,328,067	
54	Synchronized Interest (L45 X L46)	2.5070%	
		\$ 3,417,761	

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division

Test Year Ended December 31, 2024

Summary of Cost of Capital

Exhibit

Settlement Schedule D-1

Page 1

Witness: Bourassa

Consolidated Capital Structure of Water and Wastewater Division

Adjusted End of Test Year

Projected Capital Structure

Line No.	Item of Capital	Dollar Amount	Percent of Total		Cost Rate	Weighted Cost	Percent of Total		Cost Rate	Weighted Cost
			Total				Total			
1	Long-Term Debt	30,000,000	25.80%		5.36%	1.38%	68,849,797	46.00%	5.45%	2.51%
3	Stockholder's Equity	86,288,513	74.20%		9.75%	7.23%	59,578,647	54.00%	9.75%	5.27%
5	Totals	116,288,513	100.00%			8.62%	128,428,444	100.00%		7.77%

SUPPORTING SCHEDULES:

D-3

D-4

E-1

Testimony

RECAP SCHEDULES:

A-3

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division

Test Year Ended December 31, 2024

Cost of Long Term Debt

Exhibit
Settlement Schedule D-2
Page 1
Witness: Bourassa

		End of Test Year				End of Projected Year			
Line No.	Description of Debt	Amount Outstanding	Annual Interest	Interest Rate	Weighted Cost	Amount Outstanding	Annual Interest	Interest Rate	Weighted Cost
1	Liberty Utilities - Interco Note	30,000,000	1,608,600	5.36%	5.362%	\$ 30,000,000	1,608,600	5.362%	2.336%
2	Liberty Utilities - Pro Forma		-	0.00%	0.000%	38,849,797	2,143,732	5.518%	3.114%
3			-	0.00%	0.000%		-	0.00%	0.000%
4							-	0.00%	0.000%
5									
6									
7									
8									
9									
10									
11									
12									
13	Totals	\$ 30,000,000	1,608,600		5.362%	\$ 68,849,797	\$ 3,752,332		5.450%
14									
15									

SUPPORTING SCHEDULES:

E-1

E-2

Testimony

RECAP SCHEDULES:
D-1

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
Test Year Ended December 31, 2024
Cost of Preferred Stock

Exhibit
Settlement Schedule D-3
Page 1
Witness: Bourassa

Line							
No.							
1	<u>End of Test Year</u>			<u>End of Projected Year</u>			
2							
3	Description	Shares	Dividend	Shares	Dividend		
4	of Issue	Outstanding	Amount Requirement	Outstanding	Amount Requirement		
5							
6							
7	NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING						
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21	<u>SUPPORTING SCHEDULES:</u>			<u>RECAP SCHEDULES:</u>			
22	E-1			D-1			
23							
24							
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40							

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
 Test Year Ended December 31, 2024
 Cost of Common Equity

Exhibit
 Settlement Schedule D-4
 Page 1
 Witness: Bourassa

Line

No.

1

2

The Company is proposing a cost of common equity of

9.75%

3

4

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SUPPORTING SCHEDULES:

18

E-1

19

D-4.1 to D-4.16

20

RECAP SCHEDULES:

D-1

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
Revenue Summary
 With Annualized Revenues to Year End Number of Customers
 Test Year Ended December 31, 2024

Exhibit
 Settlement Schedule H-1
 Page 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	\$ 12,706,853	\$ 18,621,893	\$ 5,915,040	46.55%	58.91%	58.96%
2	Residential HOA 133	72,191	105,796	33,605	46.55%	0.33%	0.33%
3	Residential HOA 134	72,734	106,591	33,857	46.55%	0.34%	0.34%
4	Residential HOA 138	74,905	109,773	34,868	46.55%	0.35%	0.35%
5	Residential HOA 160	86,846	127,273	40,427	46.55%	0.40%	0.40%
6	Residential HOA 520	282,250	413,637	131,387	46.55%	1.31%	1.31%
7	Subtotal	\$ 13,295,778	\$ 19,484,962	\$ 6,189,185	46.55%	61.64%	61.69%
8							
9	Multi-Unit Housing						
10	Multi-Unit 3	\$ 75,587	\$ 110,772	\$ 35,186	46.55%	0.35%	0.35%
11	Multi-Unit 4	22,172	32,493	10,321	46.55%	0.10%	0.10%
12	Multi-Unit 5	5,039	7,385	2,346	46.55%	0.02%	0.02%
13	Multi-Unit 7	14,110	20,678	6,568	46.55%	0.07%	0.07%
14	Multi-Unit 8	129,001	189,052	60,050	46.55%	0.60%	0.60%
15	Multi-Unit 9	4,535	6,646	2,111	46.55%	0.02%	0.02%
16	Multi-Unit 10	5,039	7,385	2,346	46.55%	0.02%	0.02%
17	Multi-Unit 14	77,602	113,726	36,124	46.55%	0.36%	0.36%
18	Multi-Unit 16	330,566	484,445	153,879	46.55%	1.53%	1.53%
19	Multi-Unit 17	8,567	12,554	3,988	46.55%	0.04%	0.04%
20	Multi-Unit 18	9,070	13,293	4,222	46.55%	0.04%	0.04%
21	Multi-Unit 21	10,582	15,508	4,926	46.55%	0.05%	0.05%
22	Multi-Unit 22	11,086	16,247	5,161	46.55%	0.05%	0.05%
23	Multi-Unit 23	11,590	16,985	5,395	46.55%	0.05%	0.05%
24	Multi-Unit 24	24,188	35,447	11,259	46.55%	0.11%	0.11%
25	Multi-Unit 45	22,676	33,232	10,556	46.55%	0.11%	0.11%
26	Multi-Unit 46	23,180	33,970	10,790	46.55%	0.11%	0.11%
27	Multi-Unit 48	24,188	35,447	11,259	46.55%	0.11%	0.11%
28	Multi-Unit 64	32,250	47,263	15,013	46.55%	0.15%	0.15%
29	Multi-Unit 83	83,649	122,588	38,939	46.55%	0.39%	0.39%
30	Multi-Unit 84	42,329	62,033	19,704	46.55%	0.20%	0.20%
31	Multi-Unit 90	136,056	199,390	63,334	46.55%	0.63%	0.63%
32	Multi-Unit 111	55,934	81,972	26,037	46.55%	0.26%	0.26%
33	Multi-Unit 125	62,989	92,310	29,321	46.55%	0.29%	0.29%
34	Multi-Unit 126	63,493	93,049	29,556	46.55%	0.29%	0.29%
35	Multi-Unit 132	199,549	292,439	92,890	46.55%	0.93%	0.93%
36	Multi-Unit 167	84,153	123,327	39,173	46.55%	0.39%	0.39%
37	Multi-Unit 184	92,720	135,881	43,161	46.55%	0.43%	0.43%
38	Multi-Unit 188	94,735	138,835	44,099	46.55%	0.44%	0.44%
39	Multi-Unit 224	112,876	165,420	52,544	46.55%	0.52%	0.52%
40	Multi-Unit 286	144,119	211,206	67,087	46.55%	0.67%	0.67%
41	Multi-Unit 304	153,189	224,499	71,310	46.55%	0.71%	0.71%
42	Multi-Unit 326	164,275	240,745	76,470	46.55%	0.76%	0.76%
43	Multi-Unit 352	73,907	108,311	34,404	46.55%	0.34%	0.34%
44							
45	Subtotal	\$ 2,405,004	\$ 3,524,533	\$ 1,119,529	46.55%	11.15%	11.16%
46							
47	Small Commercial	\$ 93,479	\$ 136,994	43,515	46.55%	0.43%	0.43%
48	Measured Service:						
49	Regular Domestic	\$ 1,871,984	\$ 2,857,866	985,882	52.67%	8.68%	9.05%
50	Regular Domestic - Influent	2,122,889	3,251,004	1,128,115	53.14%	9.84%	10.29%
51	Restaurant, Motels, Grocery, Dry Cleaning	531,541	810,661	279,120	52.51%	2.46%	2.57%
52	Subtotal	\$ 4,526,414	\$ 6,919,531	\$ 2,393,116	52.87%	20.99%	21.91%
53							
54	Wigwam Resort - Per Room	\$ 166,795	\$ 254,446	\$ 87,651	52.55%	0.77%	0.81%
55	Wigwam Resort - Main	19,956	30,442	10,487	52.55%	0.09%	0.10%
56	Subtotal	\$ 186,750	\$ 284,888	\$ 98,137	52.55%	0.87%	0.90%
57							
58	Elementary Schools	\$ 81,418	\$ 124,204	\$ 42,785	52.55%	0.38%	0.39%
59	Middle and High Schools	95,787	146,122	50,336	52.55%	0.44%	0.46%
60	Community College	24,745	37,748	13,003	52.55%	0.11%	0.12%
61	Subtotal	\$ 201,950	\$ 308,074	\$ 106,125	52.55%	0.94%	0.98%
62							
63							
64	Total Revenues Before Revenues Annualization	\$ 20,709,376	\$ 30,658,982	\$ 9,949,607	48.04%	96.01%	97.07%

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
Revenue Summary
 With Annualized Revenues to Year End Number of Customers
 Test Year Ended December 31, 2024

Exhibit
 Settlement Schedule H-1
 Page 2
 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							
2	<u>Revenue Annualization</u>						
3	Residential	\$ 63,868	\$ 93,599	\$ 29,731	46.55%	0.30%	0.30%
4	Multi-Unit			-	0.00%	0.00%	0.00%
5	Small Commercial	1,071	1,569	499	46.55%	0.00%	0.00%
6	Measured Service:						
7	Regular Domestic	15,742	24,029	8,288	52.65%	0.07%	0.08%
8	Regular Domestic Influent	54,939	84,137	29,197	53.14%	0.25%	0.27%
9	Restaurant, Motels, Grocery, Dry Cleaning	(498)	(760)	(262)	52.58%	0.00%	0.00%
10							
11	Subtotal Revenue Annualization	\$ 135,122	\$ 202,574	\$ 67,452	49.92%	0.63%	0.64%
12							
13	Effluent Revenues	\$ 59,035	\$ 59,035	-	0.00%	0.27%	0.19%
14							
15	<u>Misc Service Revenues</u>						
16	Adjusted Misc Revenues	\$ 663,170	\$ 663,170	\$ -	0.00%	3.07%	2.10%
17	Reconciling Amount to C-1	2,384	1,278	(1,106)	-46.39%	0.01%	0.00%
18	Totals	\$ 21,569,086	\$ 31,585,039	\$ 10,015,953	46.44%	100.00%	100.00%
19							
20							
21							
22							
23	<u>Revenue Reconciliation</u>						
24	Flat and Metered Revenues Per GL	\$ 20,711,759					
25							
26							
27	Adjusted Total	\$ 20,711,759					
28							
29	BC Revenue Before Annualization	\$ 20,709,376					
30							
31	Difference	\$ 2,383					
32							
33	% Difference	0.01%					
34							
35	Tolerance (+/- 1/2%)	\$ 103,559					
36							
37							
38							
39							
40							
41							
42							
43							
44							
45							
46							

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
 Test Year Ended December 31, 2024
 Analysis of Monthly Bill Impacts by Detailed Class

Settlement Schedule H-2
 Page 2
 Witness: Bourassa

Line No.	Customer Classification	Average Number of Customers at 12/31/2024	Average Water Use	Average Bill		Proposed Increase	
				Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	Residential	23,528	N/A	\$ 45.23	\$ 66.29	\$ 21.06	46.550%
2	Residential HOA 133	1	N/A	6,015.90	8,816.31	2,800.40	46.550%
3	Residential HOA 134	1	N/A	6,061.13	8,882.59	2,821.46	46.550%
4	Residential HOA 138	1	N/A	6,242.06	9,147.75	2,905.68	46.550%
5	Residential HOA 160	1	N/A	7,237.18	10,606.08	3,368.91	46.550%
6	Residential HOA 520	1	N/A	23,520.82	34,469.76	10,948.94	46.550%
7							
8	Multi-Unit Housing - Residential						
9	Multi-Unit 3	50	N/A	\$ 125.98	\$ 184.62	\$ 58.64	46.550%
10	Multi-Unit 4	11	N/A	167.97	246.16	78.19	46.550%
11	Multi-Unit 5	2	N/A	209.96	307.70	97.74	46.550%
12	Multi-Unit 7	4	N/A	293.95	430.78	136.83	46.550%
13	Multi-Unit 8	32	N/A	335.94	492.32	156.38	46.550%
14	Multi-Unit 9	1	N/A	377.93	553.86	175.93	46.550%
15	Multi-Unit 10	1	N/A	419.93	615.40	195.48	46.550%
16	Multi-Unit 14	11	N/A	587.90	861.56	273.67	46.550%
17	Multi-Unit 16	41	N/A	671.88	984.64	312.76	46.550%
18	Multi-Unit 17	1	N/A	713.88	1,046.18	332.31	46.550%
19	Multi-Unit 18	1	N/A	755.87	1,107.72	351.86	46.550%
20	Multi-Unit 21	1	N/A	881.85	1,292.35	410.50	46.550%
21	Multi-Unit 22	1	N/A	923.84	1,353.89	430.05	46.550%
22	Multi-Unit 23	1	N/A	965.83	1,415.43	449.59	46.550%
23	Multi-Unit 24	2	N/A	1,007.82	1,476.97	469.14	46.550%
24	Multi-Unit 45	1	N/A	1,889.67	2,769.31	879.64	46.550%
25	Multi-Unit 46	1	N/A	1,931.66	2,830.85	899.19	46.550%
26	Multi-Unit 48	1	N/A	2,015.65	2,953.93	938.28	46.550%
27	Multi-Unit 64	1	N/A	2,687.53	3,938.58	1,251.05	46.550%
28	Multi-Unit 83	2	N/A	3,485.39	5,107.84	1,622.45	46.550%
29	Multi-Unit 84	1	N/A	3,527.38	5,169.38	1,642.00	46.550%
30	Multi-Unit 90	3	N/A	3,779.34	5,538.62	1,759.28	46.550%
31	Multi-Unit 111	1	N/A	4,661.19	6,830.97	2,169.78	46.550%
32	Multi-Unit 125	1	N/A	5,249.08	7,692.53	2,443.45	46.550%
33	Multi-Unit 126	1	N/A	5,291.08	7,754.07	2,463.00	46.550%
34	Multi-Unit 132	3	N/A	5,543.03	8,123.31	2,580.28	46.550%
35	Multi-Unit 167	1	N/A	7,012.77	10,277.22	3,264.45	46.550%
36	Multi-Unit 184	1	N/A	7,726.65	11,323.40	3,596.76	46.550%
37	Multi-Unit 188	1	N/A	7,894.62	11,569.57	3,674.95	46.550%
38	Multi-Unit 224	1	N/A	9,406.36	13,785.01	4,378.66	46.550%
39	Multi-Unit 286	1	N/A	12,009.90	17,600.51	5,590.61	46.550%
40	Multi-Unit 304	1	N/A	12,765.77	18,708.23	5,942.47	46.550%
41	Multi-Unit 326	1	N/A	13,689.61	20,062.12	6,372.51	46.550%
42	Multi-Unit 352	0	N/A	14,781.42	21,662.17	6,880.75	46.550%
43	Subtotal	183					
44							
45	Small Commercial	102	N/A	\$ 76.50	\$ 112.11	\$ 35.61	46.550%
46	Measured Service:						
47	Regular Domestic	268	144,538	\$ 582.81	\$ 889.75	\$ 306.94	52.665%
48	Regular Domestic - Influent	6	6,393,441	29,899.84	45,788.79	15,888.94	53.141%
49	Restaurant, Motels, Grocery, Dry Cleaning	100	83,359	442.58	674.99	232.41	52.511%
50							
51	Wigwam Resort - Per Room	1	N/A	\$ 13,899.57	\$ 21,203.79	\$ 7,304.22	52.550%
52	Wigwam Resort - Main	1	N/A	1,662.97	2,536.86	873.89	52.550%
53							
54	Elementary Schools	6	N/A	\$ 1,130.81	\$ 1,725.05	\$ 594.24	52.550%
55	Middle and High Schools	6	N/A	1,330	2,029	699.11	52.550%
56	Community College	1	N/A	2,062	3,146	1,083.62	52.550%
57							
58							
59							
60							
61	Total	24,201					
62							
63							

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
Test Year Ended December 31, 2024
Analysis of Month Bill Impacts by Detailed Class
Including Rate Case Expense Surcharge

Settlement Schedule H-2
Page 1
Witness: Bourassa

Line No.	Customer Classification	Average Number of Customers at 12/31/2024	Average Water Use	Average Bill			Total Prop. Rates	Proposed Increase	
				Present Rates	Proposed Rates	RC Expense Surcharge		Dollar Amount	Percent Amount
1	Residential	23,528	N/A	\$ 45.23	\$ 66.29	\$ 0.26	\$ 66.55	\$ 21.32	47.12%
2	Residential HOA 133	1	N/A	6,015.90	8,816.31	0.26	8,816.57	2,800.66	46.55%
3	Residential HOA 134	1	N/A	6,061.13	8,882.59	0.26	8,882.85	2,821.72	46.55%
4	Residential HOA 138	1	N/A	6,242.06	9,147.75	0.26	9,148.01	2,905.94	46.55%
5	Residential HOA 160	1	N/A	7,237.18	10,606.08	0.26	10,606.34	3,369.17	46.55%
6	Residential HOA 520	1	N/A	23,520.82	34,469.76	0.26	34,470.02	10,949.20	46.55%
7									
8	Multi-Unit Housing - Residential								
9	Multi-Unit 3	50	N/A	\$ 125.98	\$ 184.62	\$ 0.26	\$ 184.88	\$ 58.90	46.76%
10	Multi-Unit 4	11	N/A	167.97	246.16	0.26	246.42	78.45	46.70%
11	Multi-Unit 5	2	N/A	209.96	307.70	0.26	307.96	98.00	46.67%
12	Multi-Unit 7	4	N/A	293.95	430.78	0.26	431.04	137.09	46.64%
13	Multi-Unit 8	32	N/A	335.94	492.32	0.26	492.58	156.64	46.63%
14	Multi-Unit 9	1	N/A	377.93	553.86	0.26	554.12	176.19	46.62%
15	Multi-Unit 10	1	N/A	419.93	615.40	0.26	615.66	195.74	46.61%
16	Multi-Unit 14	11	N/A	587.90	861.56	0.26	861.82	273.93	46.59%
17	Multi-Unit 16	41	N/A	671.88	984.64	0.26	984.90	313.02	46.59%
18	Multi-Unit 17	1	N/A	713.88	1,046.18	0.26	1,046.44	332.57	46.59%
19	Multi-Unit 18	1	N/A	755.87	1,107.72	0.26	1,107.98	352.12	46.58%
20	Multi-Unit 21	1	N/A	881.85	1,292.35	0.26	1,292.61	410.76	46.58%
21	Multi-Unit 22	1	N/A	923.84	1,353.89	0.26	1,354.15	430.31	46.58%
22	Multi-Unit 23	1	N/A	965.83	1,415.43	0.26	1,415.69	449.85	46.58%
23	Multi-Unit 24	2	N/A	1,007.82	1,476.97	0.26	1,477.23	469.40	46.58%
24	Multi-Unit 45	1	N/A	1,889.67	2,769.31	0.26	2,769.57	879.90	46.56%
25	Multi-Unit 46	1	N/A	1,931.66	2,830.85	0.26	2,831.11	899.45	46.56%
26	Multi-Unit 48	1	N/A	2,015.65	2,953.93	0.26	2,954.19	938.54	46.56%
27	Multi-Unit 64	1	N/A	2,687.53	3,938.58	0.26	3,938.84	1,251.31	46.56%
28	Multi-Unit 83	2	N/A	3,485.39	5,107.84	0.26	5,108.10	1,622.71	46.56%
29	Multi-Unit 84	1	N/A	3,527.38	5,169.38	0.26	5,169.64	1,642.26	46.56%
30	Multi-Unit 90	3	N/A	3,779.34	5,538.62	0.26	5,538.88	1,759.54	46.56%
31	Multi-Unit 111	1	N/A	4,661.19	6,830.97	0.26	6,831.23	2,170.04	46.56%
32	Multi-Unit 125	1	N/A	5,249.08	7,692.53	0.26	7,692.79	2,443.71	46.55%
33	Multi-Unit 126	1	N/A	5,291.08	7,754.07	0.26	7,754.33	2,463.26	46.55%
34	Multi-Unit 132	3	N/A	5,543.03	8,123.31	0.26	8,123.57	2,580.54	46.55%
35	Multi-Unit 167	1	N/A	7,012.77	10,277.22	0.26	10,277.48	3,264.71	46.55%
36	Multi-Unit 184	1	N/A	7,726.65	11,323.40	0.26	11,323.66	3,597.02	46.55%
37	Multi-Unit 188	1	N/A	7,894.82	11,569.57	0.26	11,569.83	3,675.21	46.55%
38	Multi-Unit 224	1	N/A	9,406.36	13,785.01	0.26	13,785.27	4,378.92	46.55%
39	Multi-Unit 286	1	N/A	12,009.90	17,600.51	0.26	17,600.77	5,590.87	46.55%
40	Multi-Unit 304	1	N/A	12,765.77	18,708.23	0.26	18,708.49	5,942.73	46.55%
41	Multi-Unit 326	1	N/A	13,689.61	20,062.12	0.26	20,062.38	6,372.77	46.55%
42	Multi-Unit 352	0	N/A	14,781.42	21,662.17	0.26	21,662.43	6,881.01	46.55%
43	Subtotal	183							
44									
45	Small Commercial	102	N/A	\$ 76.50	\$ 112.11	\$ 0.26	\$ 112.37	\$ 35.87	46.89%
46	Measured Service:								
47	Regular Domestic	268	144,538	\$ 562.81	\$ 889.75	\$ 0.26	\$ 890.01	\$ 307.20	52.71%
48	Regular Domestic - Influent	6	6,393,441	29,899.84	45,788.79	0.26	45,789.05	15,889.20	53.14%
49	Restaurant, Motels, Grocery, Dry Cleaning	100	83,359	442.58	674.99	0.26	675.25	232.67	52.57%
50									
51	Wigwam Resort - Per Room	1	N/A	\$ 13,899.57	\$ 21,203.79	\$ 0.26	\$ 21,204.05	\$ 7,304.48	52.55%
52	Wigwam Resort - Main	1	N/A	1,662.97	2,536.86	0.26	2,537.12	874.15	52.57%
53									
54	Elementary Schools	6	N/A	\$ 1,130.81	\$ 1,725.05	\$ 0.26	\$ 1,725.31	\$ 594.50	52.57%
55	Middle and High Schools	6	N/A	1,330	2,029	0.26	2,030	699.37	52.57%
56	Community College	1	N/A	2,062	3,146	0.26	3,146	1,083.88	52.56%
57									
58									
59									
60									
61	Total	24,201							
62									
63									

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
Present and Proposed Rates
Test Year Ended December 31, 2024

Exhibit
Settlement Schedu
Page 1
Witness: Bourassa

Line No.		Present Rates	Proposed Rates	Change
1				
2	<u>Customer Classification</u>			
3				
4	Monthly Charge for:			
5	Monthly Residential Service	\$ 45.23	\$ 66.29	\$ 21.06
6				
7	Multi-Unit Housing - Monthly per Unit	\$ 41.99	\$ 61.54	\$ 19.55
8				
9	Commercial:			
10	Small Commercial - Monthly Service	\$ 76.50	\$ 112.11	\$ 35.61
11	Measured Service:			
12	Regular Domestic:			
13	Monthly Service Charge	\$ 42.82	\$ 62.76	\$ 19.93
14	Regular Domestic per 1,000 gallons water usage ²	\$ 3.74	\$ 5.72	\$ 1.99
15	Commodity Charge per 1,000 gallons measured influent ³	\$ 4.67	\$ 7.15	\$ 2.48
16				
17	Restaurant, Motels, Grocery Stores & Dry Cleaning Estab.			
18	Monthly Service Charge	\$ 42.82 ¹	\$ 62.76 ¹	\$ 19.93
19	Commodity Charge per 1,000 gallons water usage ²	\$ 4.80	\$ 7.34	\$ 2.55
20	Commodity Charge per 1,000 gallons measured influent ³	\$ 6.62	\$ 10.14	\$ 3.52
21				
22	Wigwam Resort:			
23	Monthly Rate - Per Room	\$ 41.99	\$ 64.06	\$ 22.07
24	Main Hotel Facilities - Per Month	\$ 1,662.97	\$ 2,536.86	\$ 873.89
25				
26	Schools - Monthly Service Rates:			
27	Elementary Schools	\$ 1,130.81	\$ 1,725.05	\$ 594.24
28	Middle Schools	\$ 1,330.37	\$ 2,029.48	\$ 699.11
29	High Schools	\$ 1,330.37	\$ 2,029.48	\$ 699.11
30	Community College	\$ 2,062.08	\$ 3,145.70	\$ 1,083.62
31				
32	Effluent ⁴	Market	Market	
33				
34				

¹ Motels without restuarants included (eliminate multi-unit monthly rate provision)

² For Commercial/Non-Residential Customers that are provided with water service from the Company or whose water usage is available to the Company from another water utility, Company shall bill non-residential customers based on water usage data provided by Liberty Utilities or water usage data provided by another local water provider. If, at any point, Company is unable to obtain actual water usage data for such commercial/non-residential customers, Company shall bill non-residential customers based on the last known, most recent usage data as a proxy. Billing shall be trueed up when actual data is obtained. If no water data can be obtained, a non-residential customer may be required to install an influent meter at cost and such customers shall be billed in accordance with the influent data rates set forth above.

³ For customers that are not receiving water service from the Company, and/or the Company is not receiving water usage data information from another water provider, a meter to measure influent will be installed at cost and paid by customer and such customers shall be billed in accordance with the influent data rates set forth above.

⁴ Market Rate - Maximum effluent rate shall not exceed \$430 per acre foot based on a potable water rate of \$1.32 per thousand gallons.

NT = No Tariff

ile H-3

I

Percent Change
46.55%
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Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
 Changes in Representative Rate Schedules
 Test Year Ended December 31, 2024

Exhibit
 Settlement Schedule H-3
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 Witness: Bourassa

Line

<u>No.</u>	<u>Service Charges</u>	<u>Present</u>	<u>Proposed</u>
1	Establishment per A.A.C. R14-2-603(D)(1)	\$20.00	\$30.00
2	Establishment (After Hours)	NT	NT
3	Re-Establishment of Service per A.A.C. R14-2-603(D)(1)	(a)	(a)
4	Disconnection	(b)	At Cost (b)
5	Reconnection per A.A.C. R14-2-603(D)(1)	(b)	(b)
6	NSF Check per A.A.C. R14-2-608(E)(1)	\$25.00 (c)	\$25.00 (c)
7	Deferred Payment (per month)	1.5%	1.5% per month
8	Late Charge	(d)	(d)
9	Service Calls - Per Hour/After Hours	\$40.00 (e)	\$125 (e)
10	After Hours Service Charge	NT	NT
11	Deposit Requirements	(f)	(f)
12	Deposit Interest per A.A.C. R14-2-603(B)	6.00%	6.00%
13	Service Lateral Connection Charge - All sizes	(g)	(g)
14	Main Extension, Tariff, per Rule R14-2-606B.	(h)	(h)
15	Influent Meter Installation Charge (l)	At Cost (i)	At Cost (i)
16	Wastewater Hook-Up Fee	At Cost (j)	At Cost (j)
17	Failed Final Inspection Fee	NT	\$75.00

- 18 ¹ Company's Proposed Rates were amended by the Company on November 17, 2017. The modifications to the Company's proposed tariff of rates and
 19
 20 (a) Minimum charge times number of full months off the system, per Rule R14-2-603(D).
 21 (b) Customer shall pay the actual cost including costs for excavation and trenching, pipeline modification, sewer block, backfill and grading, road repairs
 22 and permitting. Customer will be provided copies of invoices for actual costs incurred. There shall be no charge if no work is performed.
 23 (c) Liberty Litchfield Park may charge only one NSF fee when customers are billed for water and sewer services on one bill.
 24 (d) Greater of \$5.00 or 1.50% of unpaid balance.
 25 (e) Customer shall be charged for after-hours service calls outside of normal working hours for work performed at customer's request or convenience.
 26 (f) Per ACC Rules R14-2-603(B) Residential - two times the average bill by class. Non-residential - two and one-half times the customer's estimated
 maximum monthly bill.
 27 (g) At Cost. Customer/Developer shall install or cause to be installed all Service Laterals as refundable advances-in-aid of construction.
 28 (h) All Main Extensions shall be completed at cost and shall be treated as refundable advances-in-aid of construction.
 29 (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.
 30 (j) Residential and Non-residential - Customer/Developers shall pay the applicable Wastewater Hook-Up Fees per tariff.
 31
 32
 33 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.

LIBERTY UTILITIES (LITCHFIELD PARK WATER & SEWER) CORP.

Plan of Administration

Annual Rate Adjustment Mechanism

Liberty Utilities (Litchfield Park Water and Sewer) Corp.

"Liberty Litchfield Park" or "Company"

Annual Rate Adjustment Mechanism ("ARAM")

Plan of Administration

I. Applicability

The following procedures (the "Plan of Administration") shall apply to the Liberty Utilities (Litchfield Park Water and Sewer) Corp.'s ("Liberty Litchfield Park" or "Company") calculations set forth in the Company's Annual Rate Adjustment Mechanism ("ARAM") Tariff, Appendix A ARAM Surcharge/Sur-credit Calculation Template ("ARAM Rate Template"). The Company shall follow the methodology specified in the ARAM Rate Template to calculate annually its revenue requirement, revenue deficiency or excess, rate base, and rates.

II. Annual Filing Requirements

- a. By May 1st each year, Liberty Litchfield Park shall calculate and file its ARAM Surcharge¹. If May 1st falls on a weekend or holiday, Liberty Litchfield Park shall file on the next business day. Within one business day of the filing, Liberty Litchfield Park shall provide all models and workpapers electronically in native format with all formulas and links intact to the parties in the docket, including Arizona Corporation Commission ("Commission") Utilities Division Staff ("Staff") and Customers per election to be an interested party per Section VI (collectively, "Interested Parties").
- b. The ARAM filings shall be made in Docket Nos. W-01427A-25-0126 and SW-01428A-25-0127.
- c. The first Annual Update shall be filed by May 1, 2028, utilizing a twelve-month test year ending December 31, 2027. Future filings shall also utilize a twelve-month test year ending December 31.
- d. The filing shall:
 - i. Use a historical test year as required under A.A.C. R14-2-103(A)(3)(p) ("ARAM Test Year").
 - ii. Include an Annual Update reflecting changes in the revenue requirement based on the ARAM Test Year with adjustments as specified in this Plan of Administration.
 - iii. If applicable, the second ARAM Annual Update filing will include annualization of ARAM Surcharge or Sur-credit revenues from the first filing.

¹ While referenced as Surcharge here, this encompasses Surcharge or Sur-credit throughout the document.

LIBERTY UTILITIES (LITCHFIELD PARK WATER & SEWER) CORP.

Plan of Administration

Annual Rate Adjustment Mechanism

- iv. Include an earnings test, preventing Liberty Litchfield Park from exceeding its authorized return outside of the 'dead band'. The dead band shall be +/- 50 basis points of the authorized Return on Equity. For example, if the authorized Return on Equity is 9.80%, the dead band is 9.30% - 10.30%. Thus, a Return on Equity falling within 9.30% - 10.30% shall result in no rate change, a Return on Equity exceeding 10.30% shall result in a rate decrease and a Return on Equity below 9.30% shall result in a rate increase.

- c. The minimum schedules to be filed with the ARAM as defined in A.A.C. R14-2-03(B)(1) are: A-1, B-1, B-2, C-1, C-2, C-3, ~~and D-1, E-1, E-2, H-X (Computation of Surcharge or Credit)~~ and additional schedules and workpapers to support the inputs in the Annual Update filing.

- f. To increase the transparency and ease stakeholder review, the ARAM Rate Template inputs for the following ratemaking elements shall be a **stated** value to be used in the ARAM Rate Template until changed pursuant to full general rate case approved by the Commission. The stated values shall be those authorized by the Commission in the underlying Decision authorizing the use of the ARAM.
 - i. Equity component of capital structure as typically found on the D-1 schedule;
 - ii. Debt component of capital structure as typical found on the D-1 schedule;
 - iii. Return on Equity as typically found on the D-1 schedule;
 - iv. Cost of Debt as typically found on the D-1 schedule;
 - v. Depreciation and CIAC Amortization Rates as typically found on the C-2 adjustment schedule;
 - ~~vi.~~ Gross Revenue Conversion Factor (GRCF) as typically found on the C-3 schedule unless statutorily changed; and
 - ~~vi.~~ Property Tax will reflect statutory rates but will not exceed the assessment ratio typically found on the C-2 adjustment schedule
 - ~~vii.~~
 - viii. Federal and State Income Tax rates as reflected on the C-3 schedule, unless statutorily changed;
 - ix. Corporate and regional shared services cost allocations as typically found on the C-1 schedule; and
 - x. Capitalized overhead included in plant additions, as typically found on the B-2 schedule, will not exceed the test year capitalized overhead related additions authorized in the rate case.

LIBERTY UTILITIES (LITCHFIELD PARK WATER & SEWER) CORP.

Plan of Administration

Annual Rate Adjustment Mechanism

g. Cost disallowances:

- i. Voluntary rate base or expense adjustments made by the Company - If the Company proposed any rate base or expense adjustments in its prior rate case direct application that was accepted by the parties, that same methodology shall be followed in Annual Updates. The final Plan of Administration approved by the Commission shall include details of those adjustments for greater transparency in the ARAM Rate Template; and
- ii. Rate Base or Expense adjustments authorized by the Commission - If the Commission orders any rate base ('B' schedules) or expense ('C' schedules) adjustments in its final Decision, that same methodology shall be followed in Annual Updates. For example, 50/50 sharing of a specific expense. The final Plan of Administration approved by the Commission shall include details of those adjustments for greater transparency in the ARAM Rate Template.

h. The Annual Update for the ARAM Test Year shall:

- i. to the extent specified in the ARAM Rate Template, be based upon data accurately recorded in the Company's regulatory accounting records for the most recent calendar year maintained consistent with the Uniform System of Accounts ("USoA") and Commission accounting policies;
- ii. as and to the extent specified in the ARAM Rate Template or data requests, provide supporting non-confidential or competitively sensitive documentation for data not otherwise available in the regulatory accounting records that are used in the ARAM Rate Template;
- iii. disclose any accounting changes or adjustments that affect inputs to the ARAM Rate Template, including;
 - 1 the initial implementation of an accounting standard or policy;
 - 2 the initial implementation of accounting practices for unusual or unconventional items where the Commission has not provided specific accounting direction;
 - 3 the effect of any change to an accounting standard, policy or the underlying USoA;
 - 4 correction of errors and prior period adjustments that impact the calculation;
 - 5 the implementation of new estimation methods or policies that change prior estimates;
 - 6 changes to income tax elections; and
 - 7 reclassifications, including mapping changes, among NARUC accounts between calendar years.
- iv. provide notice of changes in the Company's accounting policies and practices from those in effect for the calendar year upon which the immediately preceding Annual Update was based ("Accounting Changes");

LIBERTY UTILITIES (LITCHFIELD PARK WATER & SEWER) CORP.

Plan of Administration

Annual Rate Adjustment Mechanism

- v. identify items included in the ARAM Rate Template at an amount other than on a historical cost basis (*e.g.*, fair value adjustments);
- vi. identify any reorganization or merger transaction and explain the effect of the accounting for such transactions on inputs to the ARAM Rate Template;
- vii. make note of any aspects of the ARAM Rate Template or its inputs that are the subject of an ongoing legal dispute;
- viii. to the extent accounting changes and other matters affect the Company's inputs to its ARAM Rate Template, provide a narrative explanation of the individual impact of those items on charges billed under the ARAM Rate template;
- ix. be subject to review and challenge, in accordance with the procedures set forth in these protocols, as to whether the input data are accurately recorded, whether the costs and expenditures included for recovery in the Annual Update are prudent, and as to the accuracy of the data and the consistency with the ARAM Rate Template, including the terms and procedures in this plan of administration, of the charges shown in the Annual Update; and
- x. not seek to modify the ARAM Rate Template and shall not be subject to challenge by seeking to modify the ARAM Rate Template (*i.e.*, all such modifications to the ARAM Rate Template, items specified in Section II.e., will require, as applicable, a full rate case).

III. General Policies of the ARAM

- a. The actual date of the filing of the Annual Update shall be that year's "Filing Date."
- b. The ARAM Rate Template is premised upon the following predicates ("Fundamental Predicates"):
 - i. The National Association of Regulatory Utility Commissioners' ("NARUC's") 1996 USoA for Class A Water Utilities;
 - ii. The Commission's orders establishing general accounting directives and precedents;
 - iii. The Commission's requirement for water utilities to maintain regulatory accounting records in accordance with the NARUC USoA; and
 - iv. The Company's accounting policies, ~~practices~~practices, and procedures.
- c. The first Annual Update shall use a test year with twelve months ending December 31, 2027, with subsequent updates to use a test year ending December 31 of each following year.

LIBERTY UTILITIES (LITCHFIELD PARK WATER & SEWER) CORP.

Plan of Administration

Annual Rate Adjustment Mechanism

- d. Adjustments to recognize plant investments that are determined to be used and useful up to three months from the end of the ARAM test ~~year, may~~^{year, may} be included in rate base in the first ARAM filing only. After the first ARAM filing, rate base will not include any plant investments beyond the end of the applicable ARAM test year.
- e. The ARAM Surcharge shall not become effective until approved by the Commission.

IV. Interim Documentation Provided

- a. To increase transparency and ease the administrative burden, Liberty Litchfield Park shall:
 - i. On a quarterly basis, file in the underlying general rate case docket, the following information related to capital expenditures placed in-service:
 - 1. A list, description, location, in-service date, NARUC account and total cost of all capital projects greater than \$20,000.
 - 2. Staff and Interested Parties may request supporting documentation for the data provided quarterly. The Company will respond to such requests within 10 days of receiving the request.
 - 3. Details regarding whether the project was funded by Hook Up Fees, Advances in Aid of Construction or Contributions in Aid of Construction.
 - ii. File the first interim documentation report no later than March 1, ~~2027-containing~~²⁰²⁷ ~~containing~~ data for ~~the calendar~~^{the calendar} year of 2026 with subsequent filings to be made quarterly thereafter. Each subsequent quarterly filing will be published no later than 30 days after the close of the quarter-end (e.g., April 30, July 31, October 31, January 31).

V. ARAM Surcharge Rate Design

- a. The ARAM Surcharge rate design will follow the cost of service revenue allocation and rate design approved in the underlying rate case decision. Thus, the ARAM rate design shall be as follows:
 - i. The ARAM Surcharge shall be determined by allocating the required revenue increase (decrease) between the fixed monthly charge and each of the commodity rates based on the revenue allocation percentages determined in the underlying rate case.
 - ii. **Water Division:** The ARAM Surcharge/Sur-credit to the monthly fixed charge for water service shall be calculated by dividing the portion of revenue increase (decrease) related to the monthly minimum as determined in Section V.a.i above by the number of year-end active equivalents meters, by meter size, at the end of each ARAM test year. The Surcharge shall increase with meter size based on the standard meter AWWA flow factors.
 - iii. **Wastewater Division:** The ARAM Surcharge/Sur-credit to the monthly fixed charge

LIBERTY UTILITIES (LITCHFIELD PARK WATER & SEWER) CORP.

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- for wastewater- service shall be calculated by dividing the portion of revenue increase (decrease) related to the monthly minimum by customer class as determined in Section V.a.i. above by the number of test-year billings (including annualized bills) at the end of each CSRM test year.
 - iv. The ARAM Surcharge/Sur-credit for each commodity rate for both water and sewer service shall be calculated by dividing the portion of revenue increase or decrease related to each commodity rate as determined in Section V.a.i. above by the gallons sold/billed (in 1000' s) (including annualized gallons) for the respective commodity rate.
 - v. The ARAM Surcharge/Sur-credit shall apply to all the Company's customers, including private fire services and industrial fire services and excluding customers on a market rate (i.e., effluent water sales) or contractual rate.
 - vi. Liberty Litchfield Park is not required to perform an updated Class Cost of Service Study nor update allocation of the total revenue requirement between customer classes. An example Surcharge calculation for the water division and the wastewater division is included with this POA as Attachment A.

VI. ARAM Customer Notice Requirements

Annual Filing Notice: At least 5 days prior to the Company filings its ARAM Annual Update, the Company shall provide notice to all customers. The notice shall include average customer bill impact per the Company's Annual ARAM filing and ARAM timeline and process information. The notice shall be delivered using each customer's elected communication method, including paper mail or electronic delivery. Liberty Litchfield Park shall also post the notice on its website [and make available an option to elect being included in further notifications as an interested party.](#)

ARAM Surcharge Implementation Notice: Within 30 days after the Commission issues a decision in the ARAM filing, the Company shall provide notice to all customers to implement the Surcharge. The notice shall be delivered using each customer's elected communication method, including paper mail or electronic delivery. Liberty Litchfield Park shall also post the notice on its website.

VII. Annual Review Procedures and Timelines

The Table below is a summary table of the events within this section to demonstrate the proposed procedures and timelines detailed in this section:

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Process Step	Deadline (Specific Date)	Timeline
Pre-filing Notice	5 days prior to May 1	April 25
Annual Update filing on Website and Docket	May 1	Filing Date
Annual Meeting between Company, Staff, Interested Parties	Annually Between May 20–May 31	20–30 days after Filing Date
Information Exchange Period - Informal challenge process	Up to 45 days after Annual Update Filing Date	By June 15 (if Filing Date is May 1)
Company response to Information Requests	Within 10 days of each request	Rolling
Company notice of opposition to an Information Request	Within 5 business days	Rolling
Final Update Filing	60 days from Annual Update filing	By June 30
Formal Challenge filing deadline	No later than 90 days after Filing Date	By July 31
Company response to Formal Challenge	Within 10 days of Formal Challenge filing	Rolling
If no Formal Challenge (or all dismissed): Staff Proposed Order	Within 120 days after Annual Update Filing Date	By August 31
Commission final Order (no Formal Challenge)	Within 150 days after Annual Update Filing Date	By September 30
If Formal Challenge requires hearing	Hearing must be completed within 120 days of Annual Update Filing Date	By September 30
If Formal Challenge requires hearing: ROO	Within 150 days after Annual Update Filing Date	By September 30
Commission final Order (Formal Challenge scenario)	Within 180 days after Annual Update Filing Date	By October 31

Each Annual Update shall be subject to the following annual review procedures (“Annual Review Procedures”):

- a. **Pre-Filing Notice:** 5 days prior to May 1, Liberty Litchfield Park shall post the proposed ARAM request on its website and notify all interested parties to the docket of the request being made available.
- b. **Annual Filing:** By May 1, Liberty Litchfield Park shall file its Annual Update in the underlying rate case ~~docket, and~~ **docket and** provide Commission Staff and Interested Parties with all models and workpapers electronically in native format with all formulas and links intact.
- c. **Annual Meeting:** Between 20 and 30 days after the Filing Date, the Company shall organize a meeting or conference call among Staff and Interested Parties (“Annual Meeting”) during which the Company shall present details about its Annual Update. The Company shall provide remote access for participation in the Annual Meeting. The Annual Meeting shall also provide Staff and Interested Parties the chance to seek information and clarifications from the Company about the Annual Update.
- d. **Information Exchange Period:** Interested Parties have 45 days from the Filing Date to review the Annual Update and submit any Information Requests (the “Information Exchange Period”). Information Requests shall be limited to the following scope:
 - i. What is necessary to determine if the Company has properly applied the ARAM Template and the procedures set forth within this POA;
 - ii. What is necessary to verify that the input data are properly recorded, to determine the prudence of the cost and expenditure included for recovery in the Annual Update, and as to the accuracy of the data and the consistency

LIBERTY UTILITIES (LITCHFIELD PARK WATER & SEWER) CORP.

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- iii. Information Requests shall not solicit information concerning costs or allocations where the cost or allocation method has been determined by the Commission, except that such information requests shall be permitted if they seek to determine if there has been a material change in circumstances, Accounting Change, or pursuant to discovery of a calculation error in subsequent Annual Updates; and
 - iv. The Information Requests shall not be directed at determining whether the Formula Rate Template is just and reasonable.
 - e. **Information Request:** The Company shall make a good faith effort to respond to Information Requests pertaining to the Annual Update within 10 days of receipt. If the Company opposes an Information Request, it shall notify the requesting party within 5 business days. This applies to the informal and formal challenge process.
 - i. The Company may require that a protective agreement be signed before providing any confidential or competitively sensitive information or elect to decline to provide such confidential or competitively sensitive information when deemed necessary and appropriate, or if the Information Request is beyond the scope or otherwise not justified by Section VII.d of this POA.
 - ii. During the Information Exchange Period, Interested Parties must notify the Company in writing of any specific substantive objections it has to the ARAM Annual Update filing, including challenges related to Accounting Changes, to the application of the Formula Rate Template, or to the prudence of plant investments or costs incurred. A party submitting such objections must specify the inputs, supporting explanations, allocations, calculations, or other information to which it objects, provide an appropriate explanation and documents to support its objection, and give the Company an opportunity to address the objection. When addressing an objection, the Company shall make a good faith effort to respond to any objection within seven business days. If the Company disagrees with the objection(s) it will provide the objecting party a response to the objection, including any information or explanation that supports the inputs, explanations, allocations, and calculations that the Company has made.
 - iii. To the extent any Interested Party is unable to resolve disputes related to Information Requests submitted in accordance with this Section, the Company or Interested Party may seek resolution from the Commission Hearing Division.
 - f. Each Annual Update shall not be subject to further objections by Interested Parties beyond 45 days after the Filing Date. To the extent an Interested Party believes the Company has not addressed its objection to the party's satisfaction, that party may file a Formal Challenge.
 - g. **Final Update Filing:** No later than 60 days from the Filing Date, the Company shall provide a final update filing in the underlying rate case docket, and provide Commission Staff and Interested Parties with all models and workpapers electronically in native format with all

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formulas and links intact. This update filing will include revisions, if applicable, accepted by the Company that result from the information exchange period.

- h. **Formal Challenge Process:** An Interested Party who has issued an objection under Section VII.e is entitled to challenge the Annual Update formally, clearly identifying the action or inaction which is alleged to violate the filed Formula Rate Template or this POA and explaining how such action or inaction violates the Formula Rate Template or this POA (a "Formal Challenge"). A Formal Challenge must be filed in the underlying rate case docket no later than 90 days after the Filing Date and distributed to the Company and all Interested Parties. Such Interested Party must have first provided the same objection(s) under Section VII.e, and address the following:
 - i. State the specific relief or remedy requested, and the basis for that relief;
 - ii. Include or make reference to all documents that support the facts in the Formal Challenge in possession of, or otherwise attainable by, the filing party, including, but not limited to, contracts and affidavits; and
 - iii. State when the Interested Party objected to the Annual Update filing in accordance with Section VII.e in this POA to dispute the action or inaction raised by the Formal Challenge. If no objection was raised during the Information Exchange Period, then the issue is not eligible for a Formal Challenge.
- i. Any party filing a Formal Challenge must serve a copy of the Formal Challenge on the Company. Service to the Company must be on the same day as the filing with the Commission. Simultaneous service on the Company can be accomplished by electronic mail, express delivery, or messenger. The party filing the Formal Challenge shall serve the individual(s) listed as the contact on the Company's Annual Update.
- j. Any response by the Company to a Formal Challenge must be filed within 10 days of the date the Formal Challenge was filed and will be served on the party that filed the Formal Challenge.
- k. **Hearings:** If the Hearing Division or assigned Administrative Law Judge determines that a hearing is necessary to resolve a Formal Challenge, a hearing shall be scheduled and the scope shall be limited to only those unresolved items raised by Formal Challenge(s). Any hearing must be completed within 120 days of the Filing Date. In lieu of a hearing, the Company and Interested Party(ies) with unresolved Formal Challenge(s) may elect to submit written filings with the consent of the Hearing Division or assigned Administrative Law Judge.
- l. **Staff Proposed Order / Commission Decision:** If no Formal Challenge is filed, or if all Formal Challenge(s) are administratively dismissed, Staff will draft and file a Proposed Order within 120 days after the Filing Date. The Commission should then issue a final Order on the Annual Update within 150 days of the Filing Date.
- m. **ROO / Commission Decision:** If a Formal Challenge is filed which requires an evidentiary

LIBERTY UTILITIES (LITCHFIELD PARK WATER & SEWER) CORP.

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hearing or submission of written evidence, the Hearing Division or assigned Administrative Law Judge shall issue a Recommended Opinion and Order no later than 150 days after the Filing Date. The Commission should then issue a final Order on the Annual Update within 180 days of the Filing Date.

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VIII. ARAM Administration Calendar

	Base Rate Case Test Year	ARAM Test Year	Required Filing Date	New Rates Effective Date*
Initial Base Rate Case Test Year	December 31, 2024		N/A	
1st ARAM Annual Update		December 31, 2027	May 1, 2028	November 1, 2028
2 nd Annual Update		December 31, 2028	May 1, 2029	November 1, 2029
3 rd Annual Update		December 31, 2029	May 1, 2030	November 1, 2030
4 th Annual Update		December 31, 2030	May 1, 2031	November 1, 2031
5 th Annual Update		December 31, 2031	May 1, 2032	November 1, 2032
Full Rate Case	If a rate case is not filed within the first five years of ARAM Annual Updates, a rate case must be filed with a test year ended December 31, 2032 by June 30, 2033.			

*Includes additional time for hearing and recommended order prior to final consideration

IX. ARAM Filing Costs

Actual ARAM filing costs incurred by the Company will be recorded as part of its annual operating expenses and included in the Annual Update filing and reflected in ARAM template Schedule C-1.

X. Full Rate Case Requirements

The Company may voluntarily file a rate case at any time. If a rate case is not filed within the first five years of ARAM adjustments, a rate case must be filed no later than June 30, 2033 with a test year ended December 31, 2032. Thereafter, the Company shall file a full rate case with no more than five years between test years, unless the Commission determines an alternate schedule. Notwithstanding the requirements herein, the Commission may order the Company to file a rate case at any time.

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Attachment A – Rate Design- Example Surcharge Calculation – Water Division

Example Computation of Surcharges - Water Division

Assumed Revenue Increase (Decrease)

\$ 2,000,000

Decision XXXXX						
Category	Approved Rate	% of		Revenue	Gallons Sold	Surcharge
	Revenue	Rate Revenues	Cummulative	Allocated Revenues	(in 1,000s)	per 1,000 gallons
Monthly Fixed Cl	\$ 7,703,382	33.08%	33.08%	\$ 661,600	See Surcharge Computation below	
Commodity Rate	691,837	2.97%	36.05%	59,400	813,638.7	\$ 0.07
Commodity Rate	3,486,206	14.97%	51.02%	299,400	1,063,483.2	0.28
Commodity Rate	3,301,591	14.18%	65.20%	283,600	890,263.8	0.32
Commodity Rate	7,863,866	33.77%	98.97%	675,400	1,634,525.1	0.41
Hydrant	122,152	0.52%	99.49%	10,400	10,444.0	1.00
Bulk	117,611	0.51%	100.00%	10,200	68,858.6	0.15
	\$ 23,286,645	100.00%		\$ 2,000,000	4,481,213.5	

CSRM Test Year YE Equivalent Meters

Meter Size	Number of YE Customers	AWWA Factor	Equivalent 5/8 Inch Meters
5/8x3/4 Inch	170	1.00	170
3/4 Inch	14,027	1.50	21040.5
1 Inch	7,028	2.50	17570
1.5 Inch	321	5.00	1605
2 Inch	751	8.00	6008
3 Inch	26	16.00	416
4 Inch	21	25.00	525
6 Inch	7	50.00	350
8 Inch	1	80.00	80
10 Inch	2	115.00	230
12 Inch	-	215.00	0
			<u>47,995</u>

Revenues to be Collected	\$	661,600
Equivalent 5/8 inch meters		47,995
Monthly Surcharge per equivalent 5/8x3/4 Inch	\$	1.15

Monthly Fixed Charge Surcharge by Meter Size

5/8 x 3/4 Inch	\$	1.15
3/4 Inch		1.72
1 Inch		2.87
1.5 Inch		5.74
2 Inch		9.19
3 Inch		18.38
4 Inch		28.72
6 Inch		57.44
8 Inch		91.90
10 Inch		132.11
12 Inch		246.98

LIBERTY UTILITIES (LITCHFIELD PARK WATER & SEWER) CORP.
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Rate Design – Example Surcharge Calculation – Wastewater Division

Example Computation of Sewer Surcharges

Assumed Revenue Increase (Decrease)

\$ 2,000,000

Category	Decision XXXXX				Revenue (in 1,000s)	Gallons Billed (in 1,000s)	Units/ Customer Billed*	Fix Charge	
	Approved Rate Revenue	% of Rate Revenue	Cumulative	Allocated Revenue				Surcharge per Unit	Surcharge per 1,000 gallons
Monthly Fixed Charges:									
Residential	\$ 18,715,491	60.64%	60.64%	\$ 1,212,868		282,336	\$ 4.30		
Residential HOA	863,070	2.80%	63.44%	55,932		13,020	4.30		
Multi-Unit Housing	3,524,533	11.42%	74.86%	228,409		57,272	3.99		
Small Commercial	138,564	0.45%	75.31%	8,980		1,236	7.27		
Regular Domestic	203,329	0.66%	75.97%	13,177		3,240	4.07		
Regular Domestic Influent	4,518	0.01%	75.98%	293		72	4.07		
Restaurant, Motels, Grocery, Dry Cleaning	75,307	0.24%	76.23%	4,880		1,200	4.07		
Wigwam Resort - Per Room	254,446	0.82%	77.05%	16,489		3,972	4.15		
Wigwam Resort - Main	30,442	0.10%	77.15%	1,973		12	164.42		
Elementary Schools	124,204	0.40%	77.55%	8,049		72	111.79		
Middle and High Schools	146,122	0.47%	78.03%	9,470		72	131.53		
Community College	37,748	0.12%	78.15%	2,446		12	203.83		
Commodity Charges:									
Regular Domestic	2,678,566	8.68%	86.83%	173,586	468,148		\$	0.37	
Regular Domestic Influent	3,330,622	10.79%	97.62%	215,843	465,690			0.46	
Restaurant, Motels, Grocery, Dry Cleaning	734,593	2.38%	100.00%	47,606	100,019			0.48	
	\$ 30,861,556	100.00%		\$ 2,000,000	1,033,857				

* Includes annualized units or customer bills.

EXHIBIT C

DOCKET NO. W-01427A-25-0126, ET AL.

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Docket Nos. W-01427A-25-0126
Test Year Ended December 31, 2024

Exhibit C - Water UPIS

<u>Plant-in-Service</u>		
Acct.		ROO Adjusted Original Cost
<u>No.</u>	<u>Description</u>	
106	Construction Compl. - Not Classified	\$ -
301	Organization Cost	21,090
302	Franchise Cost	-
303	Land and Land Rights	3,093,743
304	Structures and Improvements	31,873,891
305	Collecting and Impounding Res.	-
306	Lake River and Other Intakes	-
307	Wells and Springs	22,435,927
308	Infiltration Galleries and Tunnels	-
309	Supply Mains	4,233,597
310	Power Generation Equipment	532,017
310.1	Solar Generator	2,247,645
311	Electric Pumping Equipment	8,516,224
320	Water Treatment Equipment	(0)
320.1	Water Treatment Plant	11,463,122
320.2	Chemical Solution Feeders	516,662
330	Dist. Reservoirs & Standpipe	0
330.1	Storage tanks	1,136,035
330.2	Pressure Tanks	490,054
331	Trans. and Dist. Mains	52,398,875
333	Services	7,745,812
334	Meters	11,266,658
335	Hydrants	3,949,529
336	Backflow Prevention Devices	101,427
339	Other Plant and Misc. Equip.	505,541
340	Office Furniture and Fixtures	768,575
340.1	Computers and Software	(12,137)
341	Transportation Equipment	1,035,040
341.1	Transportation Equipment - Golf Carts	52,207
342	Stores Equipment	37,143
343	Tools and Work Equipment	140,115
344	Laboratory Equipment	15,537
345	Power Operated Equipment	18,956
346	Communications Equipment	1,606,934
347	Miscellaneous Equipment	5,061
347.1	Miscellaneous Equipment - CNG	468,499
348	Other Tangible Plant	130,462
	SUBTOTAL	\$ 166,794,241
903	Land and Land Rights	\$ 26,060
904	Structures and Improvements	940,326
940	Office Furniture and Fixtures	219,955
940.1	Computers and Software	1,505,319
940.2	Customer First	5,885,609
955	Power Generation	705
995	Power Operated Equipment	116,519
	TOTALS	\$ 175,488,734

DECISION NO. **82134**

Liberty Utilities (Litchfield Park Water & Sewer) Co
Docket Nos. W-01427A-25-0126
Test Year Ended December 31, 2024

Exhibit C - Water
Acc. Dep.

Accumulated Depreciation

Acct.		DECISION Adjusted Accum. Depr.
<u>No.</u>	<u>Description</u>	
108	A/D Unclassified	\$ -
301	Organization Cost	-
302	Franchise Cost	-
303	Land and Land Rights	-
304	Structures and Improvements	14,102,957
305	Collecting and Impounding Res.	-
306	Lake River and Other Intakes	-
307	Wells and Springs	2,980,276
308	Infiltration Galleries and Tunnels	-
309	Supply Mains	321,685
310	Power Generation Equipment	333,557
310.1	Solar Generator	1,574,138
311	Electric Pumping Equipment	2,914,420
320	Water Treatment Equipment	(1)
320.1	Water Treatment Plant	2,267,530
320.2	Chemical Solution Feeders	414,724
330	Dist. Reservoirs & Standpipe	0
330.1	Storage tanks	296,346
330.2	Pressure Tanks	487,805
331	Trans. and Dist. Mains	16,341,238
333	Services	3,364,082
334	Meters	6,171,832
335	Hydrants	1,133,476
336	Backflow Prevention Devices	69,798
339	Other Plant and Misc. Equip.	346,482
340	Office Furniture and Fixtures	693,548
340.1	Computers and Software	(36,799)
341	Transportation Equipment	814,537
341.1	Transportation Equipment - Golf C:	26,293
342	Stores Equipment	25,253
343	Tools and Work Equipment	46,128
344	Laboratory Equipment	13,568
345	Power Operated Equipment	15,063
346	Communications Equipment	772,351
347	Miscellaneous Equipment	(1,022)
347.1	Miscellaneous Equipment - CNG	131,557
348	Other Tangible Plant	130,462
		<u>\$ 55,751,285</u>
903	Land and Land Rights	\$ -
904	Structures and Improvements	146,405
940	Office Furniture and Fixtures	173,944
940.1	Computers and Software	240,859
940.2	Customer First	441,083
955	Power Generation	123
995	Power Operated Equipment	20,391
		-
TOTALS		<u><u>\$ 56,774,090</u></u>

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Docket Nos. W-01427A-25-0126 et al.
Test Year Ended December 31, 2024

Exhibit C - Water

Depreciation Expense

Acct. No.	Description	Adjusted Original Cost	Non-Depr. and Fully Depr. Plant	Fully Depr. Plant Adj	Depreciable Original Cost	Proposed Rates	DEC Depreciation Expense
101	Plant-in-Service	\$ -	\$ -		\$ -		\$ -
301	Organization Cost	21,090	(21,090)		-	0.00%	-
302	Franchise Cost	-	-		-	0.00%	-
303	Land and Land Rights	3,093,743	(3,093,743)		-	0.00%	-
304	Structures and Improvements	31,873,891	-		31,873,891	3.33%	1,061,401
305	Collecting and Impounding Res.	-	-		-	2.50%	-
306	Lake River and Other Intakes	-	-		-	2.50%	-
307	Wells and Springs	22,435,927	-		22,435,927	3.33%	747,116
308	Infiltration Galleries and Tunnels	-	-		-	6.67%	-
309	Supply Mains	4,233,597	-		4,233,597	2.00%	84,672
310	Power Generation Equipment	532,017	(224,816)		307,202	5.00%	15,360
310.1	Solar Generator	2,247,645	-		2,247,645	6.67%	149,918
311	Electric Pumping Equipment	8,516,224	(229,120)		8,287,104	12.50%	1,035,888
320	Water Treatment Equipment	(0)	-		(0)	3.33%	(0)
320.1	Water Treatment Plant	11,463,122	-		11,463,122	3.33%	381,722
320.2	Chemical Solution Feeders	516,662	(307,075)		209,587	20.00%	41,917
330	Dist. Reservoirs & Standpipe	0	(0)		0	2.22%	0
330.1	Storage tanks	1,136,035	-		1,136,035	2.22%	25,220
330.2	Pressure Tanks	490,054	(486,143)		3,911	5.00%	196
331	Trans. and Dist. Mains	52,398,875	-		52,398,875	2.00%	1,047,978
333	Services	7,745,812	-		7,745,812	3.33%	257,936
334	Meters	11,266,658	(1,739,568)		9,527,090	8.33%	793,607
335	Hydrants	3,949,529	-		3,949,529	2.00%	78,991
336	Backflow Prevention Devices	101,427	(38,387)		63,040	6.67%	4,205
339	Other Plant and Misc. Equip.	505,541	(259,531)		246,010	6.67%	16,409
340	Office Furniture and Fixtures	768,575	(650,749)		117,826	6.67%	7,859
340.1	Computers and Software	(12,137)	0		(12,137)	20.00%	(2,427)
341	Transportation Equipment	1,035,040	(796,782)		238,259	20.00%	47,652
341.1	Transportation Equipment - Golf Carts	52,207	-		52,207	7.83%	4,088
342	Stores Equipment	37,143	-		37,143	4.00%	1,486
343	Tools and Work Equipment	140,115	-		140,115	5.00%	7,006
344	Laboratory Equipment	15,537	(5,803)		9,734	10.00%	973
345	Power Operated Equipment	18,956	-		18,956	5.00%	948
346	Communications Equipment	1,606,934	(102,504)		1,504,430	10.00%	150,443
347	Miscellaneous Equipment	5,061	-		5,061	10.00%	506
347.1	Miscellaneous Equipment - CNG	468,499	-		468,499	3.33%	15,601
348	Other Tangible Plant	130,462	(130,462)		-	10.00%	-
	SUBTOTAL	\$ 166,794,241	\$ (8,085,772)	\$ -	\$ 158,708,469		\$ 5,976,667
903	Land and Land Rights	\$ 26,060	\$ (26,060)		\$ -	0.00%	\$ -
904	Structures and Improvements	940,326	-		940,326	2.56%	24,072
940	Office Furniture and Fixtures	219,955	-		219,955	6.67%	14,671
940.1	Computers and Software	1,505,319	-		1,505,319	20.00%	301,064
940.2	Customer First	5,885,609	-		5,885,609	5.00%	294,280
955	Power Generation	705	-		705	5.00%	35
995	Power Operated Equipment	116,519	-		116,519	5.00%	5,826
	TOTALS	\$ 175,488,734	\$ (8,111,832)		\$ 167,376,902		\$ 6,616,616
		Gross CIAC	NonAmort. Or Fully Amortized		Net CIAC	Amort. Rate	
Less: Amortization of Contributions							
303	Land and Land Rights	\$ 229,065	(229,065)		-	0.00%	\$ -
304	Structures and Improvements	609,937	-		609,937	3.33%	(20,311)
307	Wells and Springs	8,975,724	-		8,975,724	3.33%	(298,892)
309	Raw Water Supply Mains	1,467,063	-		1,467,063	2.00%	(29,341)
311	Electric Pumping Equipment	895,090	\$ (40,572)		854,518	12.50%	(106,815)
320	Water Treatment Equipment	1,526,791	-		1,526,791	3.33%	(50,842)
330	Distribution Reservoir and Standpipes	581,175	-		581,175	2.22%	(12,902)
331	Trans. and Dist. Mains	32,470,687	-		32,470,687	2.00%	(649,414)
333	Services	1,853,447	-		1,853,447	3.33%	(61,720)
334	Meters	43,196	\$ (41,899)		1,297	8.33%	(108)
335	Hydrants	1,297,193	-		1,297,193	2.00%	(25,944)
346	Communications Equipment	133,687	-		133,687	10.00%	(13,369)
339	Other Plant and Misc. Equip.	13,750	-		13,750	6.67%	(917)
		\$ 50,096,804	\$ (311,536)		\$ 49,785,268		\$ (1,270,574)
Amortization of Excess Def. Income Taxes and ITC							\$ -
Amortization of EADIT					1,505,147	3.6996%	(75,145)
Total Depreciation Expense							\$ 5,270,898

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division

Docket Nos. W-01427A-25-0126 et al

Test Year Ended December 31, 2024

Exhibit C -**Wastewater UPIS**Plant-in-Service

Acct.			ROO Adjusted Original Cost
<u>No.</u>	<u>Description</u>		
106	Construction Compl. Not Class.	\$	-
351	Organization		-
352	Franchise		26,385
353	Land		4,185,292
354	Structures & Improvements		84,743,558
355	Power Generation		5,291,325
355.1	Solar Generation		-
360	Collection Sewer Forced		13,028,836
361	Collection Sewers Gravity		52,837,734
362	Special Collecting Structures		-
363	Customer Services		1,311,379
364	Flow Measuring Devices		172,125
365	Flow Measuring Installations		-
366	Reuse Services		4,153,479
367	Reuse Meters And Installation		219,463
370	Receiving Wells		1,072,640
371	Pumping Equipment		7,830,186
374	Reuse Distribution Reservoirs		1,697,915
375	Reuse Trans. and Dist. System		1,412,510
380	Treatment & Disposal Equipment		46,090,639
380.1	Odor Control GAC		-
381	Plant Sewers		22,755,838
382	Outfall Sewer Lines		343,681
389	Other Sewer Plant & Equipment		839,750
390	Office Furniture & Equipment		425,606
390.1	Computers and Software		389,012
391	Transportation Equipment		403,454
392	Stores Equipment		8,968
393	Tools, Shop And Garage Equip		593,726
394	Laboratory Equip		209,361
395	Power Operated Equipment		500,203
396	Communication Equip		6,078,886
397	Miscellaenous Equip.		339,168
397.1	Misc Equipment CNG		318,526
398	Other Tangible Plant		79,028
	SUBTOTAL	\$	257,358,673
			-
903	Land and Land Rights	\$	37,777
904	Structures and Improvments		1,355,038
940	Office Furniture and Fixtures		316,384
940.1	Computers and Software		2,165,260
940.2	Customer First		8,465,895
955	Power Generation		1,014
995	Power Operated Equipment		167,601
			-
	TOTALS	\$	269,867,641

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
Docket Nos. W-01427A-25-0126 et al
Test Year Ended December 31, 2024

Exhibit C -
Wastewater Acc. Dep.

Accumulated Depreciation

Acct.		DECISION Adjusted Accum. Depr.
<u>No.</u>	<u>Description</u>	
108	A/D Not Classified	\$ -
351	Organization	(0)
352	Franchise	-
353	Land	-
354	Structures & Improvements	15,929,239
355	Power Generation	1,353,852
355.1	Solar Generation	-
360	Collection Sewer Forced	(124,644)
361	Collection Sewers Gravity	14,489,568
362	Special Collecting Structures	-
363	Customer Services	140,426
364	Flow Measuring Devices	(72,654)
365	Flow Measuring Installations	-
366	Reuse Services	1,802,683
367	Reuse Meters And Installation	82,998
370	Receiving Wells	660,438
371	Pumping Equipment	4,443,705
374	Reuse Distribution Reservoirs	124,007
375	Reuse Trans. and Dist. System	293,392
380	Treatment & Disposal Equipment	12,005,990
380.1	Odor Control GAC	-
381	Plant Sewers	3,435,840
382	Outfall Sewer Lines	256,229
389	Other Sewer Plant & Equipment	823,834
390	Office Furniture & Equipment	219,846
390.1	Computers and Software	366,742
391	Transportation Equipment	351,871
392	Stores Equipment	7,987
393	Tools, Shop And Garage Equip	151,630
394	Laboratory Equip	177,553
395	Power Operated Equipment	105,746
396	Communication Equip	1,417,200
397	Miscellaenous Equip.	284,204
397.1	Misc Equipment CNG	88,356
398	Other Tangible Plant	50,990
	SUBTOTAL	58,867,026
903	Land and Land Rights	\$ -
904	Structures and Improvments	211,452
940	Office Furniture and Fixtures	(177,887)
940.1	Computers and Software	278,540
940.2	Customer First	637,918
955	Power Generation	177
995	Power Operated Equipment	29,330
	TOTALS	\$ 59,846,557

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Sewer Division
Docket Nos. W-01427A-25-0126, et al
Test Year Ended December 31, 2024

Exhibit C -
Wastewater Dep Exp

Depreciation Expense

Exhibit C -
Wastewater Dep Exp

Acct. No.	Description	Adjusted Original Cost	Non-Depr. or Fully Depr. Plant	Settlement Fully Depr Plant Adj	Depr Original Cost	Proposed Rates	Depreciation Expense
101	Plant-in-Service	-	-	-	-	0.00%	-
351	Organization	-	(0)	-	(0)	0.00%	-
352	Franchise	26,385	(26,385)	-	-	0.00%	-
353	Land	4,185,292	(4,185,292)	-	-	0.00%	-
354	Structures & Improvements	84,743,558	-	-	84,743,558	3.33%	2,821,960
355	Power Generation	5,291,325	-	-	5,291,325	5.00%	264,566
355.1	Solar Generation	-	-	-	-	6.67%	-
360	Collection Sewer Forced	13,028,836	-	-	13,028,836	2.00%	260,577
361	Collection Sewers Gravity	52,837,734	-	-	52,837,734	2.00%	1,056,755
362	Special Collecting Structures	-	-	-	-	2.00%	-
363	Customer Services	1,311,379	-	-	1,311,379	2.00%	26,228
364	Flow Measuring Devices	172,125	(143,304)	-	28,821	10.00%	2,882
365	Flow Measuring Installations	-	-	-	-	10.00%	-
366	Reuse Services	4,153,479	-	-	4,153,479	2.00%	83,070
367	Reuse Meters And Installation	219,463	-	-	219,463	8.33%	18,281
370	Receiving Wells	1,072,640	-	-	1,072,640	3.33%	35,719
371	Pumping Equipment	7,830,186	(1,096,304)	-	6,733,882	12.50%	841,735
374	Reuse Distribution Reservoirs	1,697,915	-	-	1,697,915	2.50%	42,448
375	Reuse Trans. and Dist. System	1,412,510	-	-	1,412,510	2.50%	35,313
380	Treatment & Disposal Equipment	46,090,639	-	-	46,090,639	5.00%	2,304,532
380.1	Odor Control GAC	-	-	-	-	0.00%	-
381	Plant Sewers	22,755,838	-	-	22,755,838	5.00%	1,137,792
382	Outfall Sewer Lines	343,681	-	-	343,681	3.33%	11,445
389	Other Sewer Plant & Equipment	839,750	(785,285)	-	54,464	6.67%	3,633
390	Office Furniture & Equipment	425,606	-	-	425,606	6.67%	28,388
390.1	Computers and Software	389,012	(212,242)	-	176,770	20.00%	35,354
391	Transportation Equipment	403,454	(331,474)	-	71,979	20.00%	14,396
392	Stores Equipment	8,968	-	-	8,968	4.00%	359
393	Tools, Shop And Garage Equip	593,726	-	-	593,726	5.00%	29,686
394	Laboratory Equip	209,361	(159,959)	-	49,402	10.00%	4,940
395	Power Operated Equipment	500,203	-	-	500,203	5.00%	25,010
396	Communication Equip	6,078,886	(338,353)	-	5,740,533	10.00%	574,053
397	Miscellaneous Equip.	339,168	-	-	339,168	10.00%	33,917
397.1	Misc. Equipment CNG	318,526	-	-	318,526	3.33%	10,607
398	Other Tangible Plant	79,028	-	-	79,028	10.00%	7,903
SUBTOTAL		\$ 257,358,673	\$ (7,278,599)	\$ -	\$ 250,080,074		\$ 9,711,548
903	Land and Land Rights	\$ 37,777	\$ (37,777)	\$ -	\$ -	0.00%	\$ -
904	Structures and Improvements	1,355,038	-	-	1,355,038	2.56%	34,689
940	Office Furniture and Fixtures	316,384	-	-	316,384	4.00%	12,655
940.1	Computers and Software	2,165,260	-	-	2,165,260	20.00%	433,052
940.2	Customer First	8,465,895	-	-	8,465,895	5.00%	423,295
955	Power Generation	1,014	-	-	1,014	5.00%	51
995	Power Operated Equipment	167,601	-	-	167,601	5.00%	8,380
TOTALS		\$ 269,867,641	\$ (7,316,376)	\$ -	\$ 262,551,265		\$ 10,623,670
Less: Amortization of Contributions		Gross CIAC	Non-Amort. Or Fully Amortized		Net CIAC	Amort. Rate	
353	Land	1,795,220	(1,795,220)		-	0.0000%	-
352	Franchise	12,782	(12,782)		-	0.0000%	-
354	Structure and Improvements	15,933,143	-		15,933,143	3.3300%	(530,574)
360	Collection Sewers Force	8,422,569	-		8,422,569	2.0000%	(168,451)
361	Collection Sewers Gravity	36,097,301	-		36,097,301	2.0000%	(721,946)
364	Flow Measuring Devices	49,448	(49,448)		-	10.0000%	-
363	Customer Services	3,014,026	-		3,014,026	2.0000%	(60,281)
371	Pumping Equipment	287,461	(287,461)		-	12.5000%	-
380	Treatment and Disposal	17,638,844	-		17,638,844	5.0000%	(881,942)
381	Plant Sewers	3,006,339	-		3,006,339	5.0000%	(150,317)
398	Other Tangible Plant	13,750	(13,750)		-	6.6700%	-
		\$ 86,270,883	\$ (2,158,662)		\$ 84,112,222		\$ (2,513,511)
Amortization of Excess Deferred Depreciation							
Less: Amortization of EADIT		2,236,878			2,236,878	3.9904%	(89,261)
Add: Sarival Depreciation Deferral Accounting Order					5,204,310	4.6818%	243,656
Total Depreciation Expense							\$ 8,264,554

EXHIBIT D

DOCKET NO. W-01427A-25-0126, ET AL.

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Docket No. W-01427A-25-0126, et al
Test Year Ended December 31, 2024

Exhibit D - Water
Residential Rates

RESIDENTIAL RATES

		ROO Recommended Rates	
<u>Meter Size (All Classes):</u>			
5/8" x 3/4" Residential		\$	14.70
3/4 -inch Residential		\$	14.70
1-inch Residential		\$	33.08
1.5-inch Residential		\$	73.50
2-inch Residential		\$	117.60
3-inch Residential		\$	235.20
4-inch Residential		\$	367.50
6-inch Residential		\$	735.00
8-inch Residential		\$	1,176.00
10-inch Residential		\$	1,690.50
12-inch Residential		\$	3,197.05
Fire Sprinklers		By Meter Size	
<u>5/8" x 3/4" Residential</u>		<u>Begin</u>	<u>End</u>
First	3,000 gallons	First	3,000 gallons
3,001	10,000 gallons	3,001	10,000 gallons
10,001	20,000 gallons	10,001	20,000 gallons
Over	20,000 gallons	Over	20,000 gallons
<u>3/4 -inch Residential</u>			
First	3,000 gallons	First	3,000 gallons
3,001	10,000 gallons	3,001	10,000 gallons
10,001	20,000 gallons	10,001	20,000 gallons
Over	20,000 gallons	Over	20,000 gallons
<u>1-inch Residential</u>			
First	5,000 gallons	First	5,000 gallons
5,001	19,000 gallons	5,001	19,000 gallons
19,001	30,000 gallons	19,001	30,000 gallons
Over	30,000 gallons	Over	30,000 gallons
<u>1.5-inch Residential</u>			
First	40,000 gallons	First	40,000 gallons
Over	40,000 gallons	Over	40,000 gallons
<u>2-inch Residential</u>			
First	60,000 gallons	First	60,000 gallons
Over	60,000 gallons	Over	60,000 gallons
<u>3-inch Residential</u>			
First	120,000 gallons	First	120,000 gallons
Over	120,000 gallons	Over	120,000 gallons
<u>4-inch Residential</u>			
First	180,000 gallons	First	180,000 gallons
Over	180,000 gallons	Over	180,000 gallons
<u>6-inch Residential</u>			
First	360,000 gallons	First	360,000 gallons
Over	360,000 gallons	Over	360,000 gallons
<u>8-inch Residential</u>			
First	650,000 gallons	First	650,000 gallons
Over	650,000 gallons	Over	650,000 gallons
<u>10-inch Residential</u>			
First	940,000 gallons	First	940,000 gallons
Over	940,000 gallons	Over	940,000 gallons
<u>12-inch Residential</u>			
First	1,248,000 gallons	First	1,248,000 gallons
Over	1,248,000 gallons	Over	1,248,000 gallons

DECISION NO. **82134**

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Docket No. W-01427A-25-0126, et al
Test Year Ended December 31, 2024

Exhibit D - Water
Commercial Rates

COMMERCIAL RATES

		ROO Recommended Rates			
<u>Meter Size (All Classes):</u>					
5/8" x 3/4" Commercial		\$ 14.70			
3/4 -inch Commercial		\$ 14.70			
1-inch Commercial		\$ 36.75			
1.5-inch Commercial		\$ 73.50			
2-inch Commercial		\$ 117.60			
3-inch Commercial		\$ 235.20			
4-inch Commercial		\$ 367.50			
6-inch Commercial		\$ 735.00			
8-inch Commercial		\$ 1,176.00			
10-inch Commercial		\$ 1,690.50			
12-inch Commercial		\$ 3,197.05			
Fire Sprinklers		By Meter Size			
Industrial Fire Service		Per Tariff			
<u>5/8" x 3/4" Commercial</u>		Begin	End		
First	9,000 gallons	First	9,000 gallons	\$	2.8200
Over	9,000 gallons	Over	9,000 gallons	\$	4.3900
<u>3/4 -inch Commercial</u>					
First	9,000 gallons	First	9,000 gallons	\$	2.8200
Over	9,000 gallons	Over	9,000 gallons	\$	4.3900
<u>1-inch Commercial</u>					
First	20,000 gallons	First	20,000 gallons	\$	2.8200
Over	20,000 gallons	Over	20,000 gallons	\$	4.3900
<u>1.5-inch Commercial</u>					
First	40,000 gallons	First	40,000 gallons	\$	2.8200
Over	40,000 gallons	Over	40,000 gallons	\$	4.3900
<u>2-inch Commercial</u>					
First	60,000 gallons	First	60,000 gallons	\$	2.8200
Over	60,000 gallons	Over	60,000 gallons	\$	4.3900
<u>3-inch Commercial</u>					
First	120,000 gallons	First	120,000 gallons	\$	2.8200
Over	120,000 gallons	Over	120,000 gallons	\$	4.3900
<u>4-inch Commercial</u>					
First	180,000 gallons	First	180,000 gallons	\$	2.8200
Over	180,000 gallons	Over	180,000 gallons	\$	4.3900
<u>6-inch Commercial</u>					
First	360,000 gallons	First	360,000 gallons	\$	2.8200
Over	360,000 gallons	Over	360,000 gallons	\$	4.3900
<u>8-inch Commercial</u>					
First	650,000 gallons	First	650,000 gallons	\$	2.8200
Over	650,000 gallons	Over	650,000 gallons	\$	4.3900
<u>10-inch Commercial</u>					
First	940,000 gallons	First	940,000 gallons	\$	2.8200
Over	940,000 gallons	Over	940,000 gallons	\$	4.3900
<u>12-inch Commercial</u>					
First	1,248,000 gallons	First	1,248,000 gallons	\$	2.8200
Over	1,248,000 gallons	Over	1,248,000 gallons	\$	4.3900

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Docket No. W-01427A-25-0126, et al
Test Year Ended December 31, 2024

Exhibit D - Water
Multi Family Rates

MULTI FAMILY RATES

	ROO Recommended Rates				
<u>Meter Size (All Classes):</u>					
1-inch Multi-Family				\$	33.08
1.5-inch Multi-Family				\$	73.50
2-inch Multi-family				\$	117.60
3-inch Multi-Family				\$	235.20
4-inch Multi-Family				\$	367.50
6-inch Multi-Family				\$	735.00
Fire Sprinklers	By Meter Size				
Industrial Fire Service	Per Tariff				
<u>1-inch Multi-Family</u>	<u>Begin</u>	<u>End</u>			
First 5,000 gallons	First 5,000	gallons	\$		0.7800
5,001 19,000 gallons	5,001 19,000	gallons	\$		2.8200
19,001 30,000 gallons	19,001 30,000	gallons	\$		3.9800
Over 30,000 gallons	Over 30,000	gallons	\$		4.3900
<u>1.5-inch Multi-Family</u>					
First 40,000 gallons	First 40,000	gallons	\$		2.8200
Over 40,000 gallons	Over 40,000	gallons	\$		4.3900
<u>2-inch Multi-family</u>					
First 60,000 gallons	First 60,000	gallons	\$		2.8200
Over 60,000 gallons	Over 60,000	gallons	\$		4.3900
<u>3-inch Multi-Family</u>					
First 120,000 gallons	First 120,000	gallons	\$		2.8200
Over 120,000 gallons	Over 120,000	gallons	\$		4.3900
<u>4-inch Multi-Family</u>					
First 180,000 gallons	First 180,000	gallons	\$		2.8200
Over 180,000 gallons	Over 180,000	gallons	\$		4.3900
<u>6-inch Multi-Family</u>					
First 360,000 gallons	First 360,000	gallons	\$		2.8200
Over 360,000 gallons	Over 360,000	gallons	\$		4.3900

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Docket No. W-01427A-25-0126, et al
Test Year Ended December 31, 2024

Exhibit D - Water
Irrigation Rates

IRRIGATION RATES

		ROO Recommended Rates	
<u>Meter Size (All Classes):</u>			
5/8" x 3/4" Irrigation			\$ 14.70
3/4 -inch Irrigation			\$ 14.70
1-inch Irrigation			\$ 36.75
1.5-inch Irrigation			\$ 73.50
2-inch Irrigation			\$ 117.60
3-inch Irrigation			\$ 235.20
4-inch Irrigation			\$ 367.50
6-inch Irrigation			\$ 735.00
8-inch Irrigation			\$ 1,176.00
10-inch Irrigation			\$ 1,690.50
12-inch Irrigation			\$ 3,197.05
Fire Sprinklers		By Meter Size	
Industrial Fire Service		Per Tariff	
<u>5/8" x 3/4" Irrigation</u>		<u>Begin</u> <u>End</u>	
First	9,000 gallons	First 9,000 gallons	\$ 2.8200
Over	9,000 gallons	Over 9,000 gallons	\$ 4.3900
<u>3/4 -inch Irrigation</u>			
First	9,000 gallons	First 9,000 gallons	\$ 2.8200
Over	9,000 gallons	Over 9,000 gallons	\$ 4.3900
<u>1-inch Irrigation</u>			
First	20,000 gallons	First 20,000 gallons	\$ 2.8200
Over	20,000 gallons	Over 20,000 gallons	\$ 4.3900
<u>1.5-inch Irrigation</u>			
First	40,000 gallons	First 40,000 gallons	\$ 2.8200
Over	40,000 gallons	Over 40,000 gallons	\$ 4.3900
<u>2-inch Irrigation</u>			
First	60,000 gallons	First 60,000 gallons	\$ 2.8200
Over	60,000 gallons	Over 60,000 gallons	\$ 4.3900
<u>3-inch Irrigation</u>			
First	120,000 gallons	First 120,000 gallons	\$ 2.8200
Over	120,000 gallons	Over 120,000 gallons	\$ 4.3900
<u>4-inch Irrigation</u>			
First	180,000 gallons	First 180,000 gallons	\$ 2.8200
Over	180,000 gallons	Over 180,000 gallons	\$ 4.3900
<u>6-inch Irrigation</u>			
First	360,000 gallons	First 360,000 gallons	\$ 2.8200
Over	360,000 gallons	Over 360,000 gallons	\$ 4.3900
<u>8-inch Irrigation</u>			
First	650,000 gallons	First 650,000 gallons	\$ 2.8200
Over	650,000 gallons	Over 650,000 gallons	\$ 4.3900
<u>10-inch Irrigation</u>			
First	940,000 gallons	First 940,000 gallons	\$ 2.8200
Over	940,000 gallons	Over 940,000 gallons	\$ 4.3900
<u>12-inch Irrigation</u>			
First	1,248,000 gallons	First 1,248,000 gallons	\$ 2.8200
Over	1,248,000 gallons	Over 1,248,000 gallons	\$ 4.3900

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Docket No. W-01427A-25-0126, et al
Test Year Ended December 31, 2024

Exhibit D - Water
Other Rates

RATES - OTHER

		ROO Recommended Rates	
<u>Meter Size (All Classes):</u>			
Construction Hydrants		\$	237.92
8-inch Luke AFB Bulk		\$	642.38
6-inch VUI Bulk		\$	401.49
5/8 x 3/4-inch Fire		\$	14.70
3/4-inch Fire		\$	14.70
1-inch Fire		\$	36.75
1 1/2-inch Fire		\$	73.50
2-inch Fire		\$	117.60
3-inch Fire		\$	235.20
4-inch Fire		\$	367.50
6-inch Fire		\$	735.00
8-inch Fire		\$	1,176.00
10-inch Fire		\$	1,690.50
12-inch Fire		\$	3,197.05
Fire Sprinklers		By Meter Size	
Industrial Fire Service		Per Tariff	
<u>Construction Hydrants</u>		<u>Begin</u>	<u>End</u>
All gallons		All gallons	\$ 4.39
<u>8-inch Luke AFB Bulk</u>			
All gallons		All gallons	\$ 1.95
<u>6-inch VUI Bulk</u>			
All gallons		All gallons	\$ 1.95
Fire - all		All gallons by respective meter size	

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Docket No. W-01427A-25-0126, et al
Test Year Ended December 31, 2024

Exhibit D -
Wastewater Rates

<u>Customer Classification</u>	<u>DECISION</u> <u>Rates</u>	
Monthly Charge for:		
Monthly Residential Service	\$	65.91
Multi-Unit Housing - Monthly per Unit	\$	61.19
Commercial:		
Small Commercial - Monthly Service	\$	112.11
Measured Service:		
Regular Domestic:		
Monthly Service Charge	\$	62.76
Regular Domestic per 1,000 gallons water usage ²	\$	5.72
Commodity Charge per 1,000 gallons measured influent ³	\$	7.15
Restaurant, Motels, Grocery Stores & Dry Cleaning Estab.		
Monthly Service Charge	\$	62.76
Commodity Charge per 1,000 gallons water usage ²	\$	7.34
Commodity Charge per 1,000 gallons measured influent ³	\$	10.14
Wigwam Resort:		
Monthly Rate - Per Room	\$	64.06
Main Hotel Facilities - Per Month	\$	2,536.86
Schools - Monthly Service Rates:		
Elementary Schools	\$	1,725.05
Middle Schools	\$	2,029.48
High Schools	\$	2,029.48
Community College	\$	3,145.70
Effluent	Market	

¹ Motels without restaurants included (eliminate multi-unit monthly rate provision)

² For Commercial/Non-Residential Customers that are provided with water service from the Company or whose water usage is available to the Company from another water utility, Company shall bill non-residential customers based on water usage data provided by Liberty Utilities or water usage data provided by another local water provider. If, at any point, Company is unable to obtain actual water usage data for such commercial/non-residential customers, Company shall bill non-residential customers based on the last known, most recent usage data as a proxy. Billing shall be trueed up when actual data is obtained. If no water data can be obtained, a non-residential customer may be required to install an influent meter at cost and such customers shall be billed in accordance with the influent data rates set forth above.

³ For customers that are not receiving water service from the Company, and/or the Company is not receiving water usage data information from another water provider, a meter to measure influent will be installed at cost and paid by customer and such customers shall be billed in accordance with the influent data rates set forth above.

NT = No Tariff

EXHIBIT E

DOCKET NO. W-0427A-25-0126, ET AL.

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Water Division
Docket No. W-01427A-25-0126, et al
Test Year Ended December 31, 2024

Exhibit E-Water

RATE CASE EXPENSE SURCHARGE - AS A MONTHLY CHARGE

Company	Staff	ROO	
\$ 350,450	\$ 201,707	\$ 172,000	Rate Case Expense to be Recovered
3	3	3	Years to Amortize Rate Case Expense
\$ 116,817	\$ 67,236	\$ 57,333	Annual Rate Case Expense to be Recovered
\$ 116,817	\$ 67,236	\$ 57,333	Annual Rate Case Expense to be Recovered
22,355	22,355	39,284	Annual Customer - All Meter Sizes
\$ 5.23	\$ 3.01	\$ 1.46	Annual Rate Case Expense Surcharge Per Customer
22,355	22,355	39,284	Annual Customer - All Meter Sizes Unweighted / Weighted
12	12	12	Months per Year
268,260	268,260	471,410	Annual Customer Bills - All Meter Sizes Unweighted / Weighted
\$ 116,817	\$ 67,236	\$ 57,333	Annual Rate Case Expense to be Recovered
268,260	268,260	471,410	Annual Customer Bills - All Meter Sizes
\$ 0.44	\$ 0.25	\$ 0.12	Monthly Rate Case Expense Surcharge - All Meter Sizes

Liberty Utilities (Litchfield Park Water & Sewer) Corp. - Wastewater Division
Docket No. W-01427A-25-0126, et al
Test Year Ended December 31, 2024

Exhibit E-WW

RATE CASE EXPENSE SURCHARGE - AS A MONTHLY CHARGE

Company	Staff	ROO	
\$ 464,550	\$ 198,293	\$ 228,000	Rate Case Expense to be Recovered
3	3	3	Years to Amortize Rate Case Expense
\$ 154,850	\$ 66,098	\$ 76,000	Annual Rate Case Expense to be Recovered
\$ 154,850	\$ 66,098	\$ 76,000	Annual Rate Case Expense to be Recovered
24,205	24,205	30,318	Annual Customer - All Meter Sizes
\$ 6.40	\$ 2.73	\$ 2.51	Annual Rate Case Expense Surcharge Per Customer
24,205	24,205	30,318	Annual Customer - All Meter Sizes Unweighted / Weighted
12	12	12	Months per Year
290,460	290,460	363,818	Annual Customer Bills - All Meter Sizes Unweighted / Weighted
\$ 154,850	\$ 66,098	\$ 76,000	Annual Rate Case Expense to be Recovered
290,460	290,460	363,818	Annual Customer Bills - All Meter Sizes
\$ 0.53	\$ 0.23	\$ 0.21	Monthly Rate Case Expense Surcharge - All Meter Sizes