



FREQUENTLY ASKED QUESTIONS

Q: What is Liberty Rio Rico?

A: Liberty Utilities (Rio Rico Water & Sewer) Corp. (“Liberty Rio Rico”) is an Arizona public service corporation engaged in providing water and wastewater utility services to an 82 square mile service territory in the unincorporated area of Rio Rico, located in Santa Cruz County, Arizona. As of April 2023, Liberty Rio Rico provides water service to approximately 7,764 residential and commercial connections and wastewater service to approximately 2,421 residential and commercial connections.

Q: What water and sewer utility services does Liberty Rio Rico provide to its customers?

A: Liberty Rio Rico provides water utility service to customers. Liberty Rio Rico sewer provides wastewater collection service and transmission of wastewater for treatment to its connections.

Q: How long has it been since Liberty Rio Rico has had an increase in rates?

A: The rates currently in effect for Liberty Rio Rico customers were approved by the Arizona Corporation Commission (“Commission”) and have been in effect since November 2016.

Q: Why is Liberty Rio Rico seeking new rates at this time?

A: Liberty Rio Rico’s proposed rate adjustment is necessary to accurately reflect the cost of providing safe drinking water service and safely collecting wastewater since the utility filed its last rate request in 2014. Since the last rate case, the Company has invested approximately \$15M in infrastructure improvements and upgrades to its water system and \$6.4M in infrastructure improvements to its wastewater system to provide safe and reliable service for customers. These investments include water service line replacements, main line repairs, electrical controls replacements, sewer gravity line repairs, sewer main repairs, pump replacements, and lift station repairs.

Additionally, Liberty has taken the opportunity to propose consolidation of the following water systems, Liberty Bella Vista, Liberty Cordes Lakes, and Liberty Beardsley with Liberty Rio Rico as part of this rate case.

Q: What is the proposed annual rate increase?

A: On a stand-alone basis, Liberty Rio Rico Water is seeking a revenue increase in annual revenues of approximately \$1.7M or 40.70% over current revenues. Similarly, on a stand-alone basis, Liberty Rio Rico Sewer is seeking an increase in annual revenues of approximately \$0.5M or 27.19% over current revenues.



On a consolidated basis, Liberty is seeking a revenue increase of approximately \$5.6M or 43.90% for water and \$0.5M or 27.20% for wastewater over current annual revenues.

Q. Why should Liberty Rio Rico consolidate with Liberty Beardsley, Liberty Cordes Lakes, and Liberty Bella Vista?

A. By consolidating Liberty Rio Rico with Liberty Beardsley, Liberty Cordes Lakes, and Liberty Bella Vista, all companies will realize efficiencies through the reduction of administrative costs and economies of scale by having a larger customer base to spread costs over.

Q: What is the estimated monthly impact on residential customer bills?

A: If Liberty's request to consolidate Liberty Beardsley, Liberty Cordes Lakes, and Liberty Bella Vista with Liberty Rio Rico is approved, Liberty Rio Rico residential water customers will see an estimated average increase of \$10.63 per month for water and \$13.70 for wastewater.

If Liberty's proposed consolidation is not approved, Liberty Rio Rico residential customers will experience an average estimated increase of \$13.78 per month for water and \$13.70 per month for wastewater.

Q: How will the rate case process work?

A: The process starts with the Company filing a rate case application with the Commission. The Commission's trained Staff of accounting, engineering, and legal professionals, along with other parties who wish to intervene, will review Liberty's application, and ask questions of the Company, then make recommendations to the Administrative Law Judge ("ALJ"). An evidentiary hearing will be held to provide the ALJ the necessary information to prepare and submit a Recommended Opinion and Order ("ROO") to the Commission for consideration and a decision. Ultimately, the Commission will determine the amount of annual revenues Liberty Rio Rico is authorized to collect through customer rates and whether to approve Liberty's request for consolidation.

Q. When will the new rates go into effect?

A. At this time, Liberty Rio Rico expects that new rates would go into effect in the year of 2025.

ADDITIONAL RESOURCES

For additional information regarding Liberty Rio Rico's rate case application or the rate case process in general, please use the QR code provided below, or visit Liberty's website at: www.libertyutilities.com

