

**PUBLIC NOTICE OF HEARING AND PUBLIC COMMENT MEETING ON THE
APPLICATION OF LIBERTY UTILITIES (RIO RICO WATER & SEWER) CORP.
FOR THE SETTING OF RATES AND CHARGES FOR
WATER AND WASTEWATER UTILITY SERVICE AND FINANCING APPROVAL
(DOCKET NOS.WS-02676A-23-0340 AND WS-02676A-24-0029)**

Summary

On December 28, 2023, Liberty Utilities (Rio Rico Water & Sewer) Corp. (“Liberty Rio Rico”) filed an application with the Arizona Corporation Commission (“Commission”), in Docket No. WS-02676A-23-0340 requesting adjustments to its rates and charges for water and wastewater utility service. On January 30, 2024, Liberty Rio Rico filed an application with the Commission in Docket No. WS-02676A-24-0029 requesting authority to issue evidence of indebtedness in connection with the purchase of equity.

As part of this rate case, Liberty Utilities (Beardsley Water) Corp. (“Liberty Beardsley”), Liberty Utilities (Bella Vista Water) Corp. (“Liberty Bella Vista”) and Liberty Utilities (Cordes Lakes Water) Corp. (“Liberty Cordes Lakes”) proposed consolidation with Liberty Rio Rico at Docket Nos. W-02074A-24-0034, W-02465A-24-0035 and W-02060A-24-0032. Liberty Beardsley, Liberty Bella Vista and Liberty Cordes Lakes have concurrently filed applications requesting (1) adjustments to their rates and charges for water and wastewater utility service, and (2) evidence of indebtedness in connection with the purchase of equity.

The eight dockets related to adjustments to rates and charges for water and wastewater service and issuing evidence of indebtedness in connection with the purchase of equity were consolidated for hearing purposes.

Liberty Rio Rico Rate Request (Docket No. WS-02676A-23-0340)

In its rate application, Liberty Rio Rico proposes rates both on a stand-alone basis and on a consolidated basis with Liberty Beardsley, Liberty Bella Vista and Liberty Cordes Lakes.

Stand-Alone Rates

On a stand-alone basis, Liberty Rio Rico (Water Division) requests authorization to increase its water rates to generate total revenues of \$5,894,800. This would constitute an increase in revenues of \$1,705,763 or 40.72 percent, over adjusted test year revenues of \$4,189,038, resulting in an 8.95 percent rate of return on Liberty Rio Rico’s (Water Division) proposed fair value rate base of \$19,028,481. If Liberty Rio Rico’s (Water Division) request is granted as proposed, on a stand-alone basis, the average monthly bill for a residential customer would be \$50.80, a \$13.78 or 37.21 percent increase to the present average monthly residential bill of \$37.03.

On a stand-alone basis, Liberty Rio Rico (Wastewater Division) requests authorization to increase its wastewater rates to generate total revenues of \$2,356,047. This would constitute an increase in revenues of \$503,592 or 27.19%, over adjusted test year revenues of \$1,852,455, resulting in an 8.95 percent rate of return on Liberty Rio Rico's (Wastewater Division) proposed fair value rate base of \$8,944,112. If Liberty Rio Rico's (Wastewater Division) request is granted as proposed, on a stand-alone basis, the average monthly bill for a residential customer would be \$66.37, a \$13.70 or 26.00 percent increase to the present monthly bill of \$52.68.

In addition, Liberty Rio Rico requests approval of a rate case expense surcharge and has calculated the proposed surcharge to be \$0.83 per water customer per month and \$0.81 per wastewater customer per month for three years on a stand-alone basis. With the rate case expense surcharge, on average, a residential water customer would pay \$48.49, a \$11.46 or 30.95 percent increase to their current monthly bill and a residential wastewater customer, on average, would pay \$67.18, a \$14.51 or 27.54 percent increase to their current monthly bill.

Consolidated Rates

If Liberty Rio Rico's rates are consolidated with those of Liberty Beardsley, Liberty Bella Vista and Liberty Cordes Lakes, Liberty Rio Rico (Water Division) all residential customers, on average, would see a monthly increase of \$10.63, or 28.72 percent, from \$37.03 to \$47.66. With a proposed rate case expense surcharge of \$0.86 per customer per month, residential water customers, on average, would pay \$48.52, a \$11.49 or 31.03 percent increase.

Liberty Rio Rico also proposes adoption of a Customer Assistance Tariff, to replace the existing Alternative Rates for Water and Wastewater (ARWW) tariff, the cost for which would be assessed against all non-participating customers, to be recalculated annually.

Liberty Rio Rico Request for Financing (Docket No. WS-02676A-24-0029)

Liberty Rio Rico (Water and Wastewater) seeks Commission approval of long-term debt financing for the purpose of rebalancing Liberty Rio Rico's capital structure of 100 percent equity and 0 percent debt to a capital structure of 54 percent equity and 46 percent debt (Docket No. WS-02676A-24-0029). If Liberty Rio Rico's application is granted, Liberty Rio Rico will borrow the amount necessary to achieve a capital structure consisting of 54 percent equity and 46 percent debt. This amount is currently estimated to be \$15,000,000.

In the event of the consolidation of Liberty Beardsley, Liberty Bella Vista, Liberty Cordes Lakes, and Liberty Rio Rico, as requested for consideration, Liberty Rio Rico (Consolidated) seeks Commission approval of long-term debt financing for the purpose of rebalancing capital structure of 100 percent equity and 0 percent debt to a capital structure of 54 percent equity and 46 percent debt. This amount is currently estimated to be \$33,000,000.

THE COMMISSION IS NOT BOUND BY THE PROPOSALS OF LIBERTY RIO RICO, STAFF, OR ANY INTERVENORS. THE COMMISSION WILL

DETERMINE THE APPROPRIATE RELIEF TO BE GRANTED IN RESPONSE TO THE APPLICATION OF LIBERTY RIO RICO BASED ON THE EVIDENCE PRESENTED IN THIS MATTER. THE FINAL RATES APPROVED BY THE COMMISSION MAY BE HIGHER, LOWER, OR DIFFERENT THAN THE RATES PROPOSED BY LIBERTY RIO RICO OR BY OTHER PARTIES.

Contact Information

A customer with questions concerning how the applications may affect his or her bill or other substantive questions may contact Liberty Beardsley at **14920 W. Camelback Road, Litchfield Park, Arizona, 85340; telephone no. 844-367-2030; Email: AvondaleCustomerService@libertyutilities.com.**

How You Can View or Obtain a Copy of the Application

Copies of the Application are available from **Liberty Rio Rico on the Internet via their website, www.libertyutilities.com (from the Home Page of the website, click ‘Go to local community’. At the top of the page, select “Arizona” in the Location field, then select “Rio Rico” from the list of communities, and click “Notifications” under “News & Events”);** at the Commission’s Docket Control Center at 1200 West Washington Street, Phoenix, Arizona, and 400 West Congress Street, Suite 218, Tucson, Arizona, during regular business hours; and on the Commission’s website (www.azcc.gov) using the e-Docket function.

Arizona Corporation Commission Public Hearing Information

The Commission will hold a hearing on the consolidated dockets beginning **October 28, 2024, at 10:00 a.m.**, at the Commission’s offices, 400 West Congress, Room 222, Tucson, Arizona 85701 and shall continue, as necessary, at **9:00 AM on October 29 through November 1, 2024, at the Commission’s offices at 1200 W. Washington Street, Phoenix, Arizona, 85007.**

Public comments will be taken in-person and by telephone at the start of the hearing on **October 28, 2024, at 10:00 a.m.** Public comments will also be taken in-person and / or by telephone on the dates listed in the public comments schedule below.

SCHEDULE FOR PUBLIC COMMENTS

Date	Time	Manner	Phone No	Code
October 8, 2024	5:00 to 6:30 p.m.	Telephonic	1-877-309-3457	24601833204##
October 24, 2024	5:00 to 6:30 p.m.	Telephonic	1-877-309-3457	24601833204##
October 28, 2024	10:00 a.m.	In Person and Telephonic	1-877-309-3457	24601833204##
October 29, 2024	9:00 a.m.	In Person and Telephonic	1-877-309-3457	801972877##

Written public comments may be submitted by mailing a letter referencing:

Docket Nos. WS-02676A-23-0349 AND WS-02676A-24-0029

to Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007, or by submitting comments on the Commission’s website (www.azcc.gov) using “Cases and Open Meetings” and “Make a Public

Comment in a Docket.” If you require assistance, you may contact the Consumer Services Section at 602-542-4251 or 1-800-222-7000.

ADA/Equal Access Information

The Commission does not discriminate on the basis of disability in admission to its public meetings. **Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format,** by contacting the ADA Coordinator, Carolyn Buck, E-mail ADACoordinator@azcc.gov, voice phone number 602-542-2247. Requests should be made as early as possible and no later than 48 hours in advance of the event to allow time to arrange the accommodation.