

1 Kelly A. Daly (No. 029509)
Paloma Scheiferstein (No. 035672)
2 SNELL & WILMER L.L.P.
1 East Washington Street, Suite 2700
3 Phoenix, AZ 85004
Telephone: 602.382.6000
4 E-Mail: kdaly@swlaw.com
pscheiferstein@swlaw.com

5
6 Liberty Utilities
Lisa C. Lance (No. 038506)
14920 W. Camelback Road
7 Litchfield Park, AZ 85340
Telephone: 602.550.3846
8 Lisa.Lance@libertyutilities.com

9 Attorneys for Liberty Utilities (Bella Vista Water) Corp.

10

11

BEFORE THE ARIZONA CORPORATION COMMISSION

12

COMMISSIONERS

13

JIM O'CONNOR, Chairman
LEA MÁRQUEZ PETERSON

14

ANNA TOVAR

15

NICK MYERS

16

KEVIN THOMPSON

17

IN THE MATTER OF THE APPLICATION OF
LIBERTY UTILITIES (BELLA VISTA WATER)
18 CORP., AN ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE OF
19 ITS UTILITY PLANTS AND PROPERTY AND
FOR INCREASES IN ITS RATES AND
20 CHARGES FOR UTILITY SERVICE BASED
THEREON.

DOCKET NO: W-02465A-23-

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APPLICATION

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Liberty Utilities (Bella Vista Water) Corp. ("Liberty Bella Vista") hereby applies for an
23 order establishing the fair value of its plant and property used for the provision of public water
24 utility service and based on such finding approving permanent rates and charges for utility service
25 designed to produce a fair return thereon. In this application, Liberty Bella Vista, is requesting
26 approval to consolidate their rates with the rates for Liberty Utilities (Rio Rico Water & Sewer).

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Liberty Utilities (Beardsley Water) Corp. ("Liberty Beardsley"), and Liberty Utilities (Cordes
28 Lakes) Corp. ("Liberty Cordes Lakes"), all of whom are filing for new rates concurrently with this

1 application, are also requesting approval to consolidate their rates with the rates for Liberty Utilities
2 (Rio Rico Water & Sewer) Corp. (“Liberty Rio Rico”). Liberty Rio Rico also is concurrently filing
3 for new rates and approval to consolidate its water rates with Liberty Beardsley, Liberty Cordes
4 Lakes, and Liberty Bella Vista.

5 As explained in this Application and supporting testimony, following sufficiency Liberty
6 Beardsley, Liberty Cordes Lakes, Liberty Bella Vista and Liberty Rio Rico (jointly referred to as
7 “Applicants”) will seek to consolidate the four rate applications into the same docket so that the
8 Commission may consider Applicants’ rate applications and requests for consolidation into what is
9 generally referred to as “Liberty Rio Rico (Consolidated)” in Applicants’ filings. Included with
10 this Application by Liberty Bella Vista are all the standard rate filing schedules and analysis for (1)
11 Liberty Bella Vista as a stand-alone water utility; and (2) Liberty Rio Rico (Consolidated).¹

12 In support of this Application, Liberty Bella Vista states as follows:

13 **LIBERTY BELLA VISTA**

14 **A. Background.**

15 1. Liberty Bella Vista is an Arizona public service corporation engaged in providing
16 water utility services to a 31.8 square mile service territory located in the southwest portion of
17 Cochise County, Arizona. As of April 2023, Liberty Bella Vista provides service to 9,799
18 connections (8,534 residential and 1,055 commercial, 208 fire protection and 2 bulk water).

19 2. Liberty Bella Vista’s business office is located at 14920 W. Camelback Road,
20 Litchfield Park, AZ 85340, and its telephone number is (623) 935-9367. The primary management
21 contact is Moses Thompson who is President of Liberty Utilities – Arizona/Texas.

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26 ¹ Applicants also each will file applications for financing approval and then move to consolidate those financing dockets
27 with the four rate case dockets. Additionally, as discussed in their separate rate applications, Liberty Beardsley,
28 Liberty Cordes Lakes and Liberty Bella Vista will file an application pursuant to A.R.S. § 40-285 for approval to
transfer all of their utility plant and assets and their separate CC&Ns to Liberty Rio Rico. Applicants will file those
applications during the sufficiency review period for the four rate applications and upon sufficiency will file a request
in each docket to merge all of those dockets into one consolidated docket for hearing and decision on these matters.

1 **B. Liberty Bella Vista's Proposed Stand-Alone Rate Increase.**

2 3. Liberty Bella Vista's present rates and charges for utility service were approved by
3 the Commission in Decision No. 75809 approving Liberty Bella Vista's application for a rate
4 increase which was filed on October 28, 2015 using a test year of the twelve months ended
5 December 31, 2014. There have been no other changes to Liberty Bella Vista's rates since the
6 current rates went into effect after November 1, 2016.

7 4. Liberty Bella Vista's revenues from its utility operations are presently inadequate to
8 provide a fair rate of return on the fair value of its utility plant and property devoted to public
9 service. Operating expenses have also changed since the current rates were set. Therefore, Liberty
10 Bella Vista requests that certain adjustments to its rates and charges for utility service be approved
11 by the Commission so that Liberty Bella Vista may recover its operating expenses and be given an
12 opportunity to earn a just and reasonable rate of return on the fair value of its rate base. Liberty
13 Bella Vista agrees to use its original cost rate base as its fair value rate base in this proceeding to
14 minimize disputes and reduce rate case expense.

15 5. Filed concurrently herewith are the schedules required pursuant to A.A.C. R14-2-
16 103 for rate applications by Class "B" utilities. The test year utilized by Liberty Bella Vista in
17 connection with the preparation of such schedules is the 12-month period that ended April 30, 2023.
18 Liberty Bella Vista requests that the Commission utilize such test year in connection with this
19 Application, with appropriate adjustments to obtain a normal or more realistic relationship between
20 revenues, rate base and expenses during the period in which the rates established in this proceeding
21 are in effect.

22 6. During the test year, Liberty Bella Vista's adjusted gross revenues were \$5,887,369.
23 The adjusted operating income was \$118,971 leading to an operating income deficiency of
24 \$1,290,509. The adjusted fair value rate base was \$15,750,144. Thus, the rate of return during the
25 test year was .76%.

26 7. Liberty Bella Vista submits that this rate of return is severely inadequate to allow it
27 to obtain debt, pay a reasonable return to its stockholder, maintain a sound credit rating, and/or
28

1 enable Liberty Bella Vista to attract additional capital on reasonable and acceptable terms to
2 continue the investment in utility plant necessary to adequately serve customers.

3 8. Liberty Bella Vista is seeking total revenues of \$7,636,311. Liberty Bella Vista
4 seeks an increase in total revenues of \$1,748,942 an increase of approximately 29.71% over the
5 adjusted and annualized revenues of \$5,887,369. The revenue amount is inclusive of the revenues
6 required to recover (1) operating expenses; (2) a return on rate base; and is exclusive of rate case
7 expense. Specifically, the increase in annual revenues to provide for recovery of operating
8 expenses and an 8.95% return on rate base is approximately \$1,748,942. Rate case expense
9 recovery is being requested through a separate surcharge recovery mechanism.

10 9. In accordance with A.A.C. R14-2-103.B(5) and per the commission's request,
11 attached hereto as Attachment 1 are water plant descriptions and water usage data as of December
12 31, 2022.

13 10. Attached hereto as Attachment 2 is Liberty Bella Vista's proposed tariff of rates and
14 charges, which includes a request for a Purchased Power Adjustor Mechanism ("PPAM"), a
15 Property Tax Adjustor Mechanism ("PTAM"), a Customer Assistance Tariff ("CAT"), an updated
16 Curtailment Tariff, an Emergency Water Augmentation Mechanism, and a Water Treatment Rate
17 Adjustment Mechanism ("WTRAM").

18 **C. Request to Consolidate and Proposed Rates for Liberty Rio Rico (Consolidated).**

19 11. Applicants are proposing to consolidate these four companies in these rate case
20 applications for several reasons. To start, Liberty currently has seven (7) regulated water and
21 wastewater utilities in Arizona. Operating and managing those utilities as separate utilities for
22 ratemaking purposes is not optimal and results in added ratemaking and related costs. Liberty
23 always has intended to consolidate all of the Arizona utilities into a single entity for ratemaking
24 purposes. Liberty took the first step towards statewide consolidation by seeking Commission
25 approval for the merger of Liberty Utilities (Entrada Del Oro Sewer) Corp. into Liberty Utilities
26 (Gold Canyon Sewer) Corp. in Docket Nos. SW-043 16A-21-0325 and SW-025 19A-21-0326.
27 The Commission approved that consolidation in Decision No. 78871. In turn, the proposed
28 consolidation of Bella Vista, Beardsley and Cordes Lakes into Liberty Rio Rico is the next natural

1 step towards statewide consolidation for rate making purposes. If consolidation of those entities
2 is approved by the Commission here, Liberty would have four regulated utilities in Arizona, in turn
3 providing a springboard for consolidation of those entities into a single entity at some point in the
4 future. Further, Liberty submits that it is beneficial to all customers of Beardsley, Bella Vista,
5 Cordes Lakes and Rio Rico to consolidate the customer bases for ratemaking, operations and capital
6 investments because it leads to as large a customer base as possible across which costs may be
7 spread. Consolidation of the four entities into Liberty Rio Rico (Consolidated) will also reduce the
8 regulatory costs and burdens for all stakeholders, including the companies and customers as they
9 will share efficiencies gained in the reduction of administrative costs associated with the expenses
10 of Commission filings (to include compliance and rate case expenses).

11 12. During the test year, the adjusted gross revenues for Liberty Rio Rico water utility
12 service (Consolidated) were \$12,713,121. The adjusted operating income was \$268,057, leading
13 to an operating income deficiency of \$4,096,377. The rate of return on water operations during the
14 test year was 0.55%.

15 13. Liberty Rio Rico (Consolidated) is seeking an increase in water utility revenues
16 equal to \$5,577,633, an increase in revenues of 43.87%. The adjustments to the Company's rates
17 and charges that are proposed herein, when fully implemented, will produce a rate of return on the
18 fair value rate base equal to 8.94% from water operations. The revenue amount is inclusive of the
19 revenues required to recover the proposed (1) operating expenses; (2) a return on rate base; and is
20 exclusive of rate case expense surcharge revenues. Rate case expense recovery is being requested
21 through a separate surcharge recovery mechanism.

22 14. During the test year, the adjusted gross revenues for Liberty Rio Rico wastewater
23 utility service (Consolidated) were \$1,852,455. The adjusted operating income was \$432,737,
24 leading to an operating income deficiency of \$366,438. The rate of return on wastewater operations
25 during the tests year was 4.84%.

26 15. Liberty Rio Rico (Consolidated) is seeking an increase in wastewater utility
27 revenues equal to \$502,321, an increase in revenues of 27.12%. The adjustments to the Company's
28 rates and charges that are proposed herein, when fully implemented, will produce a rate of return

1 on the fair value rate base equal to 8.94% from wastewater operations. The revenue amount is
2 inclusive of the revenues required to recover the proposed (1) operating expenses; (2) a return on
3 rate base; and is exclusive of rate case expense surcharge revenues. Rate case expense recovery is
4 being requested through a separate surcharge recovery mechanism.

5 16. Attached as Attachment 3 is the proposed tariff of consolidated rates and charges,
6 which includes a request for a PPAM, PPTAM, CAT, EWAM, WTRAM, and curtailment tariff.

7 **SUPPORTING TESTIMONY AND SCHEDULES²**

8 17. Filed concurrently in support of this Application and the Applicants' request for
9 consolidation of rates are the following direct testimonies:

10 a. Direct testimony of Manasa Rao – Ms. Rao, Sr. Director Rates & Regulatory
11 Affairs (West Region), provides an overview of the proposal for new rates for Liberty Cordes Lakes
12 separately and jointly with Liberty Rio Rico. Ms. Rao also addresses rate case expense, the
13 proposed Water Treatment Rate Adjustment Mechanism (WTRAM), Post Test Year Plant
14 adjustments and adjustments to test year expenses.

15 b. Direct Testimony of Matthew Garlick, Vice President, Operations Special
16 Projects for Liberty's regulated utilities in Arizona and Texas, provides support for the recovery of
17 acquisition premiums for Liberty Beardsley and Liberty Cordes Lakes, Liberty's consolidation
18 request and technical support for the proposed WTRAM.

19 c. Direct Testimony of Adolfo Garcia – Mr. Garcia, Bella Vista Operations
20 Manager, illustrates Liberty Bella Vista's operations and capital investments made by Liberty after
21 the test year of Bella Vista's last rate case, test year ended December 31, 2014.

22 d. Direct Testimony of Paul Walker – Mr. Walker, Regulatory Consultant,
23 discusses the proposed consolidation of the Applicants and the acquisition premiums for Liberty
24 Beardsley and Liberty Cordes Lakes

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28 ² The schedules attached to this Application pertain to Liberty Bella Vista as a stand-alone utility and Liberty Rio Rico (Consolidated)

1 e. Direct Testimony of Lauren Preston – Ms. Preston, Vice President / Customer
2 Care, discusses the Customer First capital investment for the Applicants and the Customer
3 Assistance Tariff.

4 f. Direct Testimony of Jill Schwartz – Ms. Schwartz, Sr. Director of Regulatory
5 Policy and Strategy, provides testimony regarding corporate structure, shared services costs, cost
6 allocation, the Cost Allocation Manual (“CAM”) and Indirect Overhead (“INDOH”).

7 g. Direct Testimony of Thomas Bourassa, Mr. Bourassa, Regulatory and
8 Accounting Consultant, provides testimony on all the components of the revenue requirement and
9 rates, except rate case expense. His testimony addresses rate base, income statement (revenue and
10 operating expenses), cost of capital, required increase in revenue, rate design and proposed rates
11 and charges for service.

12 18. All supporting schedules for Liberty Bella Vista and Liberty Rio Rico
13 (Consolidated) are attached following the direct testimonies.

14 **CONTACT INFORMATION**

15 19. The person responsible for overseeing and directing the conduct of this rate
16 application is Manasa Rao, Sr. Director Rates & Regulatory Affairs (West Region). Ms. Rao was
17 assisted by Thomas J. Bourassa, rate consultant and undersigned legal counsel. Ms. Rao’s mailing
18 address is 9750 Washburn Rd, Downey, CA, 90241; her telephone number is (562) 805-2084; and
19 her email address is Manasa.Rao@libertyutilities.com. Mr. Bourassa’s mailing address is 139 W.
20 Wood Drive, Phoenix, Arizona 85029; his telephone number is (602) 246-7150; and his email
21 address is tjb114@cox.net.

22 20. All discovery, data requests and other requests for information concerning this
23 Application should be directed to Ms. Rao at Manasa.Rao@libertyutilities.com, and Mr. Bourassa
24 at tjb114@cox.net, with a copy to undersigned counsel, Kelly A. Daly at kdaly@swlaw.com,
25 Paloma Scheiferstein at pscheiferstein@swlaw.com, and Lisa.Lance@libertyutilities.com.

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RELIEF REQUESTED

WHEREFORE, Liberty Bella Vista requests the following relief:

A. That the Commission, upon proper notice and at the earliest possible time, conduct a hearing in accordance with A.R.S. § 40-251 and determine the fair value of Liberty Bella Vista’s utility plants and property devoted to providing water utility service.

B. Based upon such determination, that the Commission (1) grant the request to consolidate Liberty Beardsley, Liberty Cordes Lakes and Liberty Bella Vista into Liberty Rio Rico; and (2) approve permanent adjustments to the rates and charges for water and wastewater utility service provided by Liberty Rio Rico on a consolidated basis as proposed herein, or approve such other rates and charges as will produce a just and reasonable rate of return on the fair value of Liberty Bella Vista’s consolidated utility plant and property.

C. That the Commission approve the requests for a PPAM, PTAM, CAT, EWAM and WTRAM; and

D. That the Commission authorize such other and further relief as may be appropriate to ensure that Liberty Bella Vista has an opportunity to earn a just and reasonable return on the fair value of its utility plant and property and as may otherwise be required under Arizona law.

RESPECTFULLY SUBMITTED this 28th day of December, 2023.

SNELL & WILMER L.L.P.

By: /s/ Kelly A. Daly / Paloma Scheiferstein

Kelly A. Daly
Paloma Scheiferstein
1 East Washington Street, Suite 2700
Phoenix, Arizona 85004
kdaly@swlaw.com
pscheiferstein@swlaw.com

and

LIBERTY UTILITIES

Lisa C. Lance
Director, Legal Services Arizona and Texas
14920 W. Camelback Road
Litchfield Park, Arizona 85340
Lisa.Lance@libertyutilities.com

Attorneys for Liberty Utilities (Bella Vista)
Corp.

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ORIGINAL eFiled
this 28th day of December, 2023, with:
Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

By: /s/ Regina Wise

ATTACHMENT 1

Water Utility Plant Description		
Name of the System:	BELLA VISTA SOUTH	
ADEQ Public Water System Number:	AZ0402007	
ADWR PCC Number:	91-000028.0000	

MAINS		
Sizes (inches)	Material	Length (feet)
1.00	ACP/DIP/PVC/GALV/POLY	0
1.25	ACP/DIP/PVC/GALV/POLY	0
2.00	ACP/DIP/PVC/GALV/POLY	2,390
3.00	ACP/DIP/PVC/GALV/POLY	3,235
4.00	ACP/DIP/PVC/GALV/POLY	17,566
6.00	ACP/DIP/PVC/GALV/POLY	47,805
8.00	ACP/DIP/PVC/GALV/POLY	36,720
10.00	ACP/DIP/PVC/GALV/POLY	0
12.00	ACP/DIP/PVC/GALV/POLY	25,000
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA

CUSTOMER METERS			
Size (inches)	Quantity	Percent over 1,000,000 gallons	Percent over 10 years old
5/8 X 3/4	824	0%	0%
0.75	3	0%	0%
1	8	0%	0%
1.5	0	NA	NA
Compound 2	1	0%	0%
Turbine 2	0	NA	NA
Compound 3	0	NA	NA
Turbine 3	0	NA	NA
Compound 4	0	NA	NA
Turbine 5	0	NA	NA
Compound 6	1	NA	NA
Turbine 6	0	NA	NA
6+	0	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA

SERVICE LINES		
Material	Percent of system	Year installed
Black poly	57%	2010
Copper	8%	1988
Galvanized steel	13%	1965
Copper	22%	2013
NA	NA	NA

BOOSTER PUMPS		
Horsepower	GPM	Quantity
2	22	8
5	42	6
7.5	90	2
10	42	2
15	320	4
25	250	4
40	300	4
75	1,150	1
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA

FIRE HYDRANTS	
Type	Quantity
Standard *	74
Other	7

STORAGE TANKS			
Capacity (gallons)	Material	Quantity	Year installed
3,000	steel	1	2008
10,000	steel	1	2021
7,000	steel	1	1959
7,100	steel	1	1959
10,000	steel	1	1997
16,000	steel	1	1959
16,500	steel	3	1959
50,000	steel	1	2010
80,000	steel	2	1984
100,000	steel	3	2004
200,000	steel	2	2004
429,000	steel	1	2004
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA

PRESSURE/BLADDER TANKS			
Capacity (gallons)	Material	Quantity	Year installed
30	Steel	1	2013
80	Steel	1	2004
1,000	Steel	1	2004
1,000	Steel	1	1982
1,500	Steel	1	2004
2,000	Steel	1	1984
5,000	Steel	1	2000
6,000	Steel	1	1996
7,000	Steel	1	2004
7,000	steel	1	1997
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA

* A standard fire hydrant has two 2.5 inch hose connection nozzles with 7.5 threads per inch, and one 4.5 inch pumper connection nozzle with 4 threads per inch.

Water Utility Plant Description (Continued)
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For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:	9 Sodium Hypochlorite Solution Dosage Pumps
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STRUCTURES:	Wall at Apache Pointe Booster Station, Fences around wells and tanks, two small Pump houses, Well House at NV #9, 4x6' Chlorinator Bldg.
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OTHER:	None.
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Provide a calculation used to determine the value of one water equivalent residential connection (ERC).

Use one of the following methods:

- (a) If actual flow data are available from the preceding 12 months, divide the total annual single family residence (SFR) gallons sold by the average number of single family residence customers for the same period and divide the result by
- (b) If no historical flow data are available, use:
 $ERC = (\text{Total SFR gallons sold (Omit 000)} / 365 \text{ days} / 350 \text{ gallons per day})$

ERC	229
Method used:	(a)

Well and Water Usage											
Name of the System:		BELLA VISTA SOUTH									
ADEQ Public Water System Number:		AZ0402007									
ADWR PCC Number:		91-000028.0000									
Well registry 55# (55-XXXXXX):	Pump Horsepower	Pump Yield (gpm)	Casing Depth (feet)	Casing Diameter (inches)	Pump Motor Type **	Year Drilled	Water level 2010	Water level 2020	Meter Size (inches)	How measured:	Active
55-610119 STUMP	5	50	250	6	submersible	1982	86	48	2	Metered	Yes
55-805652 ASH	5	50	80	8	submersible	1982	81	80	2	Metered	Yes
55-536074 RO#1	1	5	160	8	submersible	1992	15	46	1	Metered	Yes
55-553209 WHORSE	7.5	25	608	12	submersible	1997	203	171	4	Metered	Yes
55-597128 RO#2	1.5	14	305	6	submersible	2003	22	16	2	Metered	Yes
55-583389 RO#3	5	25	500	8	submersible	2001	128	215	1	Metered	No
55-508962 NV16	5	30	215	6	submersible	1984	157	151	2	Metered	Yes
55-507217 NV15	5	40	205	6	submersible	1984	174	156	2	Metered	Yes
55-642087 NV 3	3	20	243	6	submersible	1958	134	110	2	Metered	Yes
55-624091 NV 9	3	12	287	6	submersible	1959	96	121	2	Metered	Yes
55-200-402 NV17	7.5	17	790	8	submersible	2004	181	180	3	Metered	Yes
55-203881 FAIRFIELD	15	80	800	8	submersible	2004	130	132	3	Metered	Yes
55-641821 NV10	2	20	154	4	submersible	unknown	122	117	1	Metered	Yes
55-204088 KR	25	170	900	8	submersible	2007	446	440	6	Metered	Yes
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Name of system water delivered to:	BELLA VISTA SOUTH
ADWR PCC Number:	91-000028.0000
Source of water delivered to another system	NA

Name of system water received from:	NA
ADWR PCC Number:	#N/A
Source of water received	NA
Well registry 55# (55-XXXXXX):	NA

Month	Water withdrawn (gallons) ¹	Water sold (gallons) ²	Water delivered (sold) to other systems (gallons) ³	Water received (purchased) from other systems (gallons) ⁴	Estimated authorized use (gallons) ⁵	Purchased Power Expense ⁶	Purchased Power (kWh) ⁷
January	5,365,910.00	5,076,749.00	0.00	0.00	73,500.00	\$4,230	22,843
February	4,709,573.00	4,148,706.00	0.00	0.00	25,000.00	3,773	19,888
March	5,909,970.00	4,545,741.00	0.00	0.00	5,000.00	3,938	22,151
April	7,657,106.00	7,302,150.00	0.00	0.00	30,000.00	4,964	25,358
May	9,026,034.00	7,417,640.00	0.00	0.00	10,000.00	5,969	32,307
June	8,202,129.00	7,417,640.00	0.00	0.00	0.00	6,980	40,736
July	6,657,109.00	7,093,759.00	0.00	0.00	0.00	5,931	30,994
August	5,389,894.00	5,213,523.00	0.00	0.00	65,000.00	5,513	27,424
September	6,496,508.00	6,072,199.00	0.00	0.00	3,000.00	4,996	22,757
October	5,497,109.00	5,374,122.00	0.00	0.00	25,000.00	5,229	23,671
November	5,202,732.00	4,907,809.00	0.00	0.00	7,500.00	4,648	21,875
December	4,832,114.00	4,481,572.00	0.00	0.00	50,000.00	4,258	20,573
Totals	74,946,188.00	69,051,610.00	0.00	0.00	294,000.00	\$60,429	310,577

If applicable, in the space below please provide a description for all un-metered water use along with amounts:
 NA

1 Water withdrawn - Total gallons of water withdrawn from pumped sources.
 2 Water sold - Total gallons from customer meters, and other sales such as construction water.
 3 Water delivered (sold) to other systems - Total gallons of water delivered to other systems.
 4 Water received (purchased) from other systems - Total gallons of water purchased/received from other systems.
 5 Estimated authorized use - Total estimated gallons from authorized metered or unmetered use. Authorized uses such as flushing (mains, services and hydrants) draining/cleaning tanks, process, construction, fire fighting, etc. Non-authorized use (real losses) are service line breaks and leaks, water main breaks, meter inaccuracies and theft.
 6 Enter the total purchased power costs for the power meters associated with this system.
 7 Enter the total purchased kWh used by the power meters associated with this system.

Water Utility Plant Description			
Name of the System:	NORTHERN SUNRISE WC - CORONADO		
ADEQ Public Water System Number:	AZ0402013		
ADWR PCC Number:	91-000034.0000		

MAINS		
Sizes (inches)	Material	Length (feet)
1.25	PVC/GALV/ACP	678
2.00	PVC/GALV/ACP	25,000
3.00	PVC/GALV/ACP	1,751
4.00	PVC/GALV/ACP	4,405
6.00	PVC/GALV/ACP	20,990
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA

CUSTOMER METERS			
Size (inches)	Quantity	Percent over 1,000,000 gallons	Percent over 10 years old
5/8 X 3/4	234	0%	0%
0.75	0	NA	NA
1	2	0%	0%
1.5	0	NA	NA
Compound 2	2	0%	0%
Turbine 2	0	NA	NA
Compound 3	0	NA	NA
Turbine 3	0	NA	NA
Compound 4	0	NA	NA
Turbine 5	0	NA	NA
Compound 6	0	NA	NA
Turbine 6	0	NA	NA
6+	0	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA

SERVICE LINES			
Material	Percent of system	Year installed	
Black poly	55%	1980	
Galvanized steel	30%	1960	
PVC	15%	1980	
NA	NA	NA	
NA	NA	NA	

BOOSTER PUMPS			
Horsepower	GPM	Quantity	
7.5	50	1	
10	70	1	
NA	NA	NA	
NA	NA	NA	

FIRE HYDRANTS	
Type	Quantity
Standard *	0
Other	0

STORAGE TANKS			
Capacity (gallons)	Material	Quantity	Year installed
35,000	Steel	2	2014
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA

PRESSURE/BLADDER TANKS			
Capacity (gallons)	Material	Quantity	Year installed
81	Steel	2	2016
2,000	Steel	1	2010
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA

* A standard fire hydrant has two 2.5 inch hose connection nozzles with 7.5 threads per inch, and one 4.5 inch pumper connection nozzle with 4 threads per inch.

Water Utility Plant Description (Continued)
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For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:	2 Chlorine Bleach Dosage Pumps
STRUCTURES:	6' Chainlink Fences around all sites
OTHER:	None.

Provide a calculation used to determine the value of one water equivalent residential connection (ERC).

Use one of the following methods:

- (a) If actual flow data are available from the preceding 12 months, divide the total annual single family residence (SFR) gallons sold by the average number of single family residence customers for the same period and divide the result by 365 days.
- (b) If no historical flow data are available, use:
 $ERC = (\text{Total SFR gallons sold (Omit 000)} / 365 \text{ days} / 350 \text{ gallons per day})$

ERC

191

 Method used:

(a)

Well and Water Usage											
Name of the System:		NORTHERN SUNRISE WC - CORONADO									
ADEQ Public Water System Number:		AZ0402013									
ADWR PCC Number:		91-000034.0000									
Well registry 55# (55-XXXXXX):	Pump Horsepower	Pump Yield (gpm)	Casing Depth (feet)	Casing Diameter (inches)	Pump Motor Type **	Year Drilled	Water level 2010	Water level 2020	Meter Size (inches)	How measured:	Active
55-807773	10	75	302	8	Submersible	1958	235	241	2	Metered	Yes
55-807772	5	100	342	8	Submersible	1960	235	232	2	Metered	Yes
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Name of system water delivered to:	NORTHERN SUNRISE WC - CORONADO
ADWR PCC Number:	91-000034.0000
Source of water delivered to another system	NA

Name of system water received from:	NA
ADWR PCC Number:	NA
Source of water received	NA
Well registry 55# (55-XXXXXX):	NA

Month	Water withdrawn (gallons) ¹	Water sold (gallons) ²	Water delivered (sold) to other systems (gallons) ³	Water received (purchased) from other systems (gallons) ⁴	Estimated authorized use (gallons) ⁵	Purchased Power Expense ⁶	Purchased Power (kWh) ⁷
January	1,328,080.00	1,197,010.00	0.00	0.00	7,500.00	\$651	4,323
February	1,105,080.00	1,124,836.00	0.00	0.00	5,000.00	673	4,494
March	1,286,700.00	959,964.00	0.00	0.00	2,500.00	687	3,973
April	1,585,860.00	1,133,527.00	0.00	0.00	5,500.00	786	4,478
May	1,975,620.00	1,090,790.00	0.00	0.00	5,000.00	949	5,786
June	1,791,680.00	1,786,999.00	0.00	0.00	35,000.00	1,081	6,738
July	1,524,180.00	1,654,098.00	0.00	0.00	750.00	1,013	6,296
August	1,239,670.00	1,463,162.00	0.00	0.00	1,700.00	1,017	5,530
September	1,338,740.00	1,106,568.00	0.00	0.00	0.00	822	4,420
October	1,236,110.00	1,360,575.00	0.00	0.00	2,500.00	957	4,740
November	1,179,830.00	1,025,587.00	0.00	0.00	0.00	821	4,368
December	1,090,790.00	1,083,452.00	0.00	0.00	2,500.00	805	4,133
Totals	16,682,340.00	14,986,568.00	0.00	0.00	67,950.00	\$10,264	59,279

If applicable, in the space below please provide a description for all un-metered water use along with amounts:
 NA

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

¹ Water withdrawn - Total gallons of water withdrawn from pumped sources.
² Water sold - Total gallons from customer meters, and other sales such as construction water.
³ Water delivered (sold) to other systems - Total gallons of water delivered to other systems.
⁴ Water received (purchased) from other systems - Total gallons of water purchased/received from other systems.
⁵ Estimated authorized use - Total estimated gallons from authorized metered or unmetered use. Authorized uses such as flushing (mains, services and hydrants) draining/cleaning tanks, process, construction, fire fighting, etc. Non-authorized use (real losses) are service line breaks and leaks, water main breaks, meter inaccuracies and theft.
⁶ Enter the total purchased power costs for the power meters associated with this system.
⁷ Enter the total purchased kWh used by the power meters associated with this system.

Water Utility Plant Description		
Name of the System:	NORTHERN SUNRISE WC - MUSTANG/CRYSTAL	
ADEQ Public Water System Number:	AZ0402054	
ADWR PCC Number:	91-000063.0000	

MAINS		
Sizes (inches)	Material	Length (feet)
1.00	PVC/GALV/ACP	607
2.00	PVC/GALV/ACP	24,000
4.00	PVC/GALV/ACP	12,000
6.00	PVC/GALV/ACP	6,000
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA

CUSTOMER METERS			
Size (inches)	Quantity	Percent over 1,00,000 gallons	Percent over 10 years old
5/8 X 3/4	174	0%	0%
1	1	0%	0%
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA

SERVICE LINES			
Material	Percent of system	Year installed	
Black poly	10%	1980	
Galvanized steel	30%	1971	
PVC	55%	1985	
Copper	5%	2004	
NA	NA	NA	NA

BOOSTER PUMPS		
Horsepower	GPM	Quantity
15	140	2
NA	NA	NA
NA	NA	NA
NA	NA	NA

FIRE HYDRANTS	
Type	Quantity
Standard *	0
Other	0

STORAGE TANKS			
Capacity (gallons)	Material	Quantity	Year installed
100,000	Steel	1	2008
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA

PRESSURE/BLADDER TANKS			
Capacity (gallons)	Material	Quantity	Year installed
1,500	Steel	1	2019
81	Steel	1	2008
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA

* A standard fire hydrant has two 2.5 inch hose connection nozzles with 7.5 threads per inch, and one 4.5 inch pumper connection nozzle with 4 threads per inch.

Water Utility Plant Description (Continued)
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For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:	2 Chlorine Bleach Injector Pumps
STRUCTURES:	6' Chainlink Fence with Slats at Mustang Well, 6' Chainlink fence at Crystal Well
OTHER:	None.

Provide a calculation used to determine the value of one water equivalent residential connection (ERC).

Use one of the following methods:

- (a) If actual flow data are available from the preceding 12 months, divide the total annual single family residence (SFR) gallons sold by the average number of single family residence customers for the same period and divide the result by 365 days.
- (b) If no historical flow data are available, use:
 $ERC = (\text{Total SFR gallons sold (Omit 000)} / 365 \text{ days} / 350 \text{ gallons per day})$

ERC	193
Method used:	(a)

Well and Water Usage

Name of the System: NORTHERN SUNRISE WC - MUSTANG/CRYSTAL											
ADEQ Public Water System Number: AZ0402054											
ADWR PCC Number: 91-000063.0000											
Well registry 55# (55-XXXXXX):	Pump Horsepower	Pump Yield (gpm)	Casing Depth (feet)	Casing Diameter (inches)	Pump Motor Type **	Year Drilled	Water level 2010	Water level 2020	Meter Size (inches)	How measured:	Active
55-807770	5	58	434	6	Submersible	1971	326	331	2	Metered	Yes
55-220433	20	140	570	8	Submersible	2011	315	312	2	Metered	Yes
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Name of system water delivered to:	NORTHERN SUNRISE WC - MUSTANG/CRYSTAL
ADWR PCC Number:	91-000063.0000
Source of water delivered to another system	NA

Name of system water received from:	NA
ADWR PCC Number:	NA
Source of water received	NA
Well registry 55# (55-XXXXXX):	NA

Month	Water withdrawn (gallons) ¹	Water sold (gallons) ²	Water delivered (sold) to other systems (gallons) ³	Water received (purchased) from other systems (gallons) ⁴	Estimated authorized use (gallons) ⁵	Purchased Power Expense ⁶	Purchased Power (kWh) ⁷
January	921,539.00	594,496.00	0.00	0.00	7,500.00	\$1,283	8,781
February	688,415.00	596,024.00	0.00	0.00	5,000.00	1,280	8,842
March	871,351.00	504,757.00	0.00	0.00	2,500.00	1,368	8,503
April	1,089,276.00	628,841.00	0.00	0.00	5,500.00	1,441	8,900
May	1,330,362.00	976,369.00	0.00	0.00	5,000.00	1,479	9,227
June	1,290,005.00	1,088,619.00	0.00	0.00	35,000.00	1,568	9,706
July	1,079,415.00	1,083,876.00	0.00	0.00	750.00	1,628	9,788
August	933,990.00	940,163.00	0.00	0.00	1,750.00	1,686	9,852
September	1,018,546.00	637,091.00	0.00	0.00	0.00	1,036	6,477
October	984,959.00	753,706.00	0.00	0.00	2,500.00	1,100	5,780
November	917,872.00	577,886.00	0.00	0.00	0.00	1,155	5,938
December	945,237.00	566,193.00	0.00	0.00	2,500.00	1,172	5,103
Totals	12,070,967.00	8,948,021.00	0.00	0.00	68,000.00	\$16,197	96,897

If applicable, in the space below please provide a description for all un-metered water use along with amounts:
NA

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

¹ Water withdrawn - Total gallons of water withdrawn from pumped sources.
² Water sold - Total gallons from customer meters, and other sales such as construction water.
³ Water delivered (sold) to other systems - Total gallons of water delivered to other systems.
⁴ Water received (purchased) from other systems - Total gallons of water purchased/received from other systems.
⁵ Estimated authorized use - Total estimated gallons from authorized metered or unmetered use. Authorized uses such as flushing (mains, services and hydrants) draining/cleaning tanks, process, construction, fire fighting, etc. Non-authorized use (real losses) are service line breaks and leaks, water main breaks, meter inaccuracies and theft.
⁶ Enter the total purchased power costs for the power meters associated with this system.
⁷ Enter the total purchased kWh used by the power meters associated with this system.

Water Utility Plant Description			
Name of the System:		SOUTHERN SUNRISE WC - COCHISE/HORSESHOE	
ADEQ Public Water System Number:		AZ0402011	
ADWR PCC Number:		91-000032.0000	

MAINS		
Sizes (inches)	Material	Length (feet)
2.00	PVC/GALV/ACP	65,538
4.00	PVC/GALV/ACP	20,000
6.00	PVC/GALV/ACP	13,000
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA

CUSTOMER METERS			
Size (inches)	Quantity	Percent over 1,00,000 gallons	Percent over 10 years old
5/8 X 3/4	640	1%	0%
1	3	0%	0%
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA

SERVICE LINES		
Material	Percent of system	Year installed
PVC	85%	1980
Copper	10%	2000
Black poly	5%	1990
NA	NA	NA
NA	NA	NA

BOOSTER PUMPS		
Horsepower	GPM	Quantity
5	80	2
10	158	2
20	200	3
NA	NA	NA

FIRE HYDRANTS	
Type	Quantity
Standard *	0
Other	0

STORAGE TANKS			
Capacity (gallons)	Material	Quantity	Year installed
10,000	steel	1	1960
16,000	steel	2	1960
170,000	steel	1	1998
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA

PRESSURE/BLADDER TANKS			
Capacity (gallons)	Material	Quantity	Year installed
81	Steel	1	2014
1,000	Steel	2	1960
NA	NA	NA	1950
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA

* A standard fire hydrant has two 2.5 inch hose connection nozzles with 7.5 threads per inch, and one 4.5 inch pumper connection nozzle with 4 threads per inch.

Water Utility Plant Description (Continued)
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For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:	2 Chlorine Bleach Injection Pumps
STRUCTURES:	Small Sheds, Building at HorseShoe Booster Site, 6' Chain Link Fences at all sites
OTHER:	None.

Provide a calculation used to determine the value of one water equivalent residential connection (ERC).

Use one of the following methods:

- (a) If actual flow data are available from the preceding 12 months, divide the total annual single family residence (SFR) gallons sold by the average number of single family residence customers for the same period and divide the result by 365 days.
- (b) If no historical flow data are available, use:
 $ERC = (\text{Total SFR gallons sold (Omit 000)} / 365 \text{ days} / 350 \text{ gallons per day})$

ERC

190

 Method used:

(a)

Well and Water Usage

Name of the System:		SOUTHERN SUNRISE WC - COCHISE/HORSESHOE									
ADEQ Public Water System Number:		AZ0402011									
ADWR PCC Number:		91-000032.0000									
Well registry 55# (55-XXXXXX):	Pump Horsepower	Pump Yield (gpm)	Casing Depth (feet)	Casing Diameter (inches)	Pump Motor Type **	Year Drilled	Water level 2010	Water level 2020	Meter Size (inches)	How measured:	Active
55-563118	5	75	150	8	submersible	1997	115	84	2	Metered	Yes
55-550951	5	45	144	10	submersible	1995	114	100	2	Metered	Yes
55-563117	5	45	145	6	submersible	1997	111	98	2	Metered	Yes
55-805546	5	25	458	8	submersible	1973	372	372	2	Metered	Yes
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Name of system water delivered to:	SOUTHERN SUNRISE WC - COCHISE/HORSESHOE
ADWR PCC Number:	91-000032.0000
Source of water delivered to another system	NA
Name of system water received from:	NA
ADWR PCC Number:	NA
Source of water received	NA
Well registry 55# (55-XXXXXX):	NA

Month	Water withdrawn (gallons) ¹	Water sold (gallons) ²	Water delivered (sold) to other systems (gallons) ³	Water received (purchased) from other systems (gallons) ⁴	Estimated authorized use (gallons) ⁵	Purchased Power Expense ⁶	Purchased Power (kWh) ⁷
January	3,862,256.00	2,896,767.00	0.00	0.00	5,000.00	\$1,556	9,665
February	3,978,824.00	3,284,547.00	0.00	0.00	125,000.00	1,581	10,219
March	4,173,595.00	2,635,309.00	0.00	0.00	12,000.00	1,643	10,719
April	4,756,666.00	3,451,526.00	0.00	0.00	2,500.00	1,763	11,276
May	5,878,371.00	4,418,544.00	0.00	0.00	0.00	2,055	13,656
June	5,360,827.00	6,138,913.00	0.00	0.00	1,250.00	2,391	15,980
July	4,795,292.00	4,350,240.00	0.00	0.00	20,000.00	2,142	13,432
August	4,393,013.00	3,253,717.00	0.00	0.00	5,000.00	2,041	12,151
September	5,121,487.00	4,008,583.00	0.00	0.00	20,000.00	1,945	12,000
October	5,492,940.00	3,438,253.00	0.00	0.00	75,000.00	2,221	12,009
November	4,202,867.00	3,182,840.00	0.00	0.00	3,500.00	2,026	10,382
December	4,053,332.00	2,892,084.00	0.00	0.00	25,000.00	2,330	12,584
Totals	56,069,470.00	43,951,323.00	0.00	0.00	294,250.00	\$23,694	144,073

If applicable, in the space below please provide a description for all un-metered water use along with amounts:
 NA

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

¹ Water withdrawn - Total gallons of water withdrawn from pumped sources.
² Water sold - Total gallons from customer meters, and other sales such as construction water.
³ Water delivered (sold) to other systems - Total gallons of water delivered to other systems.
⁴ Water received (purchased) from other systems - Total gallons of water purchased/received from other systems.
⁵ Estimated authorized use - Total estimated gallons from authorized metered or unmetered use. Authorized uses such as flushing (mains, services and hydrants) draining/cleaning tanks, process, construction, fire fighting, etc. Non-authorized use (real losses) are service line breaks and leaks, water main breaks, meter inaccuracies and theft.
⁶ Enter the total purchased power costs for the power meters associated with this system.
⁷ Enter the total purchased kWh used by the power meters associated with this system.

Water Utility Plant Description

Name of the System:	SOUTHERN SUNRISE WC - MIRACLE VALLEY		
ADEQ Public Water System Number:	AZ0402023		
ADWR PCC Number:	91-000042.0000		

MAINS			
Sizes (inches)	Material	Length (feet)	
2.00	PVC/GALV/ACP	20,000	
3.00	PVC/GALV/ACP	1,362	
4.00	PVC/GALV/ACP	20,000	
6.00	PVC/GALV/ACP	14,419	
NA	NA	NA	
NA	NA	NA	
NA	NA	NA	
NA	NA	NA	
NA	NA	NA	
NA	NA	NA	
NA	NA	NA	
NA	NA	NA	
NA	NA	NA	
NA	NA	NA	
NA	NA	NA	
NA	NA	NA	

CUSTOMER METERS			
Size (inches)	Quantity	Percent over 1,000,000 gallons	Percent over 10 years old
5/8 X 3/4	300	3%	0%
1	2	100%	0%
2	1	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA

SERVICE LINES			
Material	Percent of system	Year installed	
Galvanized steel	50%	1960	
PVC	40%	1980	
Black poly	10%	1990	
NA	NA	NA	
NA	NA	NA	

BOOSTER PUMPS			
Horsepower	GPM	Quantity	
15	140	2	
NA	NA	NA	
NA	NA	NA	
NA	NA	NA	

FIRE HYDRANTS	
Type	Quantity
Standard *	0
Other	1

STORAGE TANKS			
Capacity (gallons)	Material	Quantity	Year installed
150,000	Steel	1	2009
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA

PRESSURE/BLADDER TANKS			
Capacity (gallons)	Material	Quantity	Year installed
81	Steel	1	2009
1,000	Steel	1	1990
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA

* A standard fire hydrant has two 2.5 inch hose connection nozzles with 7.5 threads per inch, and one 4.5 inch pumper connection nozzle with 4 threads per inch.

Water Utility Plant Description (Continued)
--

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:	1 Chlorine Bleach Injection Pump
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STRUCTURES:	6' Fence with slats, 6' chain link fence
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OTHER:	None.
---------------	-------

Provide a calculation used to determine the value of one water equivalent residential connection (ERC).

Use one of the following methods:

- (a) If actual flow data are available from the preceding 12 months, divide the total annual single family residence (SFR) gallons sold by the average number of single family residence customers for the same period and divide the result by 365 days.
- (b) If no historical flow data are available, use:
 $ERC = (\text{Total SFR gallons sold (Omit 000)} / 365 \text{ days} / 350 \text{ gallons per day})$

ERC	236
Method used:	(a)

Well and Water Usage

Name of the System:		SOUTHERN SUNRISE WC - MIRACLE VALLEY									
ADEQ Public Water System Number:		AZ040203									
ADWR PCC Number:		91-000042.0000									
Well registry 55# (55-XXXXXX):	Pump Horsepower	Pump Yield (gpm)	Casing Depth (feet)	Casing Diameter (inches)	Pump Motor Type **	Year Drilled	Water level 2010	Water level 2020	Meter Size (inches)	How measured:	Active
55-527262	40	150	524	16	submersible	1990	140	137	4	Metered	Yes
55-630018	10	110	298	6	submersible	1959	94	94	2	Metered	Yes
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Name of system water delivered to:	SOUTHERN SUNRISE WC - MIRACLE VALLEY
ADWR PCC Number:	91-000042.0000
Source of water delivered to another system	NA
Name of system water received from:	NA
ADWR PCC Number:	NA
Source of water received	NA
Well registry 55# (55-XXXXXX):	NA

Month	Water withdrawn (gallons) ¹	Water sold (gallons) ²	Water delivered (sold) to other systems (gallons) ³	Water received (purchased) from other systems (gallons) ⁴	Estimated authorized use (gallons) ⁵	Purchased Power Expense ⁶	Purchased Power (kWh) ⁷
January	1,407,800.00	1,303,448.00	0.00	0.00	5,000.00	\$790	3,406
February	1,532,200.00	1,124,048.00	0.00	0.00	12,500.00	867	33,988
March	1,576,100.00	1,221,884.00	0.00	0.00	12,500.00	880	4,054
April	2,136,300.00	1,723,573.00	0.00	0.00	2,500.00	939	4,616
May	2,419,500.00	1,847,774.00	0.00	0.00	0.00	1,131	5,458
June	2,108,072.25	2,400,696.00	0.00	0.00	1,200.00	1,309	6,424
July	1,950,845.00	1,890,164.00	0.00	0.00	20,000.00	1,103	5,028
August	1,556,100.00	1,508,249.00	0.00	0.00	5,000.00	1,103	5,028
September	1,724,000.00	1,561,216.00	0.00	0.00	20,000.00	2,141	4,603
October	1,444,000.00	1,497,292.00	0.00	0.00	40,000.00	907	3,700
November	1,228,300.00	1,238,047.00	0.00	0.00	2,500.00	879	3,792
December	2,009,400.00	1,093,758.00	0.00	0.00	20,000.00	1,054	4,411
Totals	21,092,617.25	18,410,149.00	0.00	0.00	141,200.00	\$13,103	84,508

If applicable, in the space below please provide a description for all un-metered water use along with amounts:
 NA

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

1 Water withdrawn - Total gallons of water withdrawn from pumped sources.
 2 Water sold - Total gallons from customer meters, and other sales such as construction water.
 3 Water delivered (sold) to other systems - Total gallons of water delivered to other systems.
 4 Water received (purchased) from other systems - Total gallons of water purchased/received from other systems.
 5 Estimated authorized use - Total estimated gallons from authorized metered or unmetered use. Authorized uses such as flushing (mains, services and hydrants) draining/cleaning tanks, process, construction, fire fighting, etc. Non-authorized use (real losses) are service line breaks and leaks, water main breaks, meter inaccuracies and theft.
 6 Enter the total purchased power costs for the power meters associated with this system.
 7 Enter the total purchased kWh used by the power meters associated with this system.

Water Utility Plant Description

Name of the System:		BELLA VISTA CITY
ADEQ Public Water System Number:	AZ0402010	
ADWR PCC Number:	91-000031.0000	

MAINS		
Sizes (inches)	Material	Length (feet)
1.00	ACP/DIP/PVC/GALV/POLY	2,368
1.25	ACP/DIP/PVC/GALV/POLY	416
2.00	ACP/DIP/PVC/GALV/POLY	77,012
3.00	ACP/DIP/PVC/GALV/POLY	28,107
4.00	ACP/DIP/PVC/GALV/POLY	116,188
6.00	ACP/DIP/PVC/GALV/POLY	258,499
8.00	ACP/DIP/PVC/GALV/POLY	337,325
10.00	ACP/DIP/PVC/GALV/POLY	5,666
12.00	ACP/DIP/PVC/GALV/POLY	45,077
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA

CUSTOMER METERS			
Size (inches)	Quantity	Percent over 1,00,000 gallons	Percent over 10 years old
5/8 X 3/4	8,031	14%	45%
0.75	114	3%	0%
1	187	0%	0%
1.5	123	5%	0%
Compound 2	320	15%	0%
Turbine 2	0	NA	NA
Compound 3	28	33%	2%
Turbine 3	0	NA	NA
Compound 4	7	29%	1%
Turbine 5	0	NA	NA
Compound 6	2	0%	0%
Turbine 6	0	NA	NA
6+	1	0%	0%
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA

SERVICE LINES		
Material	Percent of system	Year installed
Copper	60%	1980-2019
Black poly	19%	1970
Galvanized steel	15%	1954
PVC	1%	1990
Blue poly	5%	1980

BOOSTER PUMPS		
Horsepower	GPM	Quantity
15	130	4
20	350	20
25	320	2
30	475	10

FIRE HYDRANTS	
Type	Quantity
Standard *	650
Other	0

STORAGE TANKS			
Capacity (gallons)	Material	Quantity	Year installed
32,000	steel	1	1972
100,000	steel	1	1960
200,000	steel	11	1954-1997
400,000	steel	2	1968, 1954
1,500,000	steel	2	1988
NA	NA	NA	NA

PRESSURE/BLADDER TANKS			
Capacity (gallons)	Material	Quantity	Year installed
80	Steel	2	2014
80	Steel	1	2019
5,000	Steel	11	1954-1972
6,000	Steel	1	1968
NA	NA	NA	NA
NA	NA	NA	NA

* A standard fire hydrant has two 2.5 inch hose connection nozzles with 7.5 threads per inch, and one 4.5 inch pumper connection nozzle with 4 threads per inch.

Water Utility Plant Description (Continued)
--

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:	15 chlorination pumps and injectors
STRUCTURES:	Well #18 Site Building, Well #13 Site Building, Wall at Well #5 and Two Site Buildings, Well #8 Site Building, Well #19 Building, Fences (around wells & tanks)
OTHER:	Two Generators, Two back hoe, air compressor, trailer, water tank, dump trailer, 8 Standpipes, Ditch Witch Vactor potholing machine, Valve Turning Machine

Provide a calculation used to determine the value of one water equivalent residential connection (ERC).

Use one of the following methods:

- (a) If actual flow data are available from the preceding 12 months, divide the total annual single family residence (SFR) gallons sold by the average number of single family residence customers for the same period and divide the result by 365 days.
- (b) If no historical flow data are available, use:
 $ERC = (\text{Total SFR gallons sold (Omit 000)} / 365 \text{ days} / 350 \text{ gallons per day})$

ERC

316

 Method used:

(a)

Well and Water Usage

Name of the System:		BELLA VISTA CITY										
ADEQ Public Water System Number:		AZ0402010										
ADWR PCC Number:		91-000031.0000										
Well registry 55# (55-XXXXXX):	Pump Horsepower	Pump Yield (gpm)	Casing Depth (feet)	Casing Diameter (inches)	Pump Motor Type **	Year Drilled	Water level 2010	Water level 2020	Meter Size (inches)	How measured:	Active	
55-610120	1	40	240	640	12	submersible	1,956	445	453	4	Metered	Yes
55-610121	2	50	220	649	12	submersible	1,958	464	463	4	Metered	Yes
55-610122	3	50	240	605	12	submersible	1,968	430	438	6	Metered	Yes
55-610123	5	50	300	620	14	submersible	1,972	307	308	4	Metered	Yes
55-610125	7	100	470	475	16	submersible	1,968	446	447	6	Metered	Yes
55-610126	8	60	300	645	12	submersible	1,954	496	495	6	Metered	Yes
55-610127	9	15	47	618	8	submersible	1,954	505	506	3	Metered	Yes
55-610128	10	15	40	630	10	submersible	1,956	511	520	3	Metered	Yes
55-610129	11	60	300	696	12	submersible	1,956	535	535	4	Metered	Yes
55-610130	12	60	220	805	16	submersible	1,972	567	541	4	Metered	Yes
55-610131	13	75	230	867	16	submersible	1,978	521	517	6	Metered	Yes
55-610132	14	75	450	600	16	submersible	1,972	357	311	6	Metered	Yes
55-610133	15	50	300	700	16	submersible	1,972	336	335	4	Metered	Yes
55-610134	16	50	300	501	12	submersible	1,960	314	323	4	Metered	Yes
55-518083	18	250	1,200	1,000	16	turbine	1,987	486	481	10	Metered	Yes
55-519004	19	125	600	1,000	16	turbine	1,987	386	384	8	Metered	Yes
55-560741	VV1	15	110	400	8	submersible	1997	206	208	4	Metered	Yes
55-567042	VV2	15	160	385	8	submersible	1997	199	189	4	Metered	Yes

Name of system water delivered to:	BELLA VISTA CITY	
ADWR PCC Number:	91-000031.0000	
Source of water delivered to another system	NA	
Name of system water received from:	NA	
ADWR PCC Number:	NA	
Source of water received	NA	
Well registry 55# (55-XXXXXX):	NA	

Month	Water withdrawn (gallons) ¹	Water sold (gallons) ²	Water delivered (sold) to other systems (gallons) ³	Water received (purchased) from other systems (gallons) ⁴	Estimated authorized use (gallons) ⁵	Purchased Power Expense ⁶	Purchased Power (kWh) ⁷
January	66,872,368.000	63,791,252.000	0.000	0.000	84,000.000	\$32,100	244,020
February	62,480,753.000	57,772,889.000	0.000	0.000	111,000.000	30,678	240,026
March	75,466,493.000	59,388,132.000	0.000	0.000	42,000.000	34,568	254,581
April	83,409,098.000	72,613,395.000	0.000	0.000	67,000.000	41,047	278,466
May	100,565,273.000	83,229,197.000	0.000	0.000	70,000.000	49,388	336,765
June	98,416,240.000	83,229,197.000	0.000	0.000	28,800.000	55,326	388,347
July	84,667,184.000	89,110,464.000	0.000	0.000	68,000.000	52,667	346,374
August	78,356,902.000	74,506,971.000	0.000	0.000	37,500.000	50,701	315,835
September	80,927,594.000	75,577,213.000	0.000	0.000	102,000.000	25,674	300,816
October	72,340,490.000	76,142,222.000	0.000	0.000	52,000.000	51,006	294,245
November	70,226,631.000	65,656,575.000	0.000	0.000	52,000.000	45,695	273,412
December	66,263,772.000	63,904,017.000	0.000	0.000	53,000.000	8,213	250,584
Totals	939,992,798.000	864,921,524.000	0.000	0.000	767,300.000	\$477,062	3,523,471

If applicable, in the space below please provide a description for all un-metered water use along with amounts:
 NA

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

1 Water withdrawn - Total gallons of water withdrawn from pumped sources.
 2 Water sold - Total gallons from customer meters, and other sales such as construction water.
 3 Water delivered (sold) to other systems - Total gallons of water delivered to other systems.
 4 Water received (purchased) from other systems - Total gallons of water purchased/received from other systems.
 5 Estimated authorized use - Total estimated gallons from authorized metered or unmetered use. Authorized uses such as flushing (mains, services and hydrants) draining/cleaning tanks, process, construction, fire fighting, etc. Non-authorized use (real losses) are service line breaks and leaks, water main breaks, meter inaccuracies and theft.
 6 Enter the total purchased power costs for the power meters associated with this system.
 7 Enter the total purchased kWh used by the power meters associated with this system.

Water Utility Plant Description

Name of the System:	SULGER WATER COMPANY 2		
ADEQ Public Water System Number:	AZ0402120		
ADWR PCC Number:	91-000076.0000		

MAINS		
Sizes (inches)	Material	Length (feet)
2.00	PVC	1,870
3.00	PVC	650
4.00	PVC	7,444
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA
NA	NA	NA

CUSTOMER METERS			
Size (inches)	Quantity	Percent over 1,00,000 gallons	Percent over 10 years old
5/8 X 3/4	25	0%	0%
0.75	0	NA	NA
1	1	0%	0%
1.5	0	NA	NA
Compound 2	NA	0%	0%
Turbine 2	0	NA	NA
Compound 3	0	NA	NA
Turbine 3	0	NA	NA
Compound 4	0	NA	NA
Turbine 5	0	NA	NA
Compound 6	0	NA	NA
Turbine 6	0	NA	NA
6+	0	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA

SERVICE LINES			
Material	Percent of system	Year installed	
Black poly	NA	NA	NA
Galvanized steel	NA	NA	NA
PVC	100%	1997	
NA	NA	NA	NA
NA	NA	NA	NA

BOOSTER PUMPS			
Horsepower	GPM	Quantity	
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA

FIRE HYDRANTS	
Type	Quantity
Standard *	0
Other	0

STORAGE TANKS			
Capacity (gallons)	Material	Quantity	Year installed
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA

PRESSURE/BLADDER TANKS			
Capacity (gallons)	Material	Quantity	Year installed
100	Steel	3	2017
5,000	Steel	1	2007
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA
NA	NA	NA	NA

* A standard fire hydrant has two 2.5 inch hose connection nozzles with 7.5 threads per inch, and one 4.5 inch pumper connection nozzle with 4 threads per inch.

Water Utility Plant Description (Continued)
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For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:	2 Chlorine Bleach Dosage Pumps
-----------------------------	--------------------------------

STRUCTURES:	both well sites have brand new chain linked fence and have a 10 by 10 shed
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OTHER:	None.
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Provide a calculation used to determine the value of one water equivalent residential connection (ERC).

Use one of the following methods:

- (a) If actual flow data are available from the preceding 12 months, divide the total annual single family residence (SFR) gallons sold by the average number of single family residence customers for the same period and divide the result by 365 days.
- (b) If no historical flow data are available, use:
 $ERC = (\text{Total SFR gallons sold (Omit 000)} / 365 \text{ days} / 350 \text{ gallons per day})$

ERC	224
Method used:	(a)

Well and Water Usage

Name of the System: SULGER WATER COMPANY 2											
ADEQ Public Water System Number: AZ0402120											
ADWR PCC Number: 91-000076.0000											
Well registry 55# (55-XXXXXX):	Pump Horsepower	Pump Yield (gpm)	Casing Depth (feet)	Casing Diameter (inches)	Pump Motor Type **	Year Drilled	Water level 2010	Water level 2020	Meter Size (inches)	How measured:	Active
55-809117	5	30	300	8	Submersible	1979	n/a	n/a	2	Metered	Yes
55-809118	5	30	300	8	Submersible	1979	n/a	n/a	2	Metered	Yes
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Name of system water delivered to:	SULGER WATER COMPANY 2
ADWR PCC Number:	91-000076.0000
Source of water delivered to another system	NA

Name of system water received from:	NA
ADWR PCC Number:	NA
Source of water received	NA
Well registry 55# (55-XXXXXX):	NA

Month	Water withdrawn (gallons) ¹	Water sold (gallons) ²	Water delivered (sold) to other systems (gallons) ³	Water received (purchased) from other systems (gallons) ⁴	Estimated authorized use (gallons) ⁵	Purchased Power Expense ⁶	Purchased Power (kWh) ⁷
January	134,310.00	131,152.00	0.00	0.00	50.00	\$129	475
February	149,617.00	111,788.00	0.00	0.00	50.00	126	448
March	166,772.00	129,452.00	0.00	0.00	50.00	138	519
April	212,705.00	142,809.00	0.00	0.00	50.00	143	545
May	246,644.00	214,517.00	0.00	0.00	50.00	163	707
June	236,433.00	223,871.00	0.00	0.00	50.00	189	825
July	201,939.00	223,150.00	0.00	0.00	50.00	180	788
August	148,398.00	189,020.00	0.00	0.00	50.00	173	675
September	174,393.00	126,207.00	0.00	0.00	50.00	152	489
October	175,649.00	182,721.00	0.00	0.00	50.00	164	596
November	160,969.00	149,452.00	0.00	0.00	50.00	168	593
December	156,685.00	138,319.00	0.00	0.00	50.00	162	542
Totals	2,164,514.00	1,962,458.00	0.00	0.00	600.00	\$1,888	7,202

If applicable, in the space below please provide a description for all un-metered water use along with amounts:
 NA

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

¹ Water withdrawn - Total gallons of water withdrawn from pumped sources.
² Water sold - Total gallons from customer meters, and other sales such as construction water.
³ Water delivered (sold) to other systems - Total gallons of water delivered to other systems.
⁴ Water received (purchased) from other systems - Total gallons of water purchased/received from other systems.
⁵ Estimated authorized use - Total estimated gallons from authorized metered or unmetered use. Authorized uses such as flushing (mains, services and hydrants) draining/cleaning tanks, process, construction, fire fighting, etc. Non-authorized use (real losses) are service line breaks and leaks, water main breaks, meter inaccuracies and theft.
⁶ Enter the total purchased power costs for the power meters associated with this system.
⁷ Enter the total purchased kWh used by the power meters associated with this system.

ATTACHMENT 2

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Applies to all service areas
PART ONE
STATEMENT OF CHARGES

I. RATES

In Decision No. XXXXX, dated XXXXX, the Commission authorized the following rates and charges to become effective XXXXX:

A. Monthly Minimum Charge

<u>Meter Size (All Classes)</u>	<u>Charge¹</u>
5/8" x 3/4" Meter	\$ 20.77
3/4" Meter	31.16
1" Meter	51.93
1 1/2" Meter	103.85
2" Meter	166.16
3" Meter	332.32
4" Meter	519.25
6" Meter	1,038.50
8" Meter	1,661.60
10" Meter	2,388.55
12" Meter	4,465.55
Fire Lines up to 8 inch (R14-2-408.B)	Per Rule*
Fire Lines 10 inch (R14-2-408.B)	Per Rule*
Fire Lines 12 inch (R14-2-408.B)	Per Rule*

* Note 1: 2% of the equivalent monthly meter size or \$10 whichever is greater for all meter sizes.

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

Issued: [DATE]

Effective: [DATE]

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

Applies to all service areas
PART ONE
STATEMENT OF CHARGES

B. Commodity Rates

The rate for use in addition to the minimum stated above shall be at the following rates per 1,000 gallons:

<u>Meter Size</u>	<u>Consumption</u>	<u>Charge²</u>
5/8" x 3/4" Meter – All Classes (Except Standpipe)	0 to 4,000 gallons	\$2.59
	4,001 to 10,000 gallons	4.00
	Over 10,000 gallons	5.06
3/4" Meter – All Classes (Except Standpipe)	0 to 4,000 gallons	2.59
	4,001 to 10,000 gallons	4.00
	Over 10,000 gallons	5.06
1" Meter – All Classes (except standpipe)	0 to 25,000 gallons	4.00
	Over 25,000 gallons	5.06
1 1/2" Meter – All Classes (except standpipe)	0 to 50,000 gallons	4.00
	Over 50,000 gallons	5.06
2" Meter – All Classes (except standpipe)	0 to 80,000 gallons	4.00
	Over 80,000 gallons	5.06
3" Meter – All Classes (except standpipe)	0 to 160,000 gallons	4.00
	Over 160,000 gallons	5.06

² Customer Assistance Tariff ("CAT") – A 15% discount is available on monthly minimum and commodity charges to qualified residential customers meeting the CAT qualifications.

Applies to all service areas
PART ONE
STATEMENT OF CHARGES

<u>Meter Size</u>	<u>Consumption</u>	<u>Charge</u>
4" Meter – All Classes (except standpipe)	0 to 250,000 gallons	\$4.00
	Over 250,000 gallons	5.06
6" Meter – All Classes (except standpipe)	0 to 500,000 gallons	4.00
	Over 500,000 gallons	5.06
8" Meter – All Classes (except standpipe)	0 to 800,000 gallons	4.00
	Over 800,000 gallons	5.06
10" Meter – All Classes (except standpipe)	0 to 1,150,000 gallons	4.00
	Over 1,150,000 gallons	5.06
12" Meter – All Classes (except standpipe)	0 to 2,150,000 gallons	4.00
	Over 2,150.000 gallons	5.06
Standpipe (hydrant, bulk)	All Gallons	5.06

Issued: [DATE]

Effective: [DATE]

ISSUED BY:
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Applies to all **WATER** service areas
PART ONE
STATEMENT OF CHARGES

C. Service Line and Meter Installation Charges

(Refundable Pursuant to A.A.C. R14-2-405)

<u>Meter Size</u>	<u>Line</u>	<u>Meter</u>	<u>Total</u>
5/8 x 3/4" Meter	At Cost	At Cost	At Cost
3/4" Meter	At Cost	At Cost	At Cost
1" Meter	At Cost	At Cost	At Cost
1 1/2" Meter	At Cost	At Cost	At Cost
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
8" Turbine Meter	At Cost	At Cost	At Cost
8" Compound Meter	At Cost	At Cost	At Cost
10" Turbine Meter	At Cost	At Cost	At Cost
12" Compound Meter	At Cost	At Cost	At Cost
12" Turbine Meter	At Cost	At Cost	At Cost
10" Compound Meter	At Cost	At Cost	At Cost

Issued: [DATE]

Effective: [DATE]

ISSUED BY:
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Applies to all service areas
PART ONE
STATEMENT OF CHARGES

D. Miscellaneous Service Charges

<u>Service</u>	<u>Charge</u>
Establishment per A.A.C. R14-2-403(D)	\$30.00
Re-Establishment of Service per A.A.C. R14-2-403(D)	(*)
Reconnection per A.A.C. R14-2-403(D)	(a)
Meter Test (if correct) per A.A.C. R14-2-408(F)	\$30.00
Meter Re-Read (if correct) per A.A.C. R14-2-408(C)	\$30.00
NSF Check per A.A.C. R14-2-409(F)	\$20.00
Deferred Payment, Per Month	1.50%
Late Charge	(***)
Service Calls After Hours	\$90.00(b)
Deposit	(**)
Deposit Interest per A.A.C. R14-2-403(B)	6.00%
Moving Customer Meter (at customer request)	At Cost
Off-Site Facilities Hook Up Fees	Per Hook Up Fee

* Months off system times the monthly minimum charge per Commission Rule A.A.C. R142-603(D).

** Residential - two times the average bill.
 Non-residential - two and one-half times the average bill.
 Per Commission Rule A.A.C. R14-2-603(B).

*** Greater of \$5.00 or 1.50% per month on unpaid balance.

(a) Customer shall pay the actual cost of physical disconnection and Establishment Fee (if same customer) and there shall be no charge for disconnection if no physical work is performed.

(b) The After-Hours Service Charge shall apply to any service requested by Customer that is performed by Company after regular business hours and shall be in addition to the regular business hours service charge.

Issued: [DATE]

Effective: [DATE]

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Applies to all service areas
PART ONE
STATEMENT OF CHARGES

II. TAXES AND ASSESSMENTS

In addition to the collection of regular rates, the Company will collect from its customers a proportionate share of any privilege, sales, and use tax per A.A.C. R14-2-409(D)(5).

All Advances or Contributions are to include labor, materials, overheads, and all applicable taxes, including all gross-up taxes for income taxes. Cost to include labor, materials and parts, overheads, and all applicable taxes.

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

Issued: [DATE]

Effective: [DATE]

ISSUED BY:
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Decision No. XXXX

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

I. PERMITTED COSTS

- A. Costs shall be verified by invoice.
- B. For services that are provided by the Company at cost, costs shall include labor, materials, other charges incurred, and overhead not to exceed 10%. However, prior to any such service being provided, the estimated cost of such service will be provided by the Company to the customer. After review of the cost estimate, the customer will pay the amount of the estimated cost to the Company.
- C. In the event that the actual cost is less than the estimated cost, the Company will refund the excess to the customer within 30 days after completion of the provision of the service or after Company's receipt of invoices, timesheets or other related documents, whichever is later.
- D. In the event the actual cost is more than the estimated cost, the Company will bill the customer for the amount due within 30 days after completion of the provision of the service or after the Company's receipt of invoices, timesheets or other related documents, whichever is later. The amount so billed will be due and payable 30 days after the invoice date. However, if the actual cost is more than five percent (5%) greater than the total amount paid, the customer will only be required to pay five percent (5%) more than the total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the total amount paid was made.
- E. At the customer's request, the Company shall make available to the customer all invoices, timesheets or related documents that support the cost for providing such service.
- F. Permitted costs shall include any Federal, State or local taxes that are or may be payable by the Company as a result of any tariff or contract for water facilities under which the Customer advances or contributes funds or facilities to the Company.

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

II. INTERRUPTIBLE SERVICE; COMPANY'S LIABILITY LIMITATIONS

The Company will supply only such water at such pressures as may be available from time to time as a result of the normal operation of its water system. The Company will maintain a minimum water pressure of 20 p.s.i. and will not guarantee a specific gallons per minute flow rate at any public fire hydrants or fire sprinkler service. In the event service is interrupted, irregular or defective, or fails from causes beyond the Company's control or through ordinary negligence of its employees or agents, the Company will not be liable for any injuries or damages arising therefrom.

III. RULES AND REGULATIONS

The Company has adopted the Rules and Regulations established by the Commission as the basis for its operating procedures. A.A.C. R14-2-401 through A.A.C. R14-2-411 will be controlling of Company procedures, unless specific Commission Order(s) provide otherwise.

Applies to all service areas
PART THREE
EMERGENCY WATER AUGMENTATION SURCHARGE TARIFF AND PLAN OF
ADMINISTRATION

I. Purpose and Applicability

PURPOSE:

The purpose of this tariff is to authorize Liberty Utilities (Bella Vista Water) Corp. (the "Company") to make monthly adjustments to its rates and charges for water service in order to recover cost incurred for water purchases and hauling ("Water Augmentation Costs") in the event that Liberty Utilities (Bearsley Water) Corp. experiences an emergency water shortage. The charges will be assessed based on usage as provided below.

Applicability:

This tariff is obtained during the processing of a permanent rate application. This tariff only applies in the event of an "emergency water shortage" as defined in Section II of the definitions below.

I. Definitions

Unless the context otherwise requires, the definitions set forth in R-14-2-401 of the Arizona Corporation Commission's ("Commission") rules and regulations governing water utilities shall apply in interpreting this tariff schedule.

"Affiliate," means any other entity directly or indirectly controlling or controlled by, or under direct or indirect common control with Liberty Utilities (Bella Vista Water) Corp. For purposes of this definition, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any entity means the power to direct the management policies of such entity, whether through ownership of voting securities, or by contract, or otherwise.

Applies to all service areas
PART THREE
**EMERGENCY WATER AUGMENTATION SURCHARGE TARIFF AND PLAN OF
 ADMINISTRATION**

"Curtailment Account Balance" means any monies collected under the current curtailment tariff.

"Emergency Water Augmentation Surcharge" means the surcharge calculated in accordance with Section IV below.

"Emergency Water Shortage., means a water shortage of a serious nature, developing suddenly or unexpectedly, that is out of the Company's control, and demanding immediate attention and has triggered at least Stage 3 of the companies approved Curtailment Plan.

"Surcharge Rate" means the rate per 1,000 gallons that is calculated in accordance with Section III below.

"Water Augmentation Cost" means the actual cost of water purchased and water hauling costs not already included in the utility's existing rates per the las approved rate case.

"Water Augmentation Quantity" means the actual quantity of augmented water (in thousands of gallons).

"Water Sold" means the actual quantity (in thousands of gallons) of water sold by the Company to its Customers during the month corresponding to the month in which water was purchased.

II. Surcharge Rate Calculation

The surcharge is calculated using data from the previous month's bill, for example, the water augmentation surcharge that is applied on a customer's bill is calculated using the June water augmentation costs and the June total gallons sold. See Figure A for an example of the calculation.

Figure A

For each month that the Company augments water, the Company will calculate the Surcharge Rate per the following formula:

$$\text{Water Augmentation Cost/Water Sold}$$

Example

This example illustrates how the water augmentation surcharge that is included on a customer's bill would be calculated using 2,000 gallons of usage.

[A]	[B]	[C]	[D]
Total June Water & Hauling Costs	June Ending Curtailment Account Balance	Total Gallons Sold in June in 1,000s	Emergency Water Augmentation Surcharge per 1,000 gallons
\$3,000	\$100	494	\$6.28
[E]	[F]	[G]	
Customer's Current Usage Gallons in 1,000s	Emergency Water Augmentation Surcharge (from Col.D)	Total Emergency Water Augmentation Surcharge on Current Bill	
2	\$6.28	\$12.55	

II. Plan of Administration

(A) Intent To Bill Emergency Water Augmentation Surcharge: For any month in which water is augmented, after completing its billing for the month and receiving the billing for the month, the Company will calculate the Surcharge Rate using the same methodology discussed herein and shown on Figure A and provide Utilities Division of the Arizona Corporation Commission ("Commission Staff") notice of the Company's intent to bill the Emergency Water Augmentation Surcharge.

(B) Notice to Commission Staff: For any month in which the Company intends to bill customers an Emergency Water Augmentation Surcharge, the Company shall provide Commission Staff notice of the Company's intent to bill the Emergency Water Augmentation Surcharge. The notice to Commission Staff shall include the following:

1. The Water Augmentation Cost.
2. The Water Augmentation Quantity.
3. A copy of the bill(s) received for the Water Augmentation.
4. A description of the system problem necessitating Water Augmentation and a description of the action being taken by the Company to resolve the problem including the date operations did or are expected to return to normal.
5. The dates for beginning and ending Water Augmentation.

Applies to all service areas
PART THREE
EMERGENCY WATER AUGMENTATION SURCHARGE TARIFF AND PLAN OF
ADMINISTRATION

6. A schedule showing the calculation of the Emergency Water Augmentation Surcharge Rate in excel format with formulas intact.
7. Identification of the hauling(s) available. If only one option was available, please state that there was only one option.
8. Whether or not the hauling entity was an affiliate.

(C) Implementation of Emergency Water Augmentation Surcharge: Commission Staff will review the Notice. If the filing is acceptable to Commission Staff, the resulting Surcharge will be charged to Liberty Utilities (Bella Vista Water) Corp. customers as a Emergency Water Augmentation Surcharge to be included on customers monthly bill as a separate line item.

The Emergency Water Augmentation Surcharge shall be presented as a separate line item on the customer billing.

(D) Documentation to Be Maintained: The Company shall maintain documentation for all costs, billing determinants, and revenues recoveries.

(E) Customer Notice: The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff but no later than sixty (60) days after the effective date of the tariff in a form acceptable to Staff

Applies to all service areas
PART FOUR
CROSS-CONNECTION OR BACKFLOW TARIFF

I. PURPOSE:

The purpose of this tariff is to protect Liberty Utilities (Bella Vista Water) Corp. (the “Company”) water from the possibility of contamination caused by backflow of contaminants that may be present on the customer’s premises by requiring the installation and periodic testing of backflow-prevention assemblies pursuant to the provisions of the Arizona Administrative Code (“A.A.C.”) R14-2-405.B.6. and A.A.C. R18-4-215.

II. REQUIREMENTS:

In compliance with the Rules and Regulations of the Arizona Corporation Commission (“Commission”) and the Arizona Department of Environmental Quality (“ADEQ”), specifically A.A.C. R14-2-405.B.6 and A.A.C. R18-4-215 relating to backflow prevention:

1. The Company may require a customer to pay for and have installed, and to maintain, test and repair a backflow-prevention assembly if A.A.C. R18-4-215.B or C applies.
2. A backflow-prevention assembly required to be installed by the customer under Paragraph 1 of this tariff shall comply with the requirements set forth in A.A.C. R18-4-215.D and E.
3. Subject to the provisions of A.A.C. R14-2-407 and 410, and in accordance with Paragraphs 1 and 7 of this tariff, the Company may terminate service or deny service to a customer who fails to install a backflow-prevention assembly as required by this tariff.
4. The Company shall give any existing customer who is required to install a backflow-prevention assembly written notice of said requirement. If A.A.C. R14-2-410.B.1.a is **not** applicable, the customer shall be given thirty (30) days from the time such written notice is received in which to comply with this notice. If the customer can show good cause as to why he cannot install the backflow-prevention assembly within thirty (30) days, the Company or Commission Staff may suspend this requirement for a reasonable period of time.
5. Testing shall be in conformance with the requirements of A.A.C. R18-4-215.F. The Company may require the customer to pay to have the backflow-prevention assembly tested as long as the Company does not require an unreasonable number of tests. The Company may also require the customer to pay for repairs to a backflow-prevention assembly

Applies to all service areas

PART FOUR

CROSS-CONNECTION OR BACKFLOW TARIFF

6. The customer shall provide the Company with records of installation and testing. For each backflow-prevention assembly, these records shall include:
 - a. assembly identification number and description;
 - b. location;
 - c. date(s) of test(s);
 - d. description of repairs and recommendations for repairs made by tester;
 - e. tester's name and certificate number; and
 - f. tester's field test kit certification documentation.

7. In the event the backflow-prevention assembly does not function properly or fails any test, and an obvious hazard as contemplated under A.A.C. R14-2-410.B.1.a. exists, the Company may terminate service immediately and without notice. The backflow-prevention assembly shall be repaired or replaced by the customer and retested.

8. In the event the backflow-prevention assembly does not function properly or fails any test, or in the event that a customer fails to comply with the testing requirement, and A.A.C. R14-2-410.B.1.a. is **not** applicable, the backflow-prevention assembly shall be repaired or replaced within fourteen (14) days of the initial discovery of the deficiency in the assembly or its function. Failure to remedy the deficiency of dysfunction of the assembly, or failure to retest, shall be grounds for termination of water service in accordance with A.A.C. R14-2-410.

Issued: [DATE]

Effective: [DATE]

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

Applies to all service areas

**PART FIVE
CURTAILMENT PLAN**

ADEQ Public Water System:

Bella Vista City

ADEQ Public Water System Number: 02-010

Bella Vista South

ADEQ Public Water System Number: 02-007

Northern Sunrise (Coronado/Sierra Sunset)

ADEQ Public Water System Number: 02-013

Northern Sunrise (Mustang/Crystal)

ADEQ Public Water System Number: 02-054

Southern Sunrise (Cochise)

ADEQ Public Water System Number: 02-011

Southern Sunrise (Miracle Valley)

ADEQ Public Water System Number: 02-023

Sulger Water Company

ADEQ Public Water System Number 02-120

Liberty Utilities (Bella Vista Water) Corp. (“Company”) is authorized to curtail water service to all customers within its certified area under the terms and conditions listed in this tariff.

This curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of the tariff.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

Stage 1 Exists When:

Company is able to maintain water storage in the systems at 100 percent of capacity and there are no known problems with its well production or water storage in the system.

Restrictions: Under Stage 1, the Company is deemed to be operating normally and no curtailment is necessary but conservation efforts are encouraged as a best management practice¹.

Notice Requirements: Under Stage 1, no notice is necessary.

Issued: [DATE]

Effective: [DATE]

ISSUED BY:
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14920 W Camelback Rd
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Applies to all service areas
PART FIVE
CURTAILMENT PLAN

Stage 2 Exists When:

- a. Company's water storage or well production has been less than 80 percent of capacity for at least 48 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 2, the Company may request the customers to voluntarily employ water conservation measures to reduce water consumption by approximately 50 percent. The below conservation measures are encouraged to reduce water consumption:

- Divide outside watering on uniform basis such as:

Address Ends In	1, 2, 4, 7, 0	3, 5, 6, 8, or 9
Watering Days	Monday and Wednesday	Tuesday and Thursday

- Outdoor watering should be limited between the following times:

Seasonal Period	Watering Prohibited
April – September	6:00 a.m. – 7:00 p.m.
October - March	8:00 a.m. – 7:00 p.m.

- Eliminate outside watering on weekends and holidays
- Eliminate runoff from outdoor irrigation
- Use a shut-off hose nozzle if using hose to irrigate landscape or wash vehicles
- Eliminate washing of hard surfaces outdoors except washing to alleviate health or fire hazards
- Construction water blackout period between the hours of 5:00 am and 9:00 am, Monday through Sunday implemented
- Fix indoor and outdoor leaks
- Indoor water conservation techniques should be employed whenever possible

Notice Requirements: Company is required to notify customers by delivering written notice to each service address or by utilizing the Company's emergency messaging system which includes email, text, and phone call, or by posting on Company's website, or at the Company's option a combination of these notifications. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.

The Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 2.

Applies to all service areas
PART FIVE
CURTAILMENT PLAN

Stage 3 Exists When:

- a. Company's total water storage or well production has been less than 50 percent of capacity for at least 24 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 3, the Company shall inform the customers of a **mandatory** restriction to employ water conservation measures to reduce daily consumption. All restrictions from Stage 2 shall be employed in addition to the below conservation measures:

- All outside watering eliminated, except livestock
- Draining and refilling water features is prohibited
- The filling of any swimming pool, spas, fountains or ornamental pools is prohibited
- Washing of any vehicle is prohibited, including commercial car washes and commercial truck washes.
- Water runoff is prohibited
- The use of drip or misting systems of any kind is prohibited
- The use of water for dust control or any outdoor cleaning uses is prohibited
- The use of construction water is prohibited

The following priority of use for delivery of water is set forth: (1) All existing regularly metered residential customers; (2) All regularly metered commercial customers that are classified as healthcare; (3) All regularly metered commercial customers; (3) All uses of water, other than fire hydrant use for new construction; (4) Fire hydrant use for landscape irrigation or lakes; (5) All other construction fire hydrant use, metered or unmetered.

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address or by utilizing the Company's emergency messaging system which includes email, text, and phone call, or by posting on Company's website, or at the Company's option a combination of these notifications. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Beginning with Stage 3, the Company shall post at least two (2) signs showing the curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.

Applies to all service areas
PART FIVE
CURTAILMENT PLAN

3. The Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 3.

Once Stage 3 has been reached, the Company must begin to augment the supply of water by either hauling or through an emergency interconnect with an approved water supply in an attempt to maintain the curtailment at a level no higher than Stage 3 until a permanent solution has been implemented.

Customers who fail to comply with the above restrictions will be given a written notice to end all outdoor uses. Failure to comply within twenty-four (24) hours of receipt of the notice may result in temporary loss of service through the installation and use of a flow restrictor device or other means until an agreement can be made to end unauthorized use of outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees. If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

Stage 4 Exists When:

- a. Company's total water storage or well production has been less than 25 percent of capacity for at least 12 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 4, Company shall inform the customers of a **mandatory** restriction to employ water conservation measures to reduce daily consumption. Failure to comply will result in temporary customer disconnection. All restrictions from Stage 2 and Stage 3 shall be employed in addition to the following uses of water being prohibited:

- Restaurant patrons shall be served water only upon request
- All leaks, breaks, or other malfunctions in the customer's plumbing fixtures and/or irrigation system must be repaired within five (5) business days of written notification by the utility.
- Any other water intensive activity is prohibited
- The addition of new service lines and meter installations is prohibited.

The following priority of use for delivery of water is set forth: (1) All existing regularly metered residential customers; (2) All regularly metered commercial customers; (3) All uses of water, other than fire hydrant use for new construction; (4) Fire hydrant use for landscape irrigation or lakes; (5) All other construction fire hydrant use, metered or unmetered.

Applies to all service areas
PART FIVE
CURTAILMENT PLAN

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address or by utilizing the Company's emergency messaging system which includes email, text, and phone call, or by posting on Company's website, or at the Company's option a combination of these notifications. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Company shall post at least two (2) signs showing curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 4.

Once Stage 4 has been reached, the Company must augment the supply of water by hauling or through an emergency interconnect from an approved supply or must otherwise provide emergency drinking water for its customers until a permanent solution has been implemented.

Customers who fail to comply with the above restrictions will be given a written notice to end all outdoor uses. Failure to comply within twenty-four (24) hours of receipt of the notice may result in temporary loss of service through the installation and use of a flow restrictor device or other means until an agreement can be made to end unauthorized use of outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees. If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

Issued: [DATE]

Effective: [DATE]

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

Applies to all **WATER** service areas
PART SIX
HOOK UP FEES

LIBERTY UTILITIES (BELLA VISTA WATER) CORP.
WATER HOOK-UP FEE TARIFF

I. Purpose and Applicability

The purpose of the off-site hook-up fees payable to Liberty Utilities (Bella Vista Water) Corp. (“Company”) pursuant to this tariff is to equitably apportion the costs of constructing additional off-site facilities necessary to provide water production, delivery, storage and pressure among all new service connections. These charges are applicable to all new service connections undertaken via Main Extension Agreements, or requests for service not requiring a Main Extension Agreement entered into after the effective date of this tariff. The charges are one-time charges and are payable as a condition to Company’s establishment of service, as more particularly provided below.

II. Definitions

Unless the context otherwise requires, the definitions set forth in R-14-2-401 of the Arizona Corporation Commission’s (“Commission”) rules and regulations governing water utilities shall apply in interpreting this tariff schedule.

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

“Company” means Liberty Utilities (Bella Vista Water) Corp.

“Main Extension Agreement” means any agreement whereby an Applicant, Developer and/or Builder agrees to advance the costs of the installation of water facilities necessary to serve new service connections within a development, or installs such water facilities necessary to serve new service connections and transfers ownership of such water facilities to the Company, which agreement shall require the approval of the Commission pursuant to A.A.C. R-14-2-406, and shall have the same meaning as “Water Facilities Agreement” or “Line Extension Agreement.”

“Off-site Facilities” means wells, storage tanks and related appurtenances necessary for proper operation, including engineering and design costs. Offsite facilities may also include booster pumps, pressure tanks, transmission mains and related appurtenances necessary for proper operation if these facilities are not for the exclusive use of the applicant and will benefit the entire water system.

“Service Connection” means and includes all service connections for single-family residential, commercial, industrial or other uses, regardless of meter size.

Applies to all **WATER** service areas
PART SIX
HOOK UP FEES

III. Water Hook-up Fee

For each new service connection, the Company shall collect an Off-Site Hook-Up Fee derived from the following table:

OFF-SITE WATER HOOK-UP FEE TABLE		
<u>Meter Size</u>	<u>Size Factor</u>	<u>Total Fee</u>
5/8" x 3/4"	1	\$1,600
3/4"	1.5	\$2,400
1"	2.5	\$4,000
1-1/2"	5	\$8,000
2"	8	\$12,800
3"	16	\$25,600
4"	25	\$40,000
6" or larger	50	\$80,000

IV. Terms and Conditions

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

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

Applies to all **WATER** service areas
PART SIX
HOOK UP FEES

(C) Time of Payment:

- 1) For those requiring a Main Extension Agreement: In the event that the person or entity that will be constructing improvements (“Applicant”, “Developer” or “Builder”) is otherwise required to enter into a Main Extension Agreement, whereby the Applicant, Developer or Builder agrees to advance the costs of installing mains, valves, fittings, hydrants and other on-site improvements in order to extend service in accordance with R-14-2-406(B), payment of the Hook-Up Fees required hereunder shall be made by the Applicant, Developer or Builder no later than within 15 calendar days after receipt of notification from the Company that the Utilities Division of the Arizona Corporation Commission has approved the Main Extension Agreement in accordance with R-14-2-406(M), or as otherwise mutually agreement between Applicant and Company.
- 2) For those connecting to an existing main: In the event that the Applicant, Developer or Builder for service is not required to enter into a Main Extension Agreement, the Hook-Up Fee charges hereunder shall be due and payable at the time the meter and service line installation fee is due and payable.

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

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

(F) Large Subdivision Projects: In the event that the Applicant, Developer or Builder is engaged in the development of a residential subdivision containing more than 150 lots, the Company may, in its discretion, agree to payment of off-site hook-up fees in installments. Such installments may be based on the residential subdivision development’s phasing, and should attempt to equitably apportion the payment of charges hereunder based on the Applicant’s, Developer’s or Builder’s construction schedule and water service requirements.

Applies to all **WATER** service areas

PART SIX
HOOK UP FEES

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

(H) Use of Off-Site Hook-Up Fees Received: All funds collected by the Company as off-site hook-up fees shall be deposited into a separate unaffiliated third-party interest bearing bank account and used for the purposes of paying for the costs of installation of off-site facilities, including repayment of loans obtained for the installation of off-site facilities that will benefit the entire water system. In addition, funds may be used to pay state and federal income taxes related to the hook-up fees.

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

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

(K) Fire Flow Requirements: In the event the applicant for service has fire flow requirements that require additional facilities beyond those facilities whose costs were included in the off-site hook-up fee, and which are contemplated to be constructed using the proceeds of the off-site hook-up Fee, the Company may require the applicant to install such additional facilities as are required to meet those additional fire flow requirements, as a non-refundable contribution, in addition to the off-site hook-up fee.

(L) Status Reporting Requirements to the Commission: The Company shall submit a calendar year Off-Site Hook-Up Fee status report each January to Docket Control for the prior twelve (12) month period, beginning January 2017, until the hook-up fee tariff is no longer in effect. This status report shall contain a list of all customers that have paid the hook-up fee tariff, the amount each has paid, the physical property in respect of which such fee was paid, the amount of money spent from the account, the amount of interest earned on the funds within the tariff account, and an itemization of all facilities that have been installed using the tariff funds during the 12 month period.

Applies to all service areas
PART SEVEN
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

Applicability

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

Programs

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

Territory

Within all customer service areas served by Liberty Utilities (Bella Vista Water) Corp. (“Liberty” or “Company”).

Rates

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

Program Qualifications

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

Applies to all service areas
PART SEVEN
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

Special Conditions

1. Application: An application on a form authorized by the Commission is required for each request for service under this schedule. A customer must reapply every year or sooner, if requested.
2. Commencement of Rate: Eligible customers whose applications have been approved shall be billed on this schedule commencing with the next regularly scheduled billing period that follows receipt of application by Liberty.
3. Verification: Information provided by the applicant is subject to verification by Liberty. Refusal or failure of a customer to provide documentation of eligibility acceptable to Liberty, upon request by Liberty, shall result in removal from this rate schedule.
4. Notice from Customer: It is the customer's responsibility to notify Liberty if there is a change of eligibility status.
5. Rebilling: Customers may be re-billed retroactively for periods of ineligibility under the applicable rate schedule.
6. Participation Limit: The CAT (for all three programs included) is limited to 2,400 customers of the Company. Applications will be reviewed and approved on a first come, first served basis. Applicants will be placed on a waiting list if the participation limit has been met.
7. Qualification: A customer that qualifies for more than one program will only receive benefits from one program per year. CAT benefits will not be combined or accumulated.

Applies to all service areas
PART SEVEN
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

LOW INCOME PROGRAM

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

Effective xxxx xx, xxxx

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

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

***Qualifying annual incomes are set at 150 percent of the 202X federal poverty levels.**

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

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

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

Issued: [DATE]

Effective: [DATE]

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

Applies to all service areas
PART SEVEN
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DEPLOYED SERVICES MEMBER PROGRAM

This program allows the Company to provide a 15% discount to deployed service members of the United States Military. The Company will provide the credit on the deployed service member's bill provided that the following criteria are met:

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

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

Administration

1. Participation shall be determined on a first come, first served basis.
2. Each service member's eligibility must be verified based on written orders from the service member's command.
3. Continued eligibility will be determined periodically through a recertification process.
4. The Company is permitted to seek Commission approval to change participant limits based on level of participation.
5. Qualifying annual incomes are set at 200 percent of the 202X federal poverty levels.

Applies to all service areas
PART SEVEN
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DEPLOYED SERVICES MEMBER PROGRAM

Effective xxxx xx, xxxx

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

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

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

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

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

Issued: [DATE]

Effective: [DATE]

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

Applies to all service areas
PART SEVEN
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DISABLED MILITARY VETERAN PROGRAM

This program allows the Company to provide a 15% discount to disabled military veterans of the United States Military. The Company will provide the credit on the disabled military veteran's bill provided that the following criteria are met:

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

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

Administration

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

Applies to all service areas
PART SEVEN
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DISABLED MILITARY VETERAN PROGRAM

Effective xxxx xx, xxxx

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

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

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

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

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

Issued: [DATE]

Effective: [DATE]

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

Applies to all service areas
PART SEVEN
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

RECOVERY OF COST OF CUSTOMER ASSISTANCE TARIFF AND CUSTOMER
SURCHARGES

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

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

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

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

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

Applies to all service areas
PART EIGHT
PLAN OF ADMINISTRATION FOR
PURCHASED POWER ADJUSTMENT MECHANISM

I. GENERAL DESCRIPTION.

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

II. PPAM RELATED FILINGS.

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

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

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

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

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

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

Applies to all service areas
PART EIGHT
PLAN OF ADMINISTRATION FOR
PURCHASED POWER ADJUSTMENT MECHANISM

III. APPLICATION TO WATER CUSTOMERS.

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

B. See the following example:

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

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

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

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

I. GENERAL DESCRIPTION.

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

II. PTAM RELATED FILINGS.

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

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

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

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

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

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

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

III. APPLICATION TO WATER CUSTOMERS.

C. The increase or decrease in property tax expenses that are due to changes in the assessment ratio and/or property tax rates at the Company's WATER facilities will be allocated on a per capita basis.

D. See the examples on the next page:

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

Change in Assessment Ratio Example

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

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

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

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

Change in Total Property Tax Rate Example

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

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

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

Applies to all service areas
PART TEN
PLAN OF ADMINISTRATION FOR
WATER TREATMENT RATE ADJUSTOR MECHANISM

I. GENERAL DESCRIPTION.

This document is the Plan of Administration (“POA”) for Liberty (Bella Vista Water) Corp. (“Liberty” or “Company”). Water Treatment Rate Adjustor Mechanism (“WTRAM”). This Adjustor Mechanism is designed to recover the incremental revenue requirement associated with the treatment of federally regulated contaminants. The Water Treatment Program is designed to facilitate certain critical infrastructure investments that are needed to achieve compliance with statutory requirements related to maximum contaminant levels (MCL) of regulated contaminants in Liberty Utilities’ water and wastewater systems. This Adjustor Mechanism aids the timely recovery of the revenue requirement associated with Capital Expenditures plus the incremental operating and maintenance costs related to such Capital Expenditures for infrastructure that: (i) are approved by the Arizona Corporation Commission (ACC or Commission); (ii) are completed and placed into service; (iii) are not yet included in rate base; and (iv) are necessary to achieve compliance with federal regulation.

II. WTRAM FILING TIMELINE.

A. Liberty Utilities shall file its yearly WTRAM Surcharge Request no later than March 31 each calendar year.

B. The March filing shall include all associated projects placed into service during the twelve-month period ended December 31 (inclusive) of the previous calendar year in compliance with the criteria listed above.

C. Staff shall file its Report and Proposed Order on the WTRAM Surcharge Request (filed by Liberty) with the Commission no later than May 31st in the same calendar year. Please refer to the table below.

D. Upon Staff’s approval, Liberty Utilities shall implement the surcharge on July 1 of the same calendar year of the filing.

See Schedule Filing Timeline on the next page:

Applies to all service areas
PART TEN
PLAN OF ADMINISTRATION FOR
WATER TREATMENT ADJUSTOR MECHANISM

<u>Due Date</u>	<u>Filing / Documents</u>	<u>Purpose</u>
03.31.2025	WTRAM Surcharge Calculation. Completed Contaminant Remission Project table for 2024 with supporting schedules, workpapers	WTRAM Surcharge Request: 2024 Completed Projects
05.31.2025	Staff Report and Proposed Order to be docketed with supporting schedules (Annual WTRAM Surcharge Filing)	WTRAM Surcharge for 2024 completed projects.
07.01.2025	WTRAM surcharge added to customer bills	Recovery of revenue requirement for WTRAM plant additions in 2024

III. Schedule of Completed Federally Regulated Contaminant Treatment Plant Projects, Incremental O&M Costs and Surcharge Request.

The WTRAM Surcharge shall be implemented when the EPA has established acceptable limits (MCLs) on regulated constituents. The Schedule of Completed Projects will contain the following:

- A. Completed Project Information Projects).**
1. Location and description of plant asset placed in service.
 2. In service date
 3. A summary of compliance issues each project will mitigate.
- B. Cost Recovery (WTRAM Surcharge Request).** The WTRAM Surcharge Request shall include Liberty Utilities' request to set / reset the WTRAM Surcharge to recover the revenue requirement associated with the Capital Expenditures used for infrastructure to achieve statutorily mandated compliance with MCLs of federally regulated contaminants. The request shall also include related incremental O&M costs. The WTRAM Surcharge Request shall include the following information, as applicable, regarding the costs Liberty Utilities proposes to recover through the WTRAM Surcharge:
1. Evidence in support of the recorded costs for each project undertaken during the preceding calendar year. This information shall include the following, as applicable:
 - i. The actual cost of each project including separately identifying material costs, contractor costs, internal labor costs, and other material costs of the projects, including, without limitation, permitting, studies or other governmental mandates necessary to remove contaminants
 - ii. In-service date
 2. Retirement date, dollar amount of plant retired, and cost of removal.
 3. A schedule of related incremental O&M costs.

Issued: [DATE]

Effective: [DATE]

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

Applies to all service areas
PART TEN
PLAN OF ADMINISTRATION FOR
WATER TREATMENT ADJUSTOR MECHANISM

- C. Calculation of the WTRAM Surcharge. The WTRAM Surcharge shall be calculated in accordance with the Exhibits to this POA. The Commission-approved Rate of Return shall be used for the purpose of this calculation.
- D. Staff will file a Staff Report and Proposed Order regarding the WTRAM Surcharge Request no later than May 31st of each year.
- E. Reconciliation and True-up Adjustment:
 - 1. The True-up Adjustment shall be calculated in accordance with the exhibits to the POA.
 - 2. For each 12-month period that a WTRAM Surcharge is in effect, the Company shall reconcile the amounts collected by the WTRAM Surcharge with the WTRAM authorized revenue, for that 12-month period. The difference between WTRAM authorized revenue and the amount collected through the WTRAM Surcharge is the True-Up Adjustment, and this amount shall be incorporated into the next WTRAM Surcharge.

ATTACHMENT 3

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Applies to all service areas
PART ONE
STATEMENT OF CHARGES

I. RATES

In Decision No. XXXXX, dated XXXXX, the Commission authorized the following rates and charges to become effective XXXXX:

A. Monthly Minimum Charge

<u>Meter Size (All Classes)</u>	<u>Charge^{1,2}</u>
5/8 x 3/4" Meter	\$ 24.25
3/4" Meter	36.38
1" Meter	60.63
1 1/2" Meter	121.25
2" Meter	194.00
3" Meter	388.00
4" Meter	606.25
6" Meter	1,212.50
8" Meter	1,940.00
10" Meter	2,788.75
12" Meter	5,213.75
Morningstar Ranch Community Association – 6 inch	826.00
<u>Fire Service Lines</u>	<u>Charge</u>
All Meter Sizes	Per Rule*

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

² A 5% discount is applicable to the public schools operated by the Santa Cruz County School District No. 35 receiving water and/or wastewater utility services from the Company.

* Per A.A.C. R14-2-408.B. 2.00% of monthly minimum for a comparable size meter, but no less than \$10.00 per month. The service charge for fire sprinklers is only applicable for service line separate and distinct from the primary water service line.

Issued: [DATE]

Effective: [DATE]

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

Applies to all service areas
PART ONE
STATEMENT OF CHARGES

B. Commodity Rates

The rate for use in addition to the minimum stated above shall be at the following rates per 1,000 gallons:

<u>Meter Size</u>	<u>Consumption</u>	<u>Charge³</u>
5/8" x 3/4" Meter – (All Classes, Except Standpipe)	0 to 4,000 gallons	3.11
	4,001 to 10,000 gallons	5.30
	Over 10,000 gallons	7.18
3/4" Meter – (All Classes, Except Standpipe)	0 to 4,000 gallons	3.11
	4,001 to 10,000 gallons	5.30
	Over 10,000 gallons	7.18
1" Meter – All Classes (except standpipe)	0 to 25,000 gallons	5.30
	Over 25,000 gallons	7.18
1 1/2" Meter – All Classes (except standpipe)	0 to 50,000 gallons	5.30
	Over 50,000 gallons	7.18
2" Meter – All Classes (except standpipe)	0 to 80,000 gallons	5.30
	Over 80,000 gallons	7.18
3" Meter – All Classes (except standpipe)	0 to 160,000 gallons	5.30
	Over 160,000 gallons	7.18

³ Customer Assistance Tariff ("CAT") – A 15% discount is available on monthly minimum and commodity charges to qualified residential customers meeting the CAT qualifications.

Issued: [DATE]

Effective: [DATE]

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

Applies to all service areas
PART ONE
STATEMENT OF CHARGES

<u>Meter Size</u>	<u>Consumption</u>	<u>Charge</u>
4" Meter – All Classes (except standpipe)	0 to 250,000 gallons	\$5.30
	Over 250,000 gallons	7.18
6" Meter – All Classes (except standpipe)	0 to 500,000 gallons	5.30
	Over 500,000 gallons	7.18
8" Meter – All Classes (except standpipe)	0 to 800,000 gallons	5.30
	Over 800,000 gallons	7.18
10" Meter – All Classes (except standpipe)	0 to 1,150,000 gallons	5.30
	Over 1,150,000 gallons	7.18
12" Meter – All Classes (except standpipe)	0 to 2,150,000 gallons	5.30
	Over 2,150,000 gallons	7.18
Morningstar Ranch Community Association	All gallons	8.68
Construction/Bulk/Standpipe	All gallons	7.18

Issued: [DATE]

Effective: [DATE]

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

Applies to all **WATER** service areas
PART ONE
STATEMENT OF CHARGES

C. Service Line and Meter Installation Charges
(Refundable Pursuant to A.A.C. R14-2-405)

<u>Meter Size</u>	<u>Line</u>	<u>Meter</u>	<u>Total</u>
5/8 x 3/4" Meter	At Cost	At Cost	At Cost
3/4" Meter	At Cost	At Cost	At Cost
1" Meter	At Cost	At Cost	At Cost
1 1/2" Meter	At Cost	At Cost	At Cost
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
8" Turbine Meter	At Cost	At Cost	At Cost
8" Compound Meter	At Cost	At Cost	At Cost
10" Turbine Meter	At Cost	At Cost	At Cost
10" Compound Meter	At Cost	At Cost	At Cost
12" Turbine Meter	At Cost	At Cost	At Cost
12" Compound Meter	At Cost	At Cost	At Cost

Issued: [DATE]

Effective: [DATE]

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

Applies to all service areas
PART ONE
STATEMENT OF CHARGES

D. Miscellaneous Service Charges

<u>Service</u>	<u>Charge</u>
Establishment per A.A.C. R14-2-403(D)	\$30.00
Re-Establishment of Service per A.A.C. R14-2-403(D)	(*)
Reconnection per A.A.C. R14-2-403(D)	(a)
Meter Test (if correct) per A.A.C. R14-2-408(F)	\$30.00
Meter Re-Read (if correct) per A.A.C. R14-2-408(C)	\$30.00
NSF Check per A.A.C. R14-2-409(F)	\$20.00
Deferred Payment, Per Month	1.50%
Late Charge	(***)
Service Calls After Hours	\$90.00(b)
Deposit	(**)
Deposit Interest per A.A.C. R14-2-403(B)	6.00%
Moving Customer Meter (at customer request)	At Cost
Off-Site Facilities Hook Up Fees	Per Hook Up Fee

* Months off system times the monthly minimum charge per Commission Rule A.A.C. R142-603(D).

** Residential - two times the average bill.

Non-residential - two and one-half times the average bill.

Per Commission Rule A.A.C. R14-2-603(B).

*** Greater of \$5.00 or 1.50% per month on unpaid balance.

(a) Customer shall pay the actual cost of physical disconnection and Establishment Fee (if same customer) and there shall be no charge for disconnection if no physical work is performed.

(b) The After-Hours Service Charge shall apply to any service requested by Customer that is performed by Company after regular business hours and shall be in addition to the regular business hours service charge.

Issued: [DATE]

Effective: [DATE]

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

Applies to all service areas
PART ONE
STATEMENT OF CHARGES

II. TAXES AND ASSESSMENTS

In addition to the collection of regular rates, the Company will collect from its customers a proportionate share of any privilege, sales, and use tax per A.A.C. R14-2-409(D)(5).

All Advances or Contributions are to include labor, materials, overheads, and all applicable taxes, including all gross-up taxes for income taxes. Cost to include labor, materials and parts, overheads, and all applicable taxes.

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

Issued: [DATE]

Effective: [DATE]

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

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

I. PERMITTED COSTS

- A. Costs shall be verified by invoice.
- B. For services that are provided by the Company at cost, costs shall include labor, materials, other charges incurred, and overhead not to exceed 10%. However, prior to any such service being provided, the estimated cost of such service will be provided by the Company to the customer. After review of the cost estimate, the customer will pay the amount of the estimated cost to the Company.
- C. In the event that the actual cost is less than the estimated cost, the Company will refund the excess to the customer within 30 days after completion of the provision of the service or after Company's receipt of invoices, timesheets or other related documents, whichever is later.
- D. In the event the actual cost is more than the estimated cost, the Company will bill the customer for the amount due within 30 days after completion of the provision of the service or after the Company's receipt of invoices, timesheets or other related documents, whichever is later. The amount so billed will be due and payable 30 days after the invoice date. However, if the actual cost is more than five percent (5%) greater than the total amount paid, the customer will only be required to pay five percent (5%) more than the total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the total amount paid was made.
- E. At the customer's request, the Company shall make available to the customer all invoices, timesheets or related documents that support the cost for providing such service.
- F. Permitted costs shall include any Federal, State or local taxes that are or may be payable by the Company as a result of any tariff or contract for water facilities under which the Customer advances or contributes funds or facilities to the Company.

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

II. INTERRUPTIBLE SERVICE; COMPANY'S LIABILITY LIMITATIONS

The Company will supply only such water at such pressures as may be available from time to time as a result of the normal operation of its water system. The Company will maintain a minimum water pressure of 20 p.s.i. and will not guarantee a specific gallons per minute flow rate at any public fire hydrants or fire sprinkler service. In the event service is interrupted, irregular or defective, or fails from causes beyond the Company's control or through ordinary negligence of its employees or agents, the Company will not be liable for any injuries or damages arising therefrom.

III. RULES AND REGULATIONS

The Company has adopted the Rules and Regulations established by the Commission as the basis for its operating procedures. A.A.C. R14-2-401 through A.A.C. R14-2-411 will be controlling of Company procedures, unless specific Commission Order(s) provide otherwise.

Issued: [DATE]

Effective: [DATE]

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

Applies to all service areas
PART THREE
EMERGENCY WATER AUGMENTATION SURCHARGE TARIFF AND PLAN OF
ADMINISTRATION

I. Purpose and Applicability**PURPOSE:**

The purpose of this tariff is to authorize Liberty Utilities (Rio Rico Water & Sewer) Corp. (the "Company") to make monthly adjustments to its rates and charges for water service in order to recover cost incurred for water purchases and hauling ("Water Augmentation Costs") in the event that Liberty Utilities (Rio Rico Water & Sewer) Corp. experiences an emergency water shortage. The charges will be assessed based on usage as provided below.

Applicability:

This tariff is obtained during the processing of a permanent rate application. This tariff only applies in the event of an "emergency water shortage" as defined in Section II of the definitions below.

II. Definitions

Unless the context otherwise requires, the definitions set forth in R-14-2-401 of the Arizona Corporation Commission's ("Commission") rules and regulations governing water utilities shall apply in interpreting this tariff schedule.

"Affiliate," means any other entity directly or indirectly controlling or controlled by, or under direct or indirect common control with Liberty Utilities (Rio Rico Water & Sewer) Corp. For purposes of this definition, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any entity, means the power to direct the management policies of such entity, whether through ownership of voting securities, or by contract, or otherwise.

Applies to all service areas
PART THREE
**EMERGENCY WATER AUGMENTATION SURCHARGE TARIFF AND PLAN OF
 ADMINISTRATION**

"Curtaiment Account Balance" means any monies collected under the current curtaiment tariff.

"Emergency Water Augmentation Surcharge" means the surcharge calculated in accordance with Section IV below.

"Emergency Water Shortage., means a water shortage of a serious nature, developing suddenly or unexpectedly, that is out of the Company's control, and demanding immediate attention and has triggered at least Stage 3 of the companies approved Curtaiment Plan.

"Surcharge Rate" means the rate per 1,000 gallons that is calculated in accordance with Section III below.

"Water Augmentation Cost" means the actual cost of water purchased and water hauling costs not already included in the utility's existing rates per the last approved rate case.

"Water Augmentation Quantity" means the actual quantity of augmented water (in thousands of gallons).

"Water Sold" means the actual quantity (in thousands of gallons) of water sold by the Company to its Customers during the month corresponding to the month in which water was purchased.

III. Surcharge Rate Calculation

The surcharge is calculated using data from the previous month's bill, for example, the water augmentation surcharge that is applied on a customer's bill is calculated using the June water augmentation costs and the June total gallons sold. See Figure A for an example of the calculation.

Figure A

For each month that the Company augments water, the Company will calculate the Surcharge Rate per the following formula:

$$\text{Water Augmentation Cost/Water Sold}$$

Applies to all service areas
PART THREE
EMERGENCY WATER AUGMENTATION SURCHARGE TARIFF AND PLAN OF ADMINISTRATION

Example

This example illustrates how the water augmentation surcharge that is included on a customer's bill would be calculated using 2,000 gallons of usage.

[A]	[B]	[C]	[D]
Total June Water & Hauling Costs	June Ending Curtailment Account Balance	Total Gallons Sold in June in 1,000s	Emergency Water Augmentation Surcharge per 1,000 gallons
\$3,000	\$100	494	\$6.28
[E]	[F]	[G]	
Customer's Current Usage Gallons in 1,000s	Emergency Water Augmentation Surcharge (from Col.D)	Total Emergency Water Augmentation Surcharge on Current Bill	
2	\$6.28	\$12.55	

II. Plan of Administration

(A) Intent To Bill Emergency Water Augmentation Surcharge: For any month in which water is augmented, after completing its billing for the month and receiving the billing for the month, the Company will calculate the Surcharge Rate using the same methodology discussed herein und shown on Figure A and provide Utilities Division of the Arizona Corporation Commission ("Commission Staff") notice of the Company's intent to bill the Emergency Water Augmentation Surcharge.

(B) Notice to Commission Staff: For any month in which the Company intends to bill customers an Emergency Water Augmentation Surcharge, the Company shall provide Commission Staff notice of the Company's intent to bill the Emergency Water Augmentation Surcharge. The notice to Commission Staff shall include the following:

Applies to all service areas
PART THREE
EMERGENCY WATER AUGMENTATION SURCHARGE TARIFF AND PLAN OF
ADMINISTRATION

1. The Water Augmentation Cost.
2. The Water Augmentation Quantity.
3. A copy of the bill(s) received for the Water Augmentation.
4. A description of the system problem necessitating Water Augmentation and a description of the action being taken by the Company to resolve the problem including the date operations did or are expected to return to normal.
5. The dates for beginning and ending Water Augmentation.
6. A schedule showing the calculation of the Emergency Water Augmentation Surcharge Rate in excel format with formulas intact.
7. Identification of the hauling(s) available. If only one option was available, please state that there was only one option.
8. Whether or not the hauling entity was an affiliate.

(C) Implementation of Emergency Water Augmentation Surcharge: Commission Staff will review the Notice. If the filing is acceptable to Commission Staff, the resulting Surcharge will be charged to Liberty Utilities (Rio Rico Water & Sewer) Corp. customers as a Emergency Water Augmentation Surcharge to be included on customers monthly bill as a separate line item.

(D) Documentation to Be Maintained: The Company shall maintain documentation for all costs, billing determinants, and revenues recoveries.

(E) Customer Notice: The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff but no later than sixty (60) days after the effective date of the tariff in a form acceptable to Staff.

Applies to all service areas
PART FOUR
CROSS-CONNECTION OR BACKFLOW TARIFF

I. PURPOSE:

The purpose of this tariff is to protect Liberty Utilities (Rio Rico Water & Sewer) Corp. (the “Company”) water from the possibility of contamination caused by backflow of contaminants that may be present on the customer’s premises by requiring the installation and periodic testing of backflow-prevention assemblies pursuant to the provisions of the Arizona Administrative Code (“A.A.C.”) R14-2-405.B.6. and A.A.C. R18-4-215.

II. REQUIREMENTS:

In compliance with the Rules and Regulations of the Arizona Corporation Commission (“Commission”) and the Arizona Department of Environmental Quality (“ADEQ”), specifically A.A.C. R14-2-405.B.6 and A.A.C. R18-4-215 relating to backflow prevention:

1. The Company may require a customer to pay for and have installed, and to maintain, test and repair a backflow-prevention assembly if A.A.C. R18-4-215.B or C applies.
2. A backflow-prevention assembly required to be installed by the customer under Paragraph 1 of this tariff shall comply with the requirements set forth in A.A.C. R18-4-215.D and E.
3. Subject to the provisions of A.A.C. R14-2-407 and 410, and in accordance with Paragraphs 1 and 7 of this tariff, the Company may terminate service or deny service to a customer who fails to install a backflow-prevention assembly as required by this tariff.
4. The Company shall give any existing customer who is required to install a backflow-prevention assembly written notice of said requirement. If A.A.C. R14-2-410.B.1.a is **not** applicable, the customer shall be given thirty (30) days from the time such written notice is received in which to comply with this notice. If the customer can show good cause as to why he cannot install the backflow-prevention assembly within thirty (30) days, the Company or Commission Staff may suspend this requirement for a reasonable period of time.
5. Testing shall be in conformance with the requirements of A.A.C. R18-4-215.F. The Company may require the customer to pay to have the backflow-prevention assembly tested as long as the Company does not require an unreasonable number of tests. The Company may also require the customer to pay for repairs to a backflow-prevention assembly

Applies to all service areas

PART FOUR

CROSS-CONNECTION OR BACKFLOW TARIFF

6. The customer shall provide the Company with records of installation and testing. For each backflow-prevention assembly, these records shall include:
 - a. assembly identification number and description;
 - b. location;
 - c. date(s) of test(s);
 - d. description of repairs and recommendations for repairs made by tester;
 - e. tester's name and certificate number; and
 - f. tester's field test kit certification documentation.

7. In the event the backflow-prevention assembly does not function properly or fails any test, and an obvious hazard as contemplated under A.A.C. R14-2-410.B.1.a. exists, the Company may terminate service immediately and without notice. The backflow-prevention assembly shall be repaired or replaced by the customer and retested.

8. In the event the backflow-prevention assembly does not function properly or fails any test, or in the event that a customer fails to comply with the testing requirement, and A.A.C. R14-2-410.B.1.a. is **not** applicable, the backflow-prevention assembly shall be repaired or replaced within fourteen (14) days of the initial discovery of the deficiency in the assembly or its function. Failure to remedy the deficiency of dysfunction of the assembly, or failure to retest, shall be grounds for termination of water service in accordance with A.A.C. R14-2-410.

Issued: [DATE]

Effective: [DATE]

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

Applies to all service areas
PART FIVE
CURTAILMENT PLAN

ADEQ Public Water System:

- ADEQ Public Water System Number: 12-011
- ADEQ Public Water System Number: 07-007
- ADEQ Public Water System Number: 07-511
- ADEQ Public Water System Number: 07-517
- ADEQ Public Water System Number: 07-0528
- ADEQ Public Water System Number: 02-010
- ADEQ Public Water System Number: 02-007
- ADEQ Public Water System Number: 02-013
- ADEQ Public Water System Number: 02-054
- ADEQ Public Water System Number: 02-011
- ADEQ Public Water System Number: 02-023
- ADEQ Public Water System Number 02-120
- ADEQ Public Water System Numbers: 13-023

Liberty Utilities (Rio Rico Water & Sewer) Corp. (“Company”) is authorized to curtail water service to all customers within its certified area under the terms and conditions listed in this tariff.

This curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of the tariff.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

Stage 1 Exists When:

Company is able to maintain water storage in the systems at 100 percent of capacity and there are no known problems with its well production or water storage in the system.

Restrictions: Under Stage 1, the Company is deemed to be operating normally and no curtailment is necessary but conservation efforts are encouraged as a best management practice¹.

Notice Requirements: Under Stage 1, no notice is necessary.

Issued: [DATE]

Effective: [DATE]

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

Applies to all service areas
PART FIVE
CURTAILMENT PLAN

Stage 2 Exists When:

- a. Company's water storage or well production has been less than 80 percent of capacity for at least 48 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 2, the Company may request the customers to voluntarily employ water conservation measures to reduce water consumption by approximately 50 percent. The below conservation measures are encouraged to reduce water consumption:

- Divide outside watering on uniform basis such as:

Address Ends In	1, 2, 4, 7, 0	3, 5, 6, 8, or 9
Watering Days	Monday and Wednesday	Tuesday and Thursday

- Outdoor watering should be limited between the following times:

Seasonal Period	Watering Prohibited
April – September	6:00 a.m. – 7:00 p.m.
October - March	8:00 a.m. – 7:00 p.m.

- Eliminate outside watering on weekends and holidays
- Eliminate runoff from outdoor irrigation
- Use a shut-off hose nozzle if using hose to irrigate landscape or wash vehicles
- Eliminate washing of hard surfaces outdoors except washing to alleviate health or fire hazards
- Construction water blackout period between the hours of 5:00 am and 9:00 am, Monday through Sunday implemented
- Fix indoor and outdoor leaks
- Indoor water conservation techniques should be employed whenever possible

Notice Requirements: Company is required to notify customers by delivering written notice to each service address or by utilizing the Company's emergency messaging system which includes email, text, and phone call, or by posting on Company's website, or at the Company's option a combination of these notifications. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.

The Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 2.

Applies to all service areas
PART FIVE
CURTAILMENT PLAN

Stage 3 Exists When:

- a. Company's total water storage or well production has been less than 50 percent of capacity for at least 24 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 3, the Company shall inform the customers of a **mandatory** restriction to employ water conservation measures to reduce daily consumption. All restrictions from Stage 2 shall be employed in addition to the below conservation measures:

- All outside watering eliminated, except livestock
- Draining and refilling water features is prohibited
- The filling of any swimming pool, spas, fountains or ornamental pools is prohibited
- Washing of any vehicle is prohibited, including commercial car washes and commercial truck washes.
- Water runoff is prohibited
- The use of drip or misting systems of any kind is prohibited
- The use of water for dust control or any outdoor cleaning uses is prohibited
- The use of construction water is prohibited

The following priority of use for delivery of water is set forth: (1) All existing regularly metered residential customers; (2) All regularly metered commercial customers that are classified as healthcare; (3) All regularly metered commercial customers; (3) All uses of water, other than fire hydrant use for new construction; (4) Fire hydrant use for landscape irrigation or lakes; (5) All other construction fire hydrant use, metered or unmetered.

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address or by utilizing the Company's emergency messaging system which includes email, text, and phone call, or by posting on Company's website, or at the Company's option a combination of these notifications. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Beginning with Stage 3, the Company shall post at least two (2) signs showing the curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.

Applies to all service areas
PART FIVE
CURTAILMENT PLAN

3. The Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 3.

Once Stage 3 has been reached, the Company must begin to augment the supply of water by either hauling or through an emergency interconnect with an approved water supply in an attempt to maintain the curtailment at a level no higher than Stage 3 until a permanent solution has been implemented.

Customers who fail to comply with the above restrictions will be given a written notice to end all outdoor uses. Failure to comply within twenty-four (24) hours of receipt of the notice may result in temporary loss of service through the installation and use of a flow restrictor device or other means until an agreement can be made to end unauthorized use of outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees. If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

Stage 4 Exists When:

- a. Company's total water storage or well production has been less than 25 percent of capacity for at least 12 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 4, Company shall inform the customers of a **mandatory** restriction to employ water conservation measures to reduce daily consumption. Failure to comply will result in temporary customer disconnection. All restrictions from Stage 2 and Stage 3 shall be employed in addition to the following uses of water being prohibited:

- Restaurant patrons shall be served water only upon request
- All leaks, breaks, or other malfunctions in the customer's plumbing fixtures and/or irrigation system must be repaired within five (5) business days of written notification by the utility.
- Any other water intensive activity is prohibited
- The addition of new service lines and meter installations is prohibited.

The following priority of use for delivery of water is set forth: (1) All existing regularly metered residential customers; (2) All regularly metered commercial customers; (3) All uses of water, other than fire hydrant use for new construction; (4) Fire hydrant use for landscape irrigation or lakes; (5) All other construction fire hydrant use, metered or unmetered.

Issued: [DATE]

Effective: [DATE]

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

Applies to all service areas
PART FIVE
CURTAILMENT PLAN

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address or by utilizing the Company's emergency messaging system which includes email, text, and phone call, or by posting on Company's website, or at the Company's option a combination of these notifications. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Company shall post at least two (2) signs showing curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 4.

Once Stage 4 has been reached, the Company must augment the supply of water by hauling or through an emergency interconnect from an approved supply or must otherwise provide emergency drinking water for its customers until a permanent solution has been implemented.

Customers who fail to comply with the above restrictions will be given a written notice to end all outdoor uses. Failure to comply within twenty-four (24) hours of receipt of the notice may result in temporary loss of service through the installation and use of a flow restrictor device or other means until an agreement can be made to end unauthorized use of outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees. If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

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Effective: [DATE]

ISSUED BY:
Moses Thompson, President
Liberty Utilities (Rio Rico Water & Sewer) Corp.
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Litchfield Park, AZ 85340
Decision No. XXXX

Applies to all **WATER** service areas
PART SIX
HOOK UP FEES

LIBERTY UTILITIES (RIO RICO WATER & SEWER) CORP.
WATER HOOK-UP FEE TARIFF

I. Purpose and Applicability

The purpose of the off-site hook-up fees payable to Liberty Utilities (Rio Rico Water & Sewer) Corp. (“Company”) pursuant to this tariff is to equitably apportion the costs of constructing additional off-site facilities necessary to provide water production, delivery, storage and pressure among all new service connections. These charges are applicable to all new service connections undertaken via Main Extension Agreements, or requests for service not requiring a Main Extension Agreement entered into after the effective date of this tariff. The charges are one-time charges and are payable as a condition to Company’s establishment of service, as more particularly provided below.

II. Definitions

Unless the context otherwise requires, the definitions set forth in R-14-2-401 of the Arizona Corporation Commission’s (“Commission”) rules and regulations governing water utilities shall apply in interpreting this tariff schedule.

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

“Company” means Liberty Utilities (Rio Rico Water & Sewer) Corp.

“Main Extension Agreement” means any agreement whereby an Applicant, Developer and/or Builder agrees to advance the costs of the installation of water facilities necessary to serve new service connections within a development, or installs such water facilities necessary to serve new service connections and transfers ownership of such water facilities to the Company, which agreement shall require the approval of the Commission pursuant to A.A.C. R-14-2-406, and shall have the same meaning as “Water Facilities Agreement” or “Line Extension Agreement.”

“Off-site Facilities” means wells, storage tanks and related appurtenances necessary for proper operation, including engineering and design costs. Offsite facilities may also include booster pumps, pressure tanks, transmission mains and related appurtenances necessary for proper operation if these facilities are not for the exclusive use of the applicant and will benefit the entire water system.

“Service Connection” means and includes all service connections for single-family residential, commercial, industrial or other uses, regardless of meter size.

Applies to all **WATER** service areas
PART SIX
HOOK UP FEES

III. Water Hook-up Fee

For each new service connection, the Company shall collect an Off-Site Hook-Up Fee derived from the following table:

OFF-SITE WATER HOOK-UP FEE TABLE		
<u>Meter Size</u>	<u>Size Factor</u>	<u>Total Fee</u>
5/8" x 3/4"	1	\$1,600
3/4"	1.5	\$2,400
1"	2.5	\$4,000
1-1/2"	5	\$8,000
2"	8	\$12,800
3"	16	\$25,600
4"	25	\$40,000
6" or larger	50	\$80,000

IV. Terms and Conditions

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

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

Applies to all **WATER** service areas
PART SIX
HOOK UP FEES

(C) Time of Payment:

- 1) For those requiring a Main Extension Agreement: In the event that the person or entity that will be constructing improvements (“Applicant”, “Developer” or “Builder”) is otherwise required to enter into a Main Extension Agreement, whereby the Applicant, Developer or Builder agrees to advance the costs of installing mains, valves, fittings, hydrants and other on-site improvements in order to extend service in accordance with R-14-2-406(B), payment of the Hook-Up Fees required hereunder shall be made by the Applicant, Developer or Builder no later than within 15 calendar days after receipt of notification from the Company that the Utilities Division of the Arizona Corporation Commission has approved the Main Extension Agreement in accordance with R-14-2-406(M), or as otherwise mutually agreement between Applicant and Company.
- 2) For those connecting to an existing main: In the event that the Applicant, Developer or Builder for service is not required to enter into a Main Extension Agreement, the Hook-Up Fee charges hereunder shall be due and payable at the time the meter and service line installation fee is due and payable.

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

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

(F) Large Subdivision Projects: In the event that the Applicant, Developer or Builder is engaged in the development of a residential subdivision containing more than 150 lots, the Company may, in its discretion, agree to payment of off-site hook-up fees in installments. Such installments may be based on the residential subdivision development’s phasing, and should attempt to equitably apportion the payment of charges hereunder based on the Applicant’s, Developer’s or Builder’s construction schedule and water service requirements.

Applies to all **WATER** service areas

PART SIX
HOOK UP FEES

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

(H) Use of Off-Site Hook-Up Fees Received: All funds collected by the Company as off-site hook-up fees shall be deposited into a separate unaffiliated third-party interest bearing bank account and used for the purposes of paying for the costs of installation of off-site facilities, including repayment of loans obtained for the installation of off-site facilities that will benefit the entire water system. In addition, funds may be used to pay state and federal income taxes related to the hook-up fees.

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

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

(K) Fire Flow Requirements: In the event the applicant for service has fire flow requirements that require additional facilities beyond those facilities whose costs were included in the off-site hook-up fee, and which are contemplated to be constructed using the proceeds of the off-site hook-up Fee, the Company may require the applicant to install such additional facilities as are required to meet those additional fire flow requirements, as a non-refundable contribution, in addition to the off-site hook-up fee.

(L) Status Reporting Requirements to the Commission: The Company shall submit a calendar year Off-Site Hook-Up Fee status report each January to Docket Control for the prior twelve (12) month period, beginning January 2017, until the hook-up fee tariff is no longer in effect. This status report shall contain a list of all customers that have paid the hook-up fee tariff, the amount each has paid, the physical property in respect of which such fee was paid, the amount of money spent from the account, the amount of interest earned on the funds within the tariff account, and an itemization of all facilities that have been installed using the tariff funds during the 12 month period.

Applies to all **WASTEWATER** service areas
PART SEVEN
STATEMENT OF CHARGES

I. RATES

In Decision No. XXXXX, dated XXXXX, the Commission authorized the following rates and charges to become effective XXXXX:

A. Monthly Usage Charges

<u>Meter Size (All Classes)</u>	<u>Charge</u>^{5,6}
5/8" x 3/4" Meter	\$ 66.37
3/4" Meter	76.53
1" Meter	93.60
1 1/2" Meter	138.16
2" Meter	191.66
3" Meter	333.88
4" Meter	494.93
6" Meter	940.56
8" Meter	1,432.76
10" Meter	2,146.98
12" Meter	3,053.15

⁵ Low Income Tariff – A 15% discount is available on monthly minimum and commodity charges to qualified residential customers meeting the low income qualifications.

⁶ A 5% discount is applicable to the public schools operated by the Santa Cruz County School District No. 35 receiving water and/or wastewater utility services from the Company.

Issued: [DATE]

Effective: [DATE]

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

Applies to all **WASTEWATER** service areas
PART SEVEN
STATEMENT OF CHARGES

B. Commodity Rates (All Meter Sizes)

Commercial and Multi-Tenant Only	
0 to 7,000 gallons	\$0.00
Over 7,000 gallons	9.15

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Effective: [DATE]

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PART SEVEN
STATEMENT OF CHARGES

C. Service Line and Meter Installation Charges

<u>Service Line Size</u>	<u>Charge</u>
4" Meter	At Cost
6" Meter	At Cost
8" Meter	At Cost
10" Meter	At Cost
12" Meter	At Cost

Issued: [DATE]

Effective: [DATE]

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PART SEVEN
STATEMENT OF CHARGES

D. Service Charges

<u>Service</u>	<u>Charge</u>
Establishment per A.A.C. R14-2-403(D)	\$30.00
Re-Establishment of Service per A.A.C. R14-2-403(D)	(*)
Reconnection per A.A.C. R14-2-403(D)	(a)
Disconnection (Delinquent)	(c)
NSF Check per A.A.C. R14-2-409(F)	\$20.00
Deferred Payment, Per Month	1.50% per month
Late Charge	1.50% per month
Service Calls After Hours	\$90.00(b)
Deposit Interest per A.A.C. R14-2-403(B)	6.00% (**)
Deposit	(***)

* Months off system times the monthly minimum charge per Commission Rule A.A.C. R142-603(D).

** Per Commission Rule A.A.C. R14-2-603(B).

Residential - two times the average bill.

Non-residential - two and one-half times the average bill.

*** Greater of \$5.00 or 1.50% per month on unpaid balance.

(a) Customer shall pay the actual cost of physical disconnection and Establishment Fee (if same customer) and there shall be no charge for disconnection if no physical work is performed.

(b) The After-Hours Service Charge shall apply to any service requested by Customer that is performed by Company after regular business hours and shall be in addition to the regular business hours service charge.

(c) The actual cost of disconnection including costs for excavation and trenching, pipeline modification, sewer block, backfill and grading, road repairs and permitting. Customer will be provided copies of invoices for actual costs incurred. There shall be no charge for disconnection if no work is performed.

Issued: [DATE]

Effective: [DATE]

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Applies to all **WASTEWATER** service areas
PART SEVEN
STATEMENT OF CHARGES

II. TAXES AND ASSESSMENTS

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

All Advances or Contributions are to include labor, materials, overheads, and all applicable taxes, including all gross-up taxes for income taxes. Cost to include labor, materials and parts, overheads, and all applicable taxes.

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

Issued: [DATE]

Effective: [DATE]

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Decision No. XXXX

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

I. PERMITTED COSTS

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

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

II. CUSTOMER DISCHARGE TO SYSTEM**A. Service Subject to Regulation**

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

B. Waste Limitations

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

C. Inspection and Right of Entry

Every facility that is involved directly or indirectly with the discharge of wastewater to the Treatment Plant may be inspected by Company as it deems necessary. These facilities shall include but not be limited to sewer; sewage pumping plants; all processes; devices and connection sewer; and all similar sewerage facilities. Inspections may be made to determine that such facilities are maintained and operated properly and are adequate to meet the provisions of these rules and this tariff. Inspections may include the collection of samples. Authorized personnel of Company shall be provided immediate access to all of the above facilities or to other facilities directly or indirectly connected to the Treatment Plant at all reasonable times including those occasioned by emergency conditions. Any permanent or temporary obstruction to easy access to the user's facility to be inspected shall promptly be removed by the facility user or owner at

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

the written or verbal request of Company and shall not be replaced. No person shall interfere with, delay, resist or refuse entrance to an authorized Company representative attempting to inspect any facility involved directly or indirectly with a discharge of wastewater to the Treatment Plant. Adequate identification shall be provided by Company for all inspectors and other authorized personnel and these persons shall identify themselves when entering any property for inspection purposes or when inspecting the work of any contractor.

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

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

Company is authorized to discontinue water service to any person connected to both its water and sewer systems who violates Company's wastewater terms and conditions as set forth in this section or in any way creates a public health hazard or the likelihood of such a public health hazard. This termination authority does not apply to non-payment for water or wastewater services.

III. RULES AND REGULATIONS

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

Applies to all service areas
PART NINE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

Applicability

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

Programs

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

Territory

Within all customer service areas served by Liberty Utilities (Rio Rico Water & Sewer) Corp. (“Liberty” or “Company”).

Rates

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

Program Qualifications

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

Applies to all service areas
PART NINE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

Special Conditions

1. **Application:** An application on a form authorized by the Commission is required for each request for service under this schedule. A customer must reapply every year or sooner, if requested.
2. **Commencement of Rate:** Eligible customers whose applications have been approved shall be billed on this schedule commencing with the next regularly scheduled billing period that follows receipt of application by Liberty.
3. **Verification:** Information provided by the applicant is subject to verification by Liberty. Refusal or failure of a customer to provide documentation of eligibility acceptable to Liberty, upon request by Liberty, shall result in removal from this rate schedule.
4. **Notice from Customer:** It is the customer's responsibility to notify Liberty if there is a change of eligibility status.
5. **Rebiling:** Customers may be re-billed retroactively for periods of ineligibility under the applicable rate schedule.
6. **Participation Limit:** The CAT (for all three programs included) is limited to 5,645 water division customers and 725 wastewater division customers of the Company. Applications will be reviewed and approved on a first come, first served basis. Applicants will be placed on a waiting list if the participation limit has been met.
7. **Qualification:** A customer that qualifies for more than one program will only receive benefits from one program per year. CAT benefits will not be combined or accumulated.

Issued: [DATE]

Effective: [DATE]

ISSUED BY:
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Liberty Utilities (Rio Rico Water & Sewer) Corp.
14920 W Camelback Rd
Litchfield Park, AZ 85340
Decision No. XXXX

Applies to all service areas
PART NINE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

LOW INCOME PROGRAM

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

Effective xxxx xx, xxxx

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

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

***Qualifying annual incomes are set at 150 percent of the 202X federal poverty levels.**

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

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

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

Issued: [DATE]

Effective: [DATE]

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Applies to all service areas
PART NINE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DEPLOYED SERVICES MEMBER PROGRAM

This program allows the Company to provide a 15% discount to deployed service members of the United States Military. The Company will provide the credit on the deployed service member's bill provided that the following criteria are met:

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

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

Administration

1. Participation shall be determined on a first come, first served basis.
2. Each service member's eligibility must be verified based on written orders from the service member's command.
3. Continued eligibility will be determined periodically through a recertification process.
4. The Company is permitted to seek Commission approval to change participant limits based on level of participation.
5. Qualifying annual incomes are set at 200 percent of the 202X federal poverty levels.

Applies to all service areas
PART NINE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DEPLOYED SERVICES MEMBER PROGRAM

Effective xxxx xx, xxxx

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

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

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

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

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

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PART NINE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DISABLED MILITARY VETERAN PROGRAM

This program allows the Company to provide a 15% discount to disabled military veterans of the United States Military. The Company will provide the credit on the disabled military veteran's bill provided that the following criteria are met:

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

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

Administration

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

Applies to all service areas
PART NINE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

DISABLED MILITARY VETERAN PROGRAM

Effective xxxx xx, xxxx

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

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

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

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

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

Issued: [DATE]

Effective: [DATE]

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

Applies to all service areas
PART NINE
CUSTOMER ASSISTANCE TARIFF
DOMESTIC SERVICE - SINGLE FAMILY ACCOMMODATION

RECOVERY OF COST OF CUSTOMER ASSISTANCE TARIFF AND CUSTOMER
SURCHARGES

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

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

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

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

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

Applies to all service areas

PART TEN

PLAN OF ADMINISTRATION FOR

PURCHASED POWER ADJUSTMENT MECHANISM

I. GENERAL DESCRIPTION.

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

II. PPAM RELATED FILINGS.

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

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

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

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

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

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

Applies to all service areas
PART TEN
PLAN OF ADMINISTRATION FOR
PURCHASED POWER ADJUSTMENT MECHANISM

III. APPLICATION TO WATER CUSTOMERS.

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

B. See the following example:

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

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

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

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

I. GENERAL DESCRIPTION.

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

II. PTAM RELATED FILINGS.

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

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

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

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

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

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

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

III. APPLICATION TO WATER CUSTOMERS.

C. The increase or decrease in property tax expenses that are due to changes in the assessment ratio and/or property tax rates at the Company's WATER facilities will be allocated on a per capita basis.

D. See the examples on the next page:

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

Change in Assessment Ratio Example

<p>Test Year</p> <table style="width: 100%;"> <tr> <td>Assessment Ratio</td> <td style="text-align: right;">20.00%</td> </tr> <tr> <td>Property Full Cash Value</td> <td style="text-align: right;">\$10,000,000</td> </tr> <tr> <td>Assessed Valuation</td> <td style="text-align: right;">\$2,000,000</td> </tr> </table>	Assessment Ratio	20.00%	Property Full Cash Value	\$10,000,000	Assessed Valuation	\$2,000,000	➔	<p>Current Year</p> <table style="width: 100%;"> <tr> <td>Assessment Ratio</td> <td style="text-align: right;">21.00%</td> </tr> <tr> <td>Property Full Cash Value</td> <td style="text-align: right;">\$10,000,000</td> </tr> <tr> <td>Assessed Valuation</td> <td style="text-align: right;">\$2,100,000</td> </tr> </table>	Assessment Ratio	21.00%	Property Full Cash Value	\$10,000,000	Assessed Valuation	\$2,100,000
Assessment Ratio	20.00%													
Property Full Cash Value	\$10,000,000													
Assessed Valuation	\$2,000,000													
Assessment Ratio	21.00%													
Property Full Cash Value	\$10,000,000													
Assessed Valuation	\$2,100,000													

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

<p>Test Year</p> <table style="width: 100%;"> <tr> <td>Total Property Tax Rate</td> <td style="text-align: right;">10.00%</td> </tr> <tr> <td>Assessed Valuation</td> <td style="text-align: right;">\$2,000,000</td> </tr> <tr> <td>Property Tax Expense</td> <td style="text-align: right;">\$200,000</td> </tr> </table>	Total Property Tax Rate	10.00%	Assessed Valuation	\$2,000,000	Property Tax Expense	\$200,000		<p>Current Year</p> <table style="width: 100%;"> <tr> <td>Total Property Tax Rate</td> <td style="text-align: right;">10.00%</td> </tr> <tr> <td>Assessed Valuation</td> <td style="text-align: right;">\$2,100,000</td> </tr> <tr> <td>Property Tax Expense</td> <td style="text-align: right;">\$210,000</td> </tr> </table>	Total Property Tax Rate	10.00%	Assessed Valuation	\$2,100,000	Property Tax Expense	\$210,000
Total Property Tax Rate	10.00%													
Assessed Valuation	\$2,000,000													
Property Tax Expense	\$200,000													
Total Property Tax Rate	10.00%													
Assessed Valuation	\$2,100,000													
Property Tax Expense	\$210,000													

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

Change in Total Property Tax Rate Example

<p>Test Year</p> <table style="width: 100%;"> <tr> <td>Total Property Tax Rate</td> <td style="text-align: right;">10.00%</td> </tr> <tr> <td>Assessed Valuation</td> <td style="text-align: right;">\$2,000,000</td> </tr> <tr> <td>Property Tax Expense</td> <td style="text-align: right;">\$200,000</td> </tr> </table>	Total Property Tax Rate	10.00%	Assessed Valuation	\$2,000,000	Property Tax Expense	\$200,000	➔	<p>Current Year</p> <table style="width: 100%;"> <tr> <td>Total Property Tax Rate</td> <td style="text-align: right;">11.00%</td> </tr> <tr> <td>Assessed Valuation</td> <td style="text-align: right;">\$2,000,000</td> </tr> <tr> <td>Property Tax Expense</td> <td style="text-align: right;">\$220,000</td> </tr> </table>	Total Property Tax Rate	11.00%	Assessed Valuation	\$2,000,000	Property Tax Expense	\$220,000
Total Property Tax Rate	10.00%													
Assessed Valuation	\$2,000,000													
Property Tax Expense	\$200,000													
Total Property Tax Rate	11.00%													
Assessed Valuation	\$2,000,000													
Property Tax Expense	\$220,000													

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

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

Applies to all service areas
PART TWELVE
PLAN OF ADMINISTRATION FOR
WATER TREATMENT RATE ADJUSTOR MECHANISM

I. GENERAL DESCRIPTION.

This document is the Plan of Administration (“POA”) for Liberty Utilities (Rio Rico Water & Sewer) Corp. (“Liberty” or “Company”) Water Treatment Rate Adjustor Mechanism (“WTRAM”). This Adjustor Mechanism is designed to recover the incremental revenue requirement associated with the treatment of federally regulated contaminants. The Water Treatment Program is designed to facilitate certain critical infrastructure investments that are needed to achieve compliance with statutory requirements related to maximum contaminant levels (MCL) of regulated contaminants in Liberty water and wastewater systems. This Adjustor Mechanism aids the timely recovery of the revenue requirement associated with Capital Expenditures plus the incremental operating and maintenance costs related to such Capital Expenditures for infrastructure that: (i) are approved by the Arizona Corporation Commission (ACC or Commission); (ii) are completed and placed into service; (iii) are not yet included in rate base; and (iv) are necessary to achieve compliance with federal regulation.

II. WTRAM FILING TIMELINE.

A. Liberty shall file its yearly WTRAM Surcharge Request no later than March 31 each calendar year.

B. The March filing shall include all associated projects placed into service during the twelve-month period ended December 31 (inclusive) of the previous calendar year, and in compliance with the above listed criteria.

C. Staff shall file its Report and Proposed Order on the WTRAM Surcharge Request (filed by Liberty) with the Commission no later than May 31st in the same calendar year. Please refer to the table below.

D. Upon Staff’s approval, Liberty shall implement the surcharge on July 1 of the same calendar year of the filing.

See Schedule Filing Timeline on the next page:

Applies to all service areas
PART TWELVE
PLAN OF ADMINISTRATION FOR
WATER TREATMENT ADJUSTOR MECHANISM

<u>Due Date</u>	<u>Filing / Documents</u>	<u>Purpose</u>
03.31.2025	WTRAM Surcharge Calculation. Completed Contaminant Remission Project table for 2024 with supporting schedules, workpapers	WTRAM Surcharge Request: 2024 Completed Projects
05.31.2025	Staff Report and Proposed Order to be docketed with supporting schedules (Annual WTRAM Surcharge Filing)	WTRAM Surcharge for 2024 completed projects.
07.01.2025	WTRAM surcharge added to customer bills	Recovery of revenue requirement for WTRAM plant additions in 2024

III. Schedule of Completed Federally Regulated Contaminant Treatment Plant Projects, Incremental O&M Costs and Surcharge Request.

The WTRAM Surcharge shall be implemented when the EPA has established acceptable limits (MCLs) on regulated contaminants. The Schedule of Completed Projects will contain the following:

- A. Completed Project Information Projects).**
1. Location and description of plant asset placed in service.
 2. In service date
 3. A summary of compliance issues each project will mitigate.
- B. Cost Recovery (WTRAM Surcharge Request).** The WTRAM Surcharge Request shall include Liberty Utilities' request to set / reset the WTRAM Surcharge to recover the revenue requirement associated with the Capital Expenditures used for infrastructure to achieve statutorily mandated compliance with MCLs of federally regulated contaminants. The request shall also include related incremental O&M costs. The WTRAM Surcharge Request shall include the following information, as applicable, regarding the costs Liberty proposes to recover through the WTRAM Surcharge:
1. Evidence in support of the recorded costs for each project undertaken during the preceding calendar year. This information shall include the following, as applicable:
 - i. The actual cost of each project including separately identifying material costs, contractor costs, internal labor costs, and other material costs of the projects, including, without limitation, permitting, studies or other governmental mandates necessary to remove contaminants
 - ii. In-service date
 2. Retirement date, dollar amount of plant retired, and cost of removal.
 3. A schedule of related incremental O&M costs.

Issued: [DATE]

Effective: [DATE]

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

Applies to all service areas
PART TWELVE
PLAN OF ADMINISTRATION FOR
WATER TREATMENT ADJUSTOR MECHANISM

- C. Calculation of the WTRAM Surcharge. The WTRAM Surcharge shall be calculated in accordance with the Exhibits to this POA. The Commission-approved Rate of Return shall be used for the purpose of this calculation.
- D. Staff will file a Staff Report and Proposed Order regarding the WTRAM Surcharge Request no later than May 31st of each year.
- E. Reconciliation and True-up Adjustment:
1. The True-up Adjustment shall be calculated in accordance with the exhibits to the POA.
 2. For each 12-month period that a WTRAM Surcharge is in effect, the Company shall reconcile the amounts collected by the WTRAM Surcharge with the WTRAM authorized revenue, for that 12-month period. The difference between WTRAM authorized revenue and the amount collected through the WTRAM Surcharge is the True-Up Adjustment, and this amount shall be incorporated into the next WTRAM Surcharge.

1 Kelly A. Daly (No. 029509)
Paloma Scheiferstein (No. 035672)
2 SNELL & WILMER L.L.P.
1 East Washington Street, Suite 2700
3 Phoenix, AZ 85004
Telephone: 602.382.6000
4 E-Mail: kdaly@swlaw.com
pscheiferstein@swlaw.com

5
Liberty Utilities
6 Lisa C. Lance (No. 038506)
14920 W. Camelback Road
7 Litchfield Park, AZ 85340
Telephone: 602-550-3846
8 Lisa.Lance@libertyutilities.com

9 Attorneys for Liberty Utilities (Bella Vista Water) Corp.
10

11 **BEFORE THE ARIZONA CORPORATION COMMISSION**

12 **COMMISSIONERS**

13 JIM O'CONNOR, Chairman
LEA MÁRQUEZ PETERSON
14 ANNA TOVAR
15 NICK MYERS
KEVIN THOMPSON

16 IN THE MATTER OF THE APPLICATION OF
17 LIBERTY UTILITIES (BELLA VISTA WATER)
CORP., AN ARIZONA CORPORATION, FOR A
18 DETERMINATION OF THE FAIR VALUE OF
ITS UTILITY PLANTS AND PROPERTY AND
19 FOR INCREASES IN ITS RATES AND
CHARGES FOR UTILITY SERVICE BASED
20 THEREON.

DOCKET NO: W-02465A-23-

21
22 **DIRECT TESTIMONY**

23
24 **OF**

25 **MANASA RAO**

26 **December 28, 2023**
27
28

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II. A BRIEF OVERVIEW OF APPLICANTS’ RATE FILINGS. 2

III. RATE CASE EXPENSE..... 9

IV. POST TEST YEAR PLANT 11

V. TEST YEAR INCOME STATEMENT ADJUSTMENTS 15

VI. WATER TREATMENT RATE ADJUSTMENT MECHANISM 17

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

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

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

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

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

14 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

15 A. I am testifying on behalf of Liberty Utilities (Cordes Lakes Water) Corp. (“Liberty Cordes
16 Lakes”), Liberty Utilities (Bella Vista Water) Corp. (“Liberty Bella Vista”), Liberty
17 Utilities (Rio Rico Water and Sewer) Corp. (“Liberty Rio Rico”), and Liberty Utilities
18 (Beardsley Water) Corp. (“Liberty Beardsley”), collectively referred to sometimes herein
19 as “Applicants”). I also am testifying on behalf of the Liberty Utilities (Rio Rico Water &
20 Sewer) Corp. as a consolidated entity in accordance with the Applicants’ proposal to
21 consolidate Liberty Bella Vista, Liberty Beardsley and Liberty Cordes Lakes into Liberty
22 Rio Rico.

23 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL
24 BACKGROUND.**

25 A. Prior to my present role as the Sr. Director of Rates & Regulatory Affairs for the West
26 Region, I was the Director of Financial Planning & Analysis, West region for two years.
27 Prior to that, I was employed by Liberty Utilities (Canada) Corp. for over seven years in
28 various Finance related positions, including Manager, External Reporting and Senior

1 Manager, Financial Planning & Analysis. I received my Bachelor’s degree in Business
2 Administration from Truman State University, MO in 2004 and also hold a Chartered
3 Professional Accountant (CPA, CMA) designation from Canada.

4 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION OR ANY**
5 **OTHER REGULATORY AGENCY?**

6 A. While I have not previously testified before the Arizona Corporation Commission
7 (“Commission”), I have previously provided written and oral testimony before the
8 California Public Utility Commission in general rate case and cost of capital proceedings.

9 **II. A BRIEF OVERVIEW OF APPLICANTS’ RATE FILINGS.**

10 **Q. WHY ARE THE APPLICANTS CURRENTLY FILING RATE CASES?**

11 A. The Commission has ordered both Liberty Cordes Lakes and Liberty Beardsley to file rate
12 cases on or before December 31, 2023.¹ Given those Commission orders, Liberty planned
13 to file rate cases for Liberty Bella Vista and Liberty Rio Rico along with the Commission
14 ordered rate cases for Liberty Cordes Lakes and Liberty Beardsley using the same test year
15 ending April 30, 2023. Further, since the last rate cases for Liberty Beardsley, Liberty
16 Bella Vista, Liberty Cordes Lakes and Liberty Rio Rico, operating expenses have increased
17 and each utility has made significant capital improvements to provide reliable service to
18 customers. As a result, each utility is filing these rate cases to request rate relief. As part
19 of these rate filings, Liberty also proposes to merge and consolidate Liberty Bella Vista,
20 Liberty Beardsley, and Liberty Cordes Lakes into Liberty Rio Rico, including the transfer
21 of all useful and necessary assets of Liberty Bella Vista, Liberty Beardsley, and Liberty
22 Cordes Lakes, including their certificates of convenience and necessity, to Liberty Rio Rico
23 as requested in the Companies’ applications filed in these dockets and approval by the
24 Commission of one tariff of rates and charges for all customers of Bella Vista, Rio Rico,
25 Beardsley and Cordes Lakes under Liberty Rio Rico as the consolidated entity (from now

26
27 ¹ In the Matter of the Application of Beardsley Water Company, Inc. for approval of a Rate Increase, Decision No.
28 790246 (Docket No. W-02074A-14-0317) July 14, 2023 and In the Matter of the Application of Cordes Lakes Water
Company for Approval of an Emergency Rate Increase, Decision No.79009 (Docket No. W-02060A-17-228) June
28, 2023.

1 on referring to the consolidated entity as” Liberty Rio Rico (Consolidated).” The goal is to
2 have one utility which we refer to throughout the rate filing and direct testimony as “Liberty
3 Rio Rico (Consolidated)

4 **Q. WHAT TOPICS ARE YOU COVERING IN YOUR DIRECT TESTIMONY?**

5 A. The purpose of my direct testimony is to provide an overview of the Applicants’ separate
6 and consolidated requests for new rates based on findings of fair value rate base and
7 recommended changes to each Company’s tariff of rates and charges, along with testimony
8 on the consolidated tariff of rates and charges. Liberty is requesting the consolidation of the
9 Applicants as explained in Matthew Garlick’s and Paul Walker’s direct testimonies in this
10 rate case. In my testimony, I address the Applicant’s revenue requirement and tariffs on a
11 stand-alone basis as well as on a consolidated basis should the consolidation be approved
12 as requested. I will also be testifying on rate case expenses; a Water Treatment Rate
13 Adjustment Mechanism (WTRAM)for the Applicants; proposed Post Test Year Plant
14 (PTYP) adjustments, proposed adjustments to test year expenses; and rate case expenses.

15 **Q. PLEASE INTRODUCE THE OTHER WITNESSES FOR THE APPLICANTS AND
16 PROVIDE A BRIEF SUMMARY OF THEIR TESTIMONIES.**

17 A. The following witnesses are submitting testimony in the rate cases filed for the Applicants:
18 • **Matthew Garlick**, Vice President, Operations Special Projects for Liberty’s regulated
19 utilities in Arizona and Texas, provides testimony supporting the recovery of
20 acquisition premiums for Liberty Cordes Lakes and Liberty Beardsley. His testimony
21 will also support Liberty’s consolidation request and provide technical support for our
22 Water Treatment Rate Adjustment Mechanism (“WTRAM”) proposal.
23 • **Joshua Reiff**, Manager Operations, provides direct testimony regarding Liberty
24 Cordes Lakes’ operations and capital investments since the last rate case.
25 • **Adolfo Garcia**, Manager Operations, provides direct testimony regarding Liberty
26 Bella Vista’s operations and capital investments since the last rate case.
27 • **Terry Gilbertson**, Senior Manager Operations, provides direct testimony regarding
28 Liberty Beardsley’s operations and capital investments since the last rate case

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- **Martin Garlant**, Senior Manager Operations, provides direct testimony regarding Liberty Rio Rico’s operations and capital investments since the last rate case
- **Paul Walker**, Regulatory Consultant, provides direct testimony on the proposed consolidation of the Applicants, and the acquisition premiums for Liberty Cordes Lakes and Liberty Beardsley Water.
- **Lauren Preston**, Vice President, Customer Care, provides direct testimony regarding the Customer First capital investment for the Applicants and the Applicants’ request for Customer Assistance Tariff (“CAT”).
- **Jill Schwartz**, Senior Director of Regulatory Policy and Strategy, provides direct testimony regarding the corporate structure, shared services costs, cost allocation and Cost Allocation Manual (“CAM”) and Indirect Overhead (“INDOH”).
- **Thomas Bourassa**, Regulatory and Accounting Consultant, will provide testimony on all the components of the revenue requirement and rates, except rate case expense. His testimony will address rate base, income statement (revenue and operating expenses), cost of capital, required increase in revenue, and rate design and proposed rates and charges for service.

All of the revenue requirement components and rates I discuss in this direct testimony for Liberty Cordes Lakes, Liberty Bella Vista, Liberty Rio Rico, Liberty Beardsley and Liberty Rio Rico (Consolidated) are based on schedules prepared by these witnesses.

Q. WOULD YOU PLEASE DESCRIBE THE APPLICANTS’ INDIVIDUAL, STAND-ALONE REQUESTS FOR NEW RATES?

A. As reflected on the respective Schedule A-1 for Liberty Cordes Lakes, Liberty Bella Vista, Liberty Rio Rico and Liberty Beardsley, the Applicants’ stand-alone requests for increase in annual revenues as follows:

- Liberty Cordes Lakes is seeking an increase in annual revenues of approximately \$1,367,617 or 210.47 percent based on a fair value rate base of \$7,514,781 and a required operating income of \$606,849 premised on 8.08 percent rate of return on rate base.

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- Liberty Bella Vista is seeking an increase in annual revenues of approximately \$1,748,942, or 29.71 percent based on fair value rate base of \$15,750,144 and a required operating income of \$1,409,480 premised on 8.95 percent rate of return on rate base.
- Liberty Rio Rico Water is seeking an increase in annual revenues of approximately \$1,705,763 or 40.72 percent based on fair value rate base of \$19,028,481 and a required operating income of \$1,702,859 premised on 8.95 percent rate of return on rate base.
- Liberty Rio Rico Sewer is seeking an increase in annual revenues of approximately \$503,592 or 27.19 percent based on fair value rate base of \$8,944,112 and a required operating income of \$800,409 premised on 8.95 percent rate of return on rate base.
- Liberty Beardsley Water is seeking an increase in annual revenues of approximately \$691,290 or 34.79 percent based on fair value rate base of \$6,530,036 and a required operating income of \$584,373 premised on 8.95 percent rate of return on rate base.

As discussed in more detail by Mr. Bourassa in his testimony, each of the Applicant’s schedules support the fair value rate base and operating income noted above. For each of the Applicants, the overall rate of return is based upon a capital structure consisting of 54 percent equity and 46 percent debt, with a return on equity of 10.95 percent.

Q. HAVE THE APPLICANTS CALCULATED THE AVERAGE BILL IMPACTS ON RESIDENTIAL CUSTOMERS UNDER THE PROPOSED NEW STAND-ALONE RATES FOR EACH COMPANY?

A. Yes, based on the requested revenue increase; the stand-alone bill impacts for each Applicant presented in the “H” Schedules sponsored by Mr. Bourassa are summarized below using the meter size with largest residential customers for each applicant represented.

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Table 1

Stand-Alone Monthly Bill Impacts on Largest Customer Class (Residential)

Utility*	Meter Size	Avg Use (gallons)	Present Bill	Proposed Bill	Change (\$)
RR	5/8 x 3/4	6,070	\$ 37.03	\$ 50.80	\$ 13.78
BV	5/8 x 3/4	5,274	\$ 27.87	\$ 36.24	\$ 8.37
CL	3/4	3,420	\$ 30.06	\$100.70	\$ 70.63
BW	3/4	5,256	\$ 52.10	\$ 69.18	\$ 17.08
RR-S	5/8 x 3/4	-	\$ 52.68	\$ 66.37	\$ 13.70

**RR = Liberty Rio Rico Water*
BV = Liberty Bella Vista
CL = Liberty Cordes Lakes
BW = Liberty Beardsley
RR- S = Liberty Rio Rico Sewer

Q. WHAT IS THE PROPOSED REVENUE INCREASE FOR LIBERTY RIO RICO (CONSOLIDATED)?

A. On a combined basis, Liberty Rio Rico (Consolidated) is seeking a revenue increase of approximately \$5,577,633 or 43.87 percent for Water and \$502,321 or 27.12 percent for Wastewater. The Liberty Rio Rico (Consolidated) schedules for water support a combined fair value rate base of \$48,845,400 and a combined required net operating income of \$4,364,434 based upon a 8.94 percent overall rate of return. The Liberty Rio Rico (Consolidated) schedules for wastewater support a fair value rate base of \$8,944,121, and a required net operating income of \$799,175 based upon a 8.94% overall rate of return.

Q. HOW HAS THE PROPOSED CONSOLIDATION OF THE APPLICANTS BEEN PRESENTED FOR RATEMAKING PURPOSES?

A. We have prepared an additional set of the primary ratemaking schedules included with the application which I will be sponsoring. This additional set contains A, B, C, D, E, F and H schedules for Liberty Rio Rico (Consolidated). This approach presents the Applicants' rate bases, revenues, expenses, costs of capital and rates on a stand-alone basis and on a consolidated basis. This presentation allows for a direct comparison of the rates and rate impacts of the proposed consolidation. In addition, Liberty Bella Vista, Liberty Beardsley, and Liberty Cordes Lakes Liberty Cordes Lakes will be filing a separate application

1 pursuant to A.R.S. § 40-285 for Commission approval to transfer each Company’s used and
2 useful assets and their CC&Ns to Liberty Rio Rico. Following sufficiency, Applicants will
3 file motions seeking to consolidate the four rate applications and the application for
4 approval to transfer into a consolidated docket. Applicants will also be filing financing
5 applications during the sufficiency review period and we will also seek to consolidate those
6 applications into the same single consolidated docket. In summary, we intend to have all
7 the separate filings regarding Liberty Cordes Lakes, Liberty Beardsley, Liberty Rio Rico
8 and Liberty Bella Vista be heard and decided together in on consolidated docket.

9 **Q. THANK YOU. HAVE THE APPLICANTS ALSO PREPARED A**
10 **CONSOLIDATED TARIFF?**

11 A. Yes. In total, five sets of tariffs have been filed: 1) a Liberty Cordes stand-alone tariff, 2) a
12 Liberty Beardsley stand-alone tariff, 3) a Liberty Bella Vista stand-alone tariff, 4) a Liberty
13 Rio Rico water stand-alone tariff, 5) a Liberty Rio Rico wastewater stand-alone tariff and
14 6) a Liberty Rio Rico (Consolidated) water and wastewater tariff. On a combined basis, the
15 Liberty water and wastewater tariffs have been standardized and reflect the same updates
16 made in the stand-alone tariffs. Only Liberty Rio Rico has a wastewater tariff in this
17 application, which remains the same on a stand-alone and consolidated basis. The Liberty
18 Rio Rico (Consolidated) tariff also includes a Customer Assistance Tariff (“CAT”), a
19 Hook-Up Fee (“HUF”) Tariff, a WTRAM Tariff, and Emergency Water Augmentation
20 Mechanism (EWAM) Tariff.

21 **Q. ARE THERE ANY DIFFERENCES IN THE CONSOLIDATED TARIFF**
22 **RELATIVE TO THE STAND-ALONE TARIFFS?**

23 A. Yes. There are a few differences in the Liberty Rio Rico (Consolidated) tariff from the
24 stand-alone tariffs for Applicants. These include:

- 25 • CAT Customer Limits - For all three programs (Low Income, Deployed Services
26 Member, and Disabled Military Veteran) included in the CAT, the customer limits
27 proposed for Liberty Rio Rico (Consolidated) is 5,645 water customers and 725
28 wastewater customers, which is the sum total of the stand-alone CAT customer limits:

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645 water customers proposed for Liberty Beardsley Water, 2,400 water customers proposed for Liberty Bella Vista, 200 water customers proposed for Liberty Cordes Lakes, and 2,400 water customers and 725 wastewater customers proposed for Liberty Rio Rico. Details regarding the CAT is addressed in the direct testimony of Lauren Preston.

- HUF tariff – The HUF tariff is requested to be maintained, as currently authorized, in the stand-alone Liberty Bella Vista Tariff. Consistent with the stand-alone Liberty Bella Vista tariff, HUF is also included in the Liberty Rio Rico (Consolidated) tariff.
- Meter sizes and commodity consumption brackets: Liberty Rio Rico (Consolidated) tariff retains all meter size classifications from the four stand-alone tariffs. Simply put, Liberty Rio Rico (Consolidated) tariff will have more meter sizes as opposed to stand alone tariffs
- Other charges: These include charges for services such as establishing service, reconnection, and meter tests. Service charges proposed have been standardized across the stand-alone tariffs for the individual Applicants and the Liberty Rio Rico (consolidated) tariff.

Q. HAVE THE APPLICANTS CALCULATED THE AVERAGE BILL IMPACTS ON RESIDENTIAL CUSTOMERS BASED ON THE PROPOSED CONSOLIDATED RATES?

A. Yes. On a combined basis, under Liberty Rio Rico (Consolidated), the impact on a typical residential customer for each Applicant is summarized in the table below.

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Table 2

Consolidated Bill Impacts on Largest Residential Customer Class

Utility*	Meter Size	Avg. Use (gallons)	Present Bill	Proposed Bill	Change (\$)
RR	5/8 x 3/4	6,070	\$ 37.03	\$ 47.66	\$ 10.63
BV	5/8 x 3/4	5,274	\$ 27.87	\$ 43.44	\$ 15.57
CL	3/4	3,420	\$ 30.06	\$ 47.02	\$ 16.95
BW	3/4	5,256	\$ 52.10	\$ 55.48	\$ 3.38
RR-S	5/8 x 3/4	-	\$ 52.68	\$ 66.37	\$ 13.70

**RR = Liberty Rio Rico Water
BV = Liberty Bella Vista
CL = Liberty Cordes Lakes
BW = Liberty Beardsley
RR- S = Liberty Rio Rico Sewer*

Q. DO THE NUMBERS YOU HAVE PRESENTED ABOVE INCLUDE RATE CASE EXPENSE FOR THE APPLICANTS IN THIS CASE?

A. No, those numbers do not include rate case expense because the Applicants are requesting rate case expense surcharges. For Liberty Cordes Lakes, Liberty Beardsley, Liberty Bella Vista and Liberty Rio Rico, the monthly rate case expense surcharge to be collected from customers over three years is estimated at \$1.13, \$0.92, \$0.82 and \$0.83, respectively. However, if consolidation is approved, the monthly rate case expense surcharge for Liberty Rio Rico (Consolidated) would be an estimated \$0.86 per month for three years. I will discuss the estimated rate case expense and proposed surcharges in more detail in a later subsection of this direct testimony.²

III. RATE CASE EXPENSE.

Q. YOU MENTIONED IN YOUR OVERVIEW SECTION THAT APPLICANTS SEEK TO RECOVER RATE CASE EXPENSES THROUGH A SURCHARGE.

A. Yes, that is correct. Liberty understands that rate case expense surcharges are becoming more frequent in Arizona as a means of ensuring that utilities recover their authorized rate case expense. As long as utilities are allowed an actual chance to recover the full amount of

² See *infra* Section III.

1 authorized rate case expense, this process should ultimately be fair to the Applicants and
2 customers.

3 **Q. DID YOU START WITH A TOTAL ESTIMATED RATE CASE EXPENSE?**

4 A. Yes. After consultation and consideration of other recent Liberty Utilities' rate cases in
5 Arizona, it was estimated that Applicants would likely incur an estimated actual rate case
6 expense of no less than \$750,000. Based on that current estimated level of rate case
7 expense, we have included \$750,000 in our rate case expense surcharge calculations.

8 **Q. WHY DID YOU CHARACTERIZE THIS AMOUNT AS THE "CURRENT
9 ESTIMATED LEVEL," MS. RAO?**

10 A. Because at this stage of the proceeding, we can only estimate rate case expense. The number
11 of parties, the scope of discovery, whether there are multiple procedural matters, the number
12 of issues in dispute, the number of hearing days and need for closing briefs are all factors
13 we must consider and can only project potential costs for at this stage.

14 **Q. DOES THAT MEAN THE TOTAL AUTHORIZED RATE CASE EXPENSE
15 REQUESTED MAY BE ADJUSTED LATER IN THE PROCEEDINGS?**

16 A. Yes, the rate case expense may be adjusted up or down, as necessary, to more closely
17 approximate the actual amount of rate case expense incurred by the Applicants to obtain a
18 determination of fair value rate base and the setting of new rates.

19 **Q. BASED ON THE CURRENT ESTIMATED LEVEL OF RATE CASE EXPENSE,
20 WHAT ARE THE ESTIMATED RATE CASE EXPENSE SURCHARGES?**

21 A. If the Commission approves the proposed consolidation, Liberty Rio Rico (Consolidated)
22 would implement a monthly rate case expense surcharge estimated at \$0.86 for three years.
23 On a stand-alone basis, we have calculated a monthly surcharge of \$1.13, \$0.82, \$0.83,
24 \$0.92, and \$0.81 for Liberty Cordes Lakes, Liberty Bella Vista, Liberty Rio Rico Water,
25 Liberty Beardsley, and Liberty Rio Rico Sewer respectively. Each of these monthly
26 surcharges are to be collected from customers for a period of three years. These stand-alone
27 surcharges were based on an allocation of the rate case expense as follows: 8.10 percent to
28

1 Liberty Cordes Lakes, 11.52 percent to Liberty Beardsley, 41.50 percent to Liberty Bella
2 Vista, 29.67 percent to Liberty Rio Rico Water, and 9.21% to Liberty Rio Rico Sewer.

3 **Q. WHY ARE YOU RECOMMENDING A THREE-YEAR RECOVERY PERIOD?**

4 A. It is reasonably expected that the next rate case(s) for the Applicants and/or Liberty Rio
5 Rico (Consolidated) will be filed within three years of the completion of these rate cases.

6 **IV. POST TEST YEAR PLANT**

7 **Q. ARE YOU PROPOSING THAT ANY POST TEST YEAR PLANT BE INCLUDED**
8 **IN RATE BASES FOR EACH APPLICANT AND/OR THE RATE BASE OF THE**
9 **CONSOLIDATED COMPANY?**

10 A. Yes. The Post Test Year Plant (“PTYP”) adjustments to rate base for each Applicant and
11 Liberty Rio Rico (Consolidated) rate base are summarized below.

- 12 • Liberty Cordes Lakes - \$1,585,575
- 13 • Liberty Beardsley - \$1,012,433
- 14 • Liberty Bella Vista - \$2,316,024
- 15 • Liberty Rio Rico Water - \$2,636,590
- 16 • Liberty Rio Rico Sewer - \$982,711
- 17 • Liberty Rio Rico Consolidated - \$8,533,333

18 PTYP adjustments in rate base include, but are not limited to, main and service line
19 replacements, meter replacements, automated meter reading devices and cyber security
20 investment. PTYP additions for each Applicant are discussed in the respective testimonies
21 of Joshua Reiff (Liberty Cordes Lakes), Martin Garland (Liberty Rio Rico), Terry Gilbertson
22 (Liberty Beardsley) and Adolfo Garcia (Liberty Bella Vista).

23 In addition, the Company proposes to include one half year of the annual
24 depreciation expense calculated for the PTYP using half-year convention for the Applicants
25 on a stand-alone and Consolidated basis.

26 **Q. PLEASE SUMMARIZE YOUR PREPARED DIRECT TESTIMONY ON POST**
27 **TEST YEAR PLANT (“PTYP”).**

28

1 A. My direct testimony addresses the computation of the Company's PTYP adjustment to
2 determine the appropriate level of cost of service and supports the Company's proposed
3 PTYP adjustment from a rate making perspective.

4 **Q. PLEASE DESCRIBE AND EXPLAIN THE COMPANY'S PROPOSED PTYP**
5 **ADJUSTMENT?**

6 A. The Company is proposing a PTYP adjustment (Adjustment 1-B on Schedule B-2 as
7 discussed in Mr. Bourassa's direct testimony) to the recorded rate base amounts on April
8 30, 2023. The PTYP adjustment includes non-revenue producing projects that are expected
9 to be closed through April 30, 2024 that are used and useful and will be serving customers
10 during the rate effective period. The Company's twelve-month PTYP adjustment for non-
11 revenue producing plant is consistent with the Commission-approved practice in prior
12 General Rate Cases ("GRC") for other Arizona utilities³. Non-revenue producing plant
13 represents plant that is constructed to continue to provide service or enhance reliability and
14 safety for existing customers.⁴ The Company will not realize any incremental operating
15 revenues from the construction and addition of this plant at the time it is placed into service,
16 in other words, these capital additions are non-revenue producing. All of these post test
17 year plant improvements are used and useful or will be before a hearing in this case in the
18 service to our existing customers of Applicants.

19 **Q. WHAT IS THE PURPOSE OF THE COMPANY'S PTYP ADJUSTMENT?**

20 A. The purpose of the PTYP adjustment is to more accurately reflect the level of costs the
21 Applicants will incur to serve their end of test year customer base during the rate effective
22 period. It is important to note that while the Applicants' PTYP adjustment reduces
23 regulatory lag, it does not eliminate regulatory lag. By the time rates from this proceeding
24 go into effect, the PTYP investments will range from several months to over one year old.
25 Examples of PTYP in this adjustment include but are not limited to main and service line
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27 ³ Decision No. 76644 (Docket No. SW20445A-20-0214 et.al); Decision No. 78845 (Docket No. G-01551A-21-0368)

28 ⁴ In contrast, revenue-producing plant is constructed to serve new customers and is not included in the PTYP adjustment.

1 replacements, meter replacements, automated meter reading devices and cyber security
2 investment.

3 **Q. CAN YOU EXPLAIN WHY RECOGNITION OF PTYP ADJUSTMENT IS**
4 **BENEFICIAL?**

5 A. Regulatory tools, like PTYP adjustments, serve to keep utilities financially healthy by
6 mitigating regulatory lag, while balancing cost impacts on customers. Regulatory lag is the
7 difference in time between when a utility spends money and when it recovers those dollars
8 from customers. PTYP represent plant additions that are expected to be in service and used
9 in providing safe and reliable services to customers. The use of PTYP adjustments helps
10 avoid the time, cost and resources (on the part of both utilities and the Commission)
11 associated with frequent rate case proceedings needed to adjust rates, mitigates rate shock,
12 promotes gradualism in rates, and helps limit the long-run average capital costs embedded
13 in rates. As a result, it promotes the public interest by ensuring just and reasonable rates,
14 and by allowing utilities to timely recover the costs of providing safe and reliable services
15 to customers.

16 **Q. CAN YOU EXPLAIN HOW PTYP ADJUSTMENTS MITIGATE REGULATORY**
17 **LAG?**

18 A. The timeframe to prepare and adjudicate a general rate case in Arizona and implement new
19 rates can be as long as two years. PTYP adjustments help mitigate regulatory lag by
20 decreasing the amount of time between when investments are made and when the utility
21 can recover the investments in rates. The use of PTYP adjustments provides a better
22 matching of rates with the investment costs utilized to provide service at the time those rates
23 will go into effect. This benefits customers as changes in capital investment costs are
24 included in rates sooner, allowing customers to receive better pricing signals and lessening
25 differences between current customers and future customers, as rates more accurately reflect
26 a utility's true cost of providing service.

27 **Q. WHAT IS THE CURRENT COMMISSION POLICY OR PRACTICE ON PTYP IN**
28 **RATE CASE PROCEEDINGS?**

1 A. There is no written policy issued by the Commission regarding the inclusion of PTYP or
2 specifying the associated time periods for eligible PTYP. The Commission currently has a
3 generic investigation docket (Docket No. AU00000A-19-0080) to evaluate Commission
4 policy on PTYP (“PTYP Docket”). According to the Commission Utilities Division's
5 (“Staff”) filed Memorandum⁵ in the PTYP Docket, Staff believes that current practice of
6 allowing PTYP to be included in rate base came from prior Commission decisions and the
7 Commission has approved the inclusion of PTYP for periods ranging from 2 to 18 months.
8 Based on Staff's data points provided in the memorandum, out of 22 rate case proceedings
9 since 2014, 6 or more months of PTYP was allowed in 19 cases and 12 months of PTYP
10 was allowed in 11 cases.⁶ The Company's twelve-month PTYP adjustment is consistent
11 with these data points.

12 **Q. WHAT IS THE AUTHORIZED TIME PERIOD FOR ELIGIBLE PTYP IN**
13 **LIBERTY'S MOST RECENT ARIZONA GRC?**

14 A. The Commission authorized inclusion of PTYP of 12 months in Liberty’s most recent
15 Arizona GRC for Liberty Utilities (Gold Canyon Sewer) Corp. in Decision No. 78871.⁷

16 **Q. WHAT IS STAFF'S POSITION ON THE PTYP ADJUSTMENT FROM THE PTYP**
17 **DOCKET?**

18 A. Staff stated in a memorandum⁸ filed in the PTYP Docket that, "Staff utilizes prior
19 Commission decisions in formulating its recommendations. At this time, Staff continues to
20 recommend the inclusion of up to 12 months of PTYP beyond the end of the historic test
21 year. Further, Staff recommends a companion adjustment to accumulated depreciation to
22 include one half year of the annual depreciation expense calculated for the PTYP to update
23 the accumulated depreciation to reflect the half-year convention methodology for
24 depreciation."

25
26 _____

27 ⁵ Dated October 4, 2019.
28 ⁶ October 4, 2019 Staff Memorandum, page 2.
⁷ Dated March 16, 2023.
⁸ Dated June 4, 2021.

1 **Q. IS THE COMPANY'S PROPOSED PTYP ADJUSTMENT CONSISTENT WITH**
 2 **STAFF'S STATED POSITIONS?**

3 A. Yes. The table below provides a summary of Staff and the Company's positions on
 4 PTYP:

Staff Positions Based on Staff's Memorandum in Docket 19-0080	Applicants' Proposed PTYP Adjustment
Inclusion of up to 12 months of PTYP.	Inclusion of 12-month PTYP expected to be closed through April 30, 2024 that are used and useful.
PTYP inclusion is not being made to generate or support system growth or new customers.	The Company's proposed PTYP includes only non-revenue producing plant that is constructed to improve service or enhance reliability and safety for existing customers.
Inclusion of accumulated depreciation of the proposed PTYP using the half-year convention to the recorded test year end accumulated depreciation.	Included.

11 **V. TEST YEAR INCOME STATEMENT ADJUSTMENTS**

12 **Q. PLEASE SUMMARIZE INCOME STATEMENTS ADJUSTMENTS TO TEST**
 13 **YEAR.**

14 A. Schedule C-1, page 1, for the Applicants summarizes the test year actual and adjusted
 15 revenues and expenses. Schedule C-1, pages 2.1 and 2.2, shows the individual adjustments
 16 to the test year. Mr. Bourassa's testimony provides additional details of the adjustments
 17 noted on schedule C-1 for the Applicants.

18 Adjustment 1 of Schedule C-1 annualizes the depreciation and amortization
 19 expense. The depreciation rates used for each component of utility plant are shown on
 20 Schedule C-2, page 2.

21 Adjustment 2 adjusts property taxes based on proposed revenues calculated using
 22 the Arizona Department of Revenues ("ADOR") valuation method using 2023 property tax
 23 rates. The details of the computation are shown on Schedule C-2, page 3.

1 Adjustment 3 reflects an adjustment to remove any rate case expenses. The
2 Company proposes recovery of rate case expense incurred for this case via a separate
3 surcharge.

4 Adjustment 4 annualizes revenues to the year-end number of customers. The
5 annualization of revenues is based on the year-end number of customers during the test year
6 compared to the actual number of connections during each month of the test year.
7 Adjustment number 4 also increases purchased power expense and chemicals expense based
8 upon the expected additional gallons to be sold from the revenue annualization.

9 Adjustment 5 is intentionally left blank. *See* Schedule C-2, page 6

10 Adjustment 6 adjusts revenues to correct estimated revenue accruals booked at the
11 end of the test year.

12 Adjustment 7 adjusts bad debt expense based upon a normalization of bad debt
13 expense using a 3-year historical average rate. *See* Schedule C-2, page 8.

14 Adjustment 8 increases expenses to annualize known and measurable operating
15 costs expected from the Customer First software (enterprise resource system)
16 implementation. *See* Schedule C-2, page 9. The Customer First software and
17 implementation is discussed in more detail by Ms. Preston.

18 Adjustment 9 increases expense for additional operating costs expected from the
19 Cyber Security program implementation.

20 Adjustment 10 is a proforma adjustment to be reflective of expenses required to
21 support conservation program efforts implemented per state regulatory requirements.

22 Adjustment 11 corrects any discrepancies in the test year expenses, which reflect
23 either the non-recoverability of an expense, the miscoding of expense, or the duplication of
24 expense.

25 Adjustment 12 captures labor expense adjustments. The first adjustment annualizes
26 expense based on known and measurable operations wage increases that were implemented
27 in August of 2023. The second is a proforma adjustment of wage increases to be
28 implemented in January of 2024 of 3.5%.

1 Adjustment 13 adjusts interest expense to reflect interest synchronization with rate
2 base.

3 Adjustment 14 reflects income taxes based upon the applicant's adjusted test year
4 revenues and expenses.

5 **VI. WATER TREATMENT RATE ADJUSTMENT MECHANISM**

6 **Q. IS LIBERTY PROPOSING A RATE ADJUSTMENT MECHANISM IN THIS**
7 **PROCEEDING?**

8 A. Yes. Liberty is requesting a Water Treatment Rate Adjustment Mechanism ("WTRAM").

9 **Q. PLEASE EXPLAIN THE APPLICANTS' PROPOSAL REGARDING THE**
10 **WATER TREATMENT RATE ADJUSTMENT MECHANISM.**

11 A. The Applicants propose that the Commission allow for recovery of costs incurred to
12 remediate federally regulated Per and polyfluoroalkyl substances known as PFAS via a rate
13 adjustment mechanism. The mechanism will allow the Applicants to recover expenditures
14 deployed to fund plant additions and operating and maintaining expenses required to
15 achieve compliance with all federally mandated Maximum Contaminant Levels (MCLs) of
16 PFAS and other similar substances. Matthew Garlick's testimony addresses the details of
17 the current, as well as anticipated regulations for PFAS and other similar substances and its
18 impact on the Applicants.

19 On an annual basis, Liberty will file schedules that include: (1) plant additions that
20 were placed into service in the prior calendar year and used for achieving compliance with
21 MCLs; (2) the calculation of the surcharge needed to recover capital costs of the plant
22 additions described in part (1) above and incremental operating and maintenance ("O&M")
23 expenses to maintain compliance with MCLs for PFAS and other similar substances; and
24 (3) the True-up calculation. The true-up shall serve to recover under-collected / refund over-
25 collected surcharge fees. The Company will provide Staff with electronic copies of all work
26 papers and supporting documents. A proposal of the WTRAM and its related Plan of
27 Administration Tariff.

28

1 **Q. WHY ARE THE APPLICANTS REQUESTING A WATER TREATMENT RATE**
2 **ADJUSTMENT MECHANISM?**

3 A. The Applicants are requesting a WTRAM to help recover the disproportionate costs
4 expected to be incurred as a result of the anticipated regulations promulgated by the United
5 States Environmental Protection Agency (“EPA”) regarding PFAS and other similar
6 substances. The ratemaking mechanism is necessary to reduce the impact of regulatory lag
7 in the recovery of extraordinary expenditures required to fund plant assets and O&M
8 expenses dedicated to achieving compliance with the aforementioned anticipated
9 regulations.

10 The Commission’s acceptance of the WTRAM aligns squarely with public interest.
11 The Mechanism will serve as a valuable tool toward the mitigation of health risks associated
12 with PFAS and will increase stability by reducing volatility in rates. By approving the
13 WTRAM, the Commission will demonstrate crucial regulatory support toward the provision
14 of safe, adequate, and reliable service to ratepayers.

15 **Q. HAS PFAS BEEN FOUND IN THE WELLS OF ANY OF THE APPLICANTS IN**
16 **THIS PROCEEDING?**

17 A. Yes. Liberty Rio Rico Water conducted testing for PFAS on September 3, 2020 and has
18 detected PFAS at the following three wells: W-52 (PFOS, 38 parts per trillion or “ppt”); W-
19 8 (PFOA, 7.9 ppt and PFOS, 22 ppt); and W-6 (PFOS 37 ppt), which exceed the EPA
20 recommended PFOS and PFOA MCLs that are yet to be promulgated. In addition, based on
21 testing performed by Liberty Bell Vista on April 24, 2023, PFAS presence has been detected
22 in one of its three wells: well W-3 (PFOA 2.25 ppt and PFOS at 2.05 ppt). Liberty Bella
23 Vista will continue to monitor PFAS levels under the anticipated regulations and possibly
24 build treatment facilities to comply with the proposed Safe Drinking Water Act MCLs for
25 PFAS and other similar substances.

26 **Q. HAS THE COMPANY ESTIMATED THE COST TO TREAT PFOA AND PFOS**
27 **WITHIN LIBERTY RIO RICO WATER?**

28

1 A. Yes. Liberty Rio Rico estimates that capital expenditures totaling ~\$5.8 million are needed
2 to install filtration equipment that reduces PFOA and PFOS contaminants to levels below
3 the 4.0 ppt MCL which was proposed by the US EPA for both contaminants in March of
4 2023. Further, Liberty Rio Rico estimates an incremental increase of \$375,000 in annual
5 O&M expenses associated with the ongoing treatment of PFAS, primarily for filtration
6 media. These costs are only an estimate and subject to change over time.

7 **Q. HOW DO MANDATORY COMPLIANCE COSTS RELATED TO PFAS IMPACT**
8 **LIBERTY RIO RICO WATER'S FINANCIAL HEALTH?**

9 A. To begin, the Company will be required to comply with the new federal regulations which
10 specify MCLs for six PFAS.. Additionally, the EPA's draft regulation required water
11 utilities to be compliant within three years of establishing these new MCLs. Once the
12 regulations with the new MCLs are final, Liberty Rio Rico will require an immediate capital
13 outlay of ~\$5.8 million over the following three years; additionally, an incremental annual
14 increase of \$375,000 in O&M expenses is expected to treat PFAS.

15 The \$5.8 million capital outlay needed to construct facilities to remove PFAS found
16 in Rio Rico water sources equates to a significant increase (over 30%) to requested adjusted
17 rate base of approximately \$19 million in this proceeding (please refer to Schedule B-2,
18 page 1). The mandatory capital investment that Rio Rico must make in just 3 years is over
19 70% of the increase to net rate base which occurred as part of the normal course of
20 operations within Rio Rico over an interval of 8 years (\$7.8 million).

21 Finally, these are only known forecasted costs. As federal regulations change over
22 time, the costs to remove them are likely to increase. If the Applicants are unable to recover
23 these required plant investments between rate cases, the Company's financial performance
24 will suffer significantly.

25 **Q. PLEASE SUMMARIZE THE BENEFITS WHICH THE WATER TREATMENT**
26 **RATE ADJUSTMENT MECHANISM PROVIDES TO STAKEHOLDERS.**

27 A. The mechanism protects the public health of consumers by providing the Company the
28 financial resources to treat toxic PFAS and other similar substances, consistent with the

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government’s regulations, to improve the water quality that the Company provides to consumers. In addition, this mechanism provides for stability in rates and promotes the financial well-being of the Company. In short, all stakeholders will benefit from the use of the WTRAM. The Commission should allow the Applicants to implement usage of the mechanism.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

1 Kelly A. Daly (No. 029509)
Paloma Scheiferstein (No. 035672)
2 SNELL & WILMER L.L.P.
1 East Washington Street, Suite 2700
3 Phoenix, AZ 85004
Telephone: 602.382.6000
4 E-Mail: kdaly@swlaw.com
pscheiferstein@swlaw.com

5
6 Liberty Utilities
Lisa C. Lance (No. 038506)
14920 W. Camelback Road
7 Litchfield Park, AZ 85340
Telephone: 602-550-3846
8 Lisa.Lance@libertyutilities.com

9 Attorneys for Liberty Utilities (Bella Vista Water) Corp.
10

11 **BEFORE THE ARIZONA CORPORATION COMMISSION**

12 **COMMISSIONERS**

13 JIM O'CONNOR, Chairman
LEA MÁRQUEZ PETERSON
14 ANNA TOVAR
15 NICK MYERS
KEVIN THOMPSON

16
17 IN THE MATTER OF THE APPLICATION OF
LIBERTY UTILITIES (BELLA VISTA WATER)
18 CORP., AN ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE OF
19 ITS UTILITY PLANTS AND PROPERTY AND
FOR INCREASES IN ITS RATES AND
20 CHARGES FOR UTILITY SERVICE BASED
THEREON.

DOCKET NO: W-02465A-23-

21
22
23 **DIRECT TESTIMONY**

24 **OF**

25 **MATTHEW GARLICK**

26
27 **December 28, 2023**
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1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Matthew Garlick. My business address is 14920 W. Camelback Road,
4 Litchfield Park, AZ 85340.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by Liberty Utilities Service Corp. (“LUSC”) as Vice President, Operations
7 – Special Projects for Liberty’s regulated utilities in Arizona¹ and Texas, including the
8 applicants Liberty Utilities (Cordes Lakes Water) Corp. (“Liberty Cordes Lakes”), Liberty
9 Utilities (Beardsley Water) Corp. (“Liberty Beardsley”), Liberty Utilities (Bella Vista
10 Water) Corp. (“Liberty Bella Vista”), and Liberty Utilities (Rio Rico Water and Sewer)
11 Corp. (“Liberty Rio Rico”) (collectively referred to herein sometimes as Applicants). I
12 will use “Liberty” to refer to all of the many Liberty subsidiaries in this testimony.

13 **Q. WHAT OTHER POSITIONS HAVE YOU HELD WITH LIBERTY
14 UTILITIES?**

15 A. I was hired in January 2000 as a Technical Services Supervisor for the utility, then known
16 as Litchfield Park Service Company² (“LPSCO”), and I was with LPSCO when Liberty
17 Utilities acquired it in 2003. In November 2009, I was named Business Manager of Liberty
18 Litchfield Park and was responsible for overseeing the utility operations for approximately
19 40,000 utility customers. In March 2012, I assumed the role of Director of Operations –
20 Arizona, and was responsible for operations throughout Arizona, as well as Texas, Missouri,
21 and Illinois. From June, 2015 through June, 2021, I was the President of our utilities in
22 Arizona and Texas. In 2021, I changed jobs and became Vice President, Strategic Projects
23 for our utilities in Arizona and Texas.

24
25 ¹ Liberty Utilities owns and operates seven regulated utilities in Arizona. Along with Liberty Cordes Lakes, Liberty
26 Utilities owns and operates Liberty Utilities (Gold Canyon Sewer) Corp. (“Liberty Gold Canyon”) , Liberty Utilities
27 (Beardsley Water) Corp., Liberty Utilities (Bella Vista Water) Corp. (“Liberty Bella Vista”), Liberty Utilities (Black
28 Mountain Sewer) Corp., Liberty Utilities (Litchfield Park Water & Sewer) Corp. (“Liberty Litchfield Park”), and
Liberty Utilities (Rio Rico Water & Sewer) Corp.

² Litchfield Park Service Company is now known as Liberty Utilities (Litchfield Park Water & Sewer) Corp.
 (“Liberty Litchfield Park”).

1 **Q. PLEASE DESCRIBE YOUR EDUCATION AND EMPLOYMENT EXPERIENCE**
2 **PRIOR TO LIBERTY?**

3 A. I earned a Bachelor of Science degree in Earth Science from Northern Arizona University.
4 Before joining Liberty Litchfield Park, I was a Senior Project Geologist for roughly 15 years
5 with an environmental engineering firm called Environmental Science and Engineering.
6 My role was to direct and support other project scientists in daily work of cleaning up
7 environmental contamination for various clients throughout Arizona.

8 **Q. DO YOU HOLD ANY CERTIFICATIONS?**

9 A. Yes. I hold Operator Certifications (Grade IV – Wastewater Collection, Water Treatment,
10 Wastewater Treatment, and Grade III in Water Distribution) in Arizona. I also hold a
11 backflow specialist certification. Additionally, I belong to several professional
12 organizations such as the American Water Works Association, and I have previously been
13 a board member as well as served as Vice President for the Water Utilities Association of
14 Arizona.

15 **Q. HAVE YOU TESTIFIED BEFORE THIS OR ANY OTHER COMMISSION?**

16 A. Yes, I testified in several Liberty Utilities’ rate cases during my tenure as President,
17 including the last Liberty Black Mountain rate case and financing docket,³ and the Liberty
18 Bella Vista and Liberty Rio Rico rate cases and financing dockets,⁴ and the Liberty Gold
19 Canyon and Liberty Entrada Del Oro rate case and financing dockets. Most recently, I
20 testified in several Certificate of Convenience & Necessity (CC&N) filings for Liberty’s
21 regulated utilities in Arizona.⁵

22 **II. PURPOSE OF THE TESTIMONY**

23 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

24 A. I am providing this direct testimony on behalf of the Applicants. In these filings, Liberty
25 proposes to merge and consolidate Liberty Bella Vista, Liberty Beardsley, and Liberty
26

27 ³ Docket Nos. SW-02361A-15-0206 and SW-02361A-15-0207 (consolidated).

28 ⁴ Docket Nos. W-02465A-15-0367, W-02465A-15-0370, WS-02676A-15-0371, and WS-02676A-15-0371
(consolidated).

⁵ Docket Nos. SW-04316A-16-0078 and SW-04316A-16-0085 (consolidated).

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Cordes Lakes into Liberty Rio Rico, including the transfer of all useful and necessary assets of Liberty Bella Vista, Liberty Beardsley, and Liberty Cordes Lakes, including their certificates of convenience and necessity, to Liberty Rio Rico as requested in the Companies’ applications filed in these dockets and approval by the Commission of one tariff of rates and charges for all customers of Bella Vista, Rio Rico, Beardsley and Cordes Lakes under Liberty Rio Rico as the consolidated entity (from now on referring to the consolidated entity as” Liberty Rio Rico (Consolidated).” This requested consolidation will be supported by my direct testimony as well as Paul Walker’s direct testimony. Manasa Rao’s testimony provides an overview of the applications and the materials being filed in support of the requested consolidation in her direct testimony filed in the four dockets.

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS PROCEEDING?

A. My direct testimony will support and explain our consolidation proposal. In my testimony I also explain and support Liberty’s requests for recognition of acquisition premiums relating to our acquisitions of Liberty Beardsley and Liberty Cordes Lakes pursuant to the policy and rules adopted by this Commission in Decision No. 75626. Specifically, we are requesting inclusion of an acquisition premium for two of the four systems that have submitted rate applications, formerly known as Beardsley Water Company, Inc. (“Beardsley”) and Cordes Lakes Water Co. (“Cordes Lakes”), on the basis that Liberty’s acquisition of each utility meets all the relevant criteria for recognition of the acquisition premiums as adopted by the Commission. Specifically, I provide general background concerning Liberty Utilities (Sub) Corp’s (“Liberty Utilities”) acquisition of Cordes Lakes and Beardsley as I was the acting President at the time of completion of both the acquisitions. Finally, I am providing technical testimony to support the Applicants’ request for a Water Treatment Rate Adjustment Mechanism (“WTRAM”) in this rate case, as described in Manasa Rao’s testimony.

1 **III. CONSOLIDATION OF LIBERTY CORDES LAKES, LIBERTY BEARDSLEY,**
2 **LIBERTY BELLA VISTA AND LIBERTY RIO RICO**

3 **Q. PLEASE EXPLAIN LIBERTY’S CONSOLIDATION PROPOSAL.**

4 A. Liberty proposes to merge and consolidate Liberty Bella Vista, Liberty Beardsley and
5 Liberty Cordes Lakes into Liberty Rio Rico, including (1) the transfer of all useful and/or
6 necessary assets of Liberty Bella Vista, Liberty Beardsley and Liberty Cordes Lakes,
7 including their certificates of convenience and necessity, to Liberty Rio Rico as requested
8 in the Companies’ applications filed in this docket and (2) approval by the Commission
9 of one tariff each of water and wastewater rates and charges for all customers of Bella
10 Vista, Rio Rico, Beardsley and Cordes Lakes under Liberty Rio Rico as the consolidated
11 entity. Under this proposal, Liberty Beardsley, Liberty Cordes Lakes, and Liberty Bella
12 Vista would be merged into Liberty Rio Rico, meaning that all of Beardsley’s, Cordes
13 Lakes’ and Bella Vista’s assets would be owned by Liberty Rio Rico (Consolidated) and
14 all of the Beardsley, Cordes Lakes and Bella Vista customers would become customers of
15 Liberty Rio Rico (Consolidated).⁶

16 **Q. WHY IS LIBERTY SEEKING CONSOLIDATION AT THIS TIME?**

17 A. Liberty is proposing to consolidate these four companies in these rate case applications
18 for several reasons. To start, Liberty currently has seven (7) regulated water and
19 wastewater utilities in Arizona. Operating and managing those utilities as separate utilities
20 for ratemaking purposes is not optimal and results in added ratemaking and related costs.
21 Liberty always has intended to seek Commission approval to consolidate all of the Arizona
22 utilities into a single entity for ratemaking purposes. Liberty took the first step towards
23 statewide consolidation by seeking Commission approval for the merger of Liberty
24 Utilities (Entrada Del Oro Sewer) Corp. into Liberty Utilities (Gold Canyon Sewer) Corp.
25 in Docket Nos. SW-043 16A-21-0325 and SW-025 19A-21-0326. The Commission
26 approved that consolidation in Decision No. 78871. In turn, the proposed consolidation of

27 _____
28 ⁶ After approval of consolidation, Liberty intends to change the name of Liberty Utilities (Rio Rico Water & Sewer) Corp.

1 Bella Vista, Beardsley and Cordes Lakes into Liberty Rio Rico is the next natural step
2 towards statewide consolidation for rate making purposes. If consolidation of those
3 entities is approved by the Commission here, Liberty would have four regulated utilities
4 in Arizona, in turn providing a springboard for consolidation of those entities into a single
5 entity at some point in the future.⁷

6 **Q. PLEASE DESCRIBE THE BENEFITS OF THE PROPOSED CONSOLIDATION?**

7 A. It is beneficial to all customers of Beardsley, Bella Vista, Cordes Lakes and Rio Rico to
8 consolidate the customer bases for ratemaking, operations, and capital investments
9 because it expands the customer base across which costs may be spread. Consolidation of
10 the four entities into Liberty Rio Rico (Consolidated) will also reduce the regulatory costs
11 and burdens for all stakeholders, including the companies and customers as they will share
12 economies of scale and efficiencies gained in the reduction of administrative costs
13 associated with the expenses of Commission filings (to include compliance and rate case
14 expenses). Similarly, Commission Staff, the Residential Utility Consumer Office
15 (“RUCO”) and other community stakeholders will benefit as the consolidation of the
16 utilities reduces the number of regulatory filings and in return reduces stakeholder time
17 and resources expended on review and response. Mr. Walker’s direct testimony provides
18 further discussion on the benefits and merits of Liberty’s consolidation proposal.

19 **Q. IF CONSOLIDATION IS APPROVED, WILL THERE BE ONE SET OF RATES**
20 **FOR APPLICANTS?**

21 A. Yes, there will be one set of water and wastewater rates for the customers of all the
22 Consolidated Company if consolidation is approved. In Ms. Rao’s direct testimony as well
23 as in the direct testimony by Thomas J. Bourassa, we have provided an explanation of the
24 requested rates for Applicants on both a stand-alone basis and for Liberty Rio Rico
25 (Consolidated).⁸

26
27 ⁷ After consolidation here, Liberty would have two wastewater utilities – Liberty Utilities (Gold Canyon Sewer)
28 Corp, and Liberty Utilities (Black Mountain Sewer) Corp. and two water/wastewater utilities – Liberty Utilities
(Litchfield Park Water & Sewer) Corp. and Liberty Utilities (Rio Rico Water & Sewer) Corp.

⁸ Direct Testimony of Thomas J. Bourassa (Liberty Rio Rico) at 64-71; Direct Testimony of Manasa Rao at 6-9.

1 **IV. OVERVIEW OF LIBERTY UTILITIES' ACQUISITION OF CORDES LAKES**
2 **AND BEARDSLEY WATER**

3 **Q. AS THE PRESIDENT DURING THE CORDES LAKES ACQUISITION WHAT**
4 **WAS THE COMPANY'S ASSESSMENT OF THIS UTILITY?**

5 A. Liberty Utilities (Sub) Corp purchased the stock of Cordes Lakes and assumed control of
6 the system on March 1, 2019. Cordes Lakes is a Class D water utility located in Yavapai
7 County near the intersection of 1-17 and State Highway 69 and serves approximately 1600
8 connections. Prior to Liberty's ownership, Cordes Lakes experienced operational
9 challenges for several years, including a significant and extended water leak event in June
10 2017 due to a service line break that resulted in substantially depleted levels of water
11 storage. This event, along with high temperatures resulted in customer demand that
12 exceeded Cordes Lakes' water production capacity. As a result, Cordes Lakes customers
13 faced system-wide rolling outages. Cordes Lakes also implemented a Stage 3 Water
14 Curtailment and began hauling water at significant cost to replenish depleted storage levels.
15 This ultimately necessitated Cordes Lakes' filing of an emergency rate case and emergency
16 financing in July 2017 to pay for expenses related to the emergency as well as to fund capital
17 improvements to the system.⁹ The Commission decided a permanent rate case for Cordes
18 Lakes in 2018, where it directed Cordes Lakes to "continue its service line and meter
19 replacement program and identify and repair leaks on an ongoing basis to address ongoing
20 water loss and operational issues."¹⁰

21 **Q. WHAT WAS LIBERTY UTILITIES PLAN AT THE TIME OF ACQUISITION TO**
22 **IMPROVE CORDES LAKES?**

23 A. Liberty acquired Cordes Lakes during a time when it was facing significant operational
24 challenges and without the ability to fund the necessary capital investments needed to solve
25 the water system's water supply problems and prevent customer outages. Liberty's plan
26 when it acquired the utility was to provide safe and reliable service to Cordes Lakes'

27
28 ⁹ Docket No W-02060A-17-0228.

¹⁰ Decision No. 76678 page 12, 23-24 (Docket No W-02060A-17-0274).

1 customers by addressing operational challenges, including completing necessary capital
2 improvements to address water loss and source of supply issues for the long-term. Cordes
3 Lakes has benefitted from being part of the larger Liberty organization and now has access
4 to the capital needed to fund necessary infrastructure investments. Prior to Liberty's
5 ownership, Cordes Lakes' small size limited its ability to raise capital to finance necessary
6 system improvements and address operational issues. Since the last rate case, Liberty
7 Cordes Lakes has invested \$5,692,237 in capital improvements and upgrades to the water
8 system. Post-acquisition, Liberty Cordes Lakes also continued to haul water until the
9 completion of an additional well needed to provide water service for the community was
10 complete in June of 2020, The Hauling of water was particularly needed in 2019, to provide
11 safe and reliable service to its customers. Joshua Reiff's testimony covers details of the
12 capital improvements made to Liberty Cordes Lakes since the last rate case.

13 **Q. IS LIBERTY REQUESTING TO RECOVER AN ACQUISITION PREMIUM IN**
14 **THIS RATE CASE FILING FOR CORDES LAKES?**

15 A. Yes, Liberty Cordes Lakes is requesting to recover an acquisition premium of \$948,302,
16 which has been included as a rate base adjustment. The acquisition premium being
17 requested has been calculated as the difference between the purchase price paid by Liberty
18 and the net assets acquired upon the acquisition of Cordes Lakes.

19 **Q. AT THE TIME OF THE ACQUISITION WAS IT LIBERTY UTILITIES PLAN TO**
20 **REQUEST RECOVER ACQUISITION PREMIUM IN THE NEXT RATE CASE**
21 **FILING FOR CORDES LAKES?**

22 A. Yes, it was Liberty's plan to request recovery of the acquisition premium in the first Liberty
23 Cordes Lakes' rate case in accordance with Commission's water policy established in
24 Decision No. 75626 (July 26, 2016). In that decision, the Commission established a policy
25 relating to acquisitions of "small non-viable" water utilities such as Cordes Lakes, including
26 allowing acquisition premiums associated with the purchase of small non-viable water
27 utilities. As explained in Mr. Walker's testimony, Cordes Lakes more than meets the
28 qualifications of a non-viable utility under the policy. Mr. Walker's testimony provides a

1 detailed discussion of the applicability of the aforementioned Commission water policy in
2 support of Liberty’s request to recover Cordes Lakes’ acquisition premium.

3 **Q. AT THE TIME OF THE ACQUISITION WAS IT LIBERTY UTILITIES PLAN TO**
4 **CONSOLIDATE CORDES LAKES WITH OTHER UTILITIES?**

5 A. Yes. Liberty Cordes Lakes is small Class D water utility with approximately 1300
6 connections. Good utility and business practices support operating this utility in conjunction
7 with other water utilities as one consolidated utility for ratemaking, operational and capital
8 investment purposes in order to optimize operational practices and minimize administrative
9 costs associated with the expenses of Commission filings. Mr. Walkers address those
10 issues in his testimony.

11 **V. OVERVIEW OF LIBERTY UTILITIES’ ACQUISITION OF BEARDSLEY**
12 **WATER**

13 **Q. PLEASE PROVIDE AN OVERVIEW OF LIBERTY’S ACQUISITION OF**
14 **BEARDSLEY WATER?**

15 A. Liberty Utilities (Sub) Corp purchased the stock of Beardsley Water Company, Inc.
16 (“Beardsley Water”) assumed control of the system on March 31, 2021. At that time,
17 Beardsley Water was a Class D water utility, located in Maricopa County northwest of US
18 60 and Arizona Loop 303 that served approximately 2,150 connections at the time of the
19 acquisition. In Beardsley Water’s last rate case filed in 2019 (Docket No. W-02074A-19-
20 0317), the Commission adopted a revenue requirement of \$850,000 based on Staff’s
21 recommended cash flow and operating margin analysis methodology (Decision No. 77695).
22 The Commission concluded that revenue requirement based on a rate-of-return analysis did
23 not yield reasonable results due to the Beardsley Water’s Original Cost Rate Base
24 (“OCRB”) of negative \$12,054. In recognizing the anticipated future growth for the utility,
25 the Commission ordered Beardsley Water to file its next rate case by August 2023 in order
26 to monitor and determine the impact of anticipated growth on customer rates. Decision No.
27 76695 was modified on July 14, 2023, ordering that Beardsley Water to file a rate
28 application by December 31, 2023.

1 **Q. PLEASE DESCRIBE IMPROVEMENTS MADE TO BEARDSLEY WATER SINCE**
2 **ACQUISITION?**

3 A. Liberty’s plan when it acquired the utility was to provide continued safe and reliable service
4 to Beardsley’s customers. Beardsley has benefitted from being part of the larger Liberty
5 organization, including having access to greater managerial, technical, and financial
6 capabilities to operate and improve the system. In comparison to Beardsley Water’s
7 previously established OCRB of negative \$12,054 (Decision No. 77695), Liberty Beardsley
8 is requesting a Fair Value Rate Base (“FVRB”) of \$6,530,039. Terry Gilbertson’s direct
9 testimony details the capital improvements made to the system since the last rate case,
10 which include replacing aging meters, upgrading water treatment, and pumping equipment,
11 installing security and software upgrades and services.

12 **Q. IS LIBERTY REQUESTING TO RECOVER AN ACQUISITION PREMIUM IN**
13 **THIS RATE CASE FILING FOR BEARDSLEY WATER?**

14 A. Yes, Liberty Beardsley is requesting to recover an acquisition premium of \$3,085,187,
15 which has been included as a rate base adjustment. The acquisition premium being
16 requested has been calculated as the difference between the purchase price paid by Liberty
17 and the net assets acquired upon the acquisition of Beardsley Water.

18 **Q. AT THE TIME OF THE ACQUISITION WAS IT LIBERTY UTILITIES PLAN TO**
19 **REQUEST RECOVER ACQUISITION PREMIUM IN THE NEXT RATE CASE**
20 **FILING FOR BEARDSLEY WATER?**

21 A. Yes, it was Liberty’s plan to request recovery of the acquisition premium in the first Liberty
22 Beardsley’s rate case in accordance with Commission’s water policy established in
23 Decision No. 75626 (July 26, 2016). In that decision, the Commission established a policy
24 relating to acquisitions of “small non-viable” water utilities, including allowing acquisition
25 premiums associated with the purchase of small non-viable water utilities. Mr. Walker’s
26 testimony provides detailed discussion and support of the applicability of the
27 aforementioned Commission water policy to Beardsley Water.

28

1 **VI. WATER TREATMENT RATE ADJUSTMENT MECHANISM PROPOSAL**

2 **Q. ARE YOU ALSO PROVIDING TESTIMONY IN SUPPORT OF APPLICANT’S**
3 **REQUEST OF A WATER TREATMENT RATE ADJUSTMENT MECHANISM?**

4 A. Yes, I will be providing technical testimony in support of Liberty’s request for a Water
5 Treatment Rate Adjustment Mechanism (“WTRAM”). The Applicants propose that the
6 Commission allow for recovery of costs incurred to remediate federally regulated Per and
7 polyfluoroalkyl substances known as PFAS via a rate adjustment mechanism. Manasa
8 Rao’s testimony addresses details of the proposed mechanism and provides discussion of
9 why the mechanism is necessary and in public interest.

10 **Q. WHAT IS PFAS?**

11 A. The United States Environmental Protection Agency (EPA) has catalogued over 14,000
12 different known PFAS¹⁰ of various chemical structures. Some examples are:
13 Perfluorooctanoic Acid (“PFOA”), Perfluorooctane Sulfonic Acid (“PFOS”),
14 Perfluorobutanesulfonic Acid (“PFBS”), Perfluorononanoic Acid (“PFNA”),
15 Perfluorohexanesulfonic Acid (“PFHxS”), and Hexafluoropropylene Oxide Dimer Acid
16 (“HFPO-DA”) also known by the trade name GenX.

17 **Q. WHAT IS THE SOURCE OF PFAS?**

18 A. PFAS come from many sources. PFAS in groundwater can come from sources such as
19 airports, firefighting training facilities, landfills, manufacturing plants, military
20 installations, past forest fire sites, and wastewater treatment plants. These are widely used,
21 long lasting chemicals, which break down very slowly over time. They can enter the
22 environment through numerous sources including waste stream discharges, stormwater
23 runoff, and infiltration into groundwater aquifers.

24 **Q. WHAT ARE THE RECOMMENDED MAXIMUM CONTAMINANT LEVELS FOR**
25 **PFOS AND PFOA ACCORDING TO THE EPA?**

26
27
28 ¹⁰ AAAS 2020 and USEPA 2018b references from the draft CCL 5 notice.

1 A. The US EPA has not yet finalized national primary drinking water regulations which are
2 anticipated to be promulgated in 2024. The proposed PFAS Rule prescribes a Maximum
3 Contaminant Limit (“MCL”) of 4.0 parts per trillion (“ppt”) for PFOA; an MCL of 4.0 ppt
4 for PFOS; and a Hazard Index of one for four other PFAS species: PFBS, PFNA, PFHxS,
5 and GenX chemicals.

6 **Q. WHAT WATER TREATMENT ISSUES DO APPLICANTS FACE?**

7 A. Liberty Rio Rico and Liberty Bella Vista are currently facing treatment issues. Three of the
8 six wells: W-52 (PFOS, 38 parts per trillion or “ppt”); W-8 (PFOA, 7.9 ppt and PFOS, 22
9 ppt); and W-6 (PFOS 37 ppt), exceed the US EPA recommended PFOS and PFOA MCLs
10 that are yet to be promulgated. Sources of this contamination include but are not limited to
11 the manufacture, sale, use and or disposal of PFAS products, including at facilities in the
12 vicinity of Liberty Rio Rico’s wells and/or Aqueous Film Forming Foams (“AFFF”) that
13 are used to disposed of in the vicinity of Liberty Rio Rico’s wells. Liberty Rio Rico
14 continues to test its wells for the presence of PFAS.

15 Liberty Bella Vista also possesses sampling data showing the presence of PFAS in one of
16 its three wells: well W-3 (PFOA 2.25 ppt and PFOS at 2.05 ppt). The sources of this
17 contamination include but are not limited to the manufacture, sale, use and or disposal of
18 PFAS products, including at facilities in the vicinity of Liberty Bella Vista’s wells and/or
19 (“AFFF”) that are used or disposed of in the vicinity of the wells. Liberty Bella Vista will
20 continue to monitor PFAS levels under the anticipated regulations and possibly build
21 treatment facilities to comply with the proposed Safe Drinking Water Act MCLs for PFAS
22 and other similar substances.

23 **Q. WHAT ARE LIBERTY’S PLANS FOR TREATMENT OF PFOA/PFAS?**

24 A. Liberty Rio Rico will need to build treatment facilities to comply with the proposed Safe
25 Drinking Water Act MCLs for Per-and Polyflouroalkyl Substances (PFAS) and other
26 similar substances at the three wells where PFAS has been detected. Liberty Bella Vista
27 will continue to monitor PFAS levels under the anticipated regulations and possibly build
28

1 treatment facilities to comply with the proposed Safe Drinking Water Act MCLs for PFAS
2 and other similar substances.

3 **Q. PLEASE PROVIDE A BRIEF SUMMARY OF THE TREATMENT OPTIONS**
4 **PROPOSED FOR LIBERTY RIO RICO.**

5 A. While several methods to treat for PFAS currently exist, only three are recognized to
6 be effective by the US EPA: (1) Ion Exchange (“IX”), (2) Granular Activated Carbon
7 (“GAC”), and (3) Reverse Osmosis/Nanofiltration (“RO/NF”). Liberty Rio Rico
8 Water’s proposed treatment facilities is based on engineering evaluation and analysis
9 and will utilize one or a combination of the aforementioned recognized treatment
10 options.

11 **Q. DO THE APPLICANTS FACE ANY NEW SIGNIFICANT COSTS RELATED TO**
12 **NEW GOVERNMENT-MANDATED FOREVER CHEMICAL REGULATIONS?**

13 A. Yes. Liberty Rio Rico estimates that capital expenditures totaling \$5.8 million are needed
14 to install filtration equipment that removes PFOA and PFOS contaminants and achieve
15 compliance with proposed 4.0 ppt MCLs for both contaminants. Further, the Company
16 estimates an incremental increase of \$375,000 in annual O & M expenses associated with
17 the ongoing treatment of PFAS, primarily for filtration media. These costs are estimates and
18 subject to change as engineering studies have not been performed and the costs are high
19 level estimates based on our experience with PFOA and PFOS treatment in Liberty Systems.

20 **Q. HOW WILL THE WTRAM BE USED TO FUND THOSE COSTS?**

21 A. The WTRAM will allow the recovery of costs incurred to comply with the anticipated
22 MCLs for PFAS and other similar substances via a rate adjustment mechanism. The
23 mechanism will allow the Applicants to recover expenditures deployed to fund plant
24 additions and operating and maintaining expenses required to achieve compliance with all
25 federally mandated MCLs. Manasa Rao’s testimony provides further discussion of the
26 WTRAM in her testimony.

27 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

28 A. Yes.

1 Kelly A. Daly (No. 029509)
Paloma Scheiferstein (No. 035672)
2 SNELL & WILMER L.L.P.
1 East Washington Street, Suite 2700
3 Phoenix, AZ 85004
Telephone: 602.382.6000
4 E-Mail: kdaly@swlaw.com
pscheiferstein@swlaw.com

5
6 Liberty Utilities
Lisa C. Lance (No. 038506)
14920 W. Camelback Road
7 Litchfield Park, AZ 85340
Telephone: 602-550-3846
8 Lisa.Lance@libertyutilities.com

9 Attorneys for Liberty Utilities (Bella Vista Water) Corp.
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THEREON.

DOCKET NO: W-02465A-23-

21
22 **DIRECT TESTIMONY**

23 **OF**

24 **PAUL WALKER**

25 **December 28, 2023**
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1 **I. INTRODUCTION AND PURPOSE OF TESTIMONY**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Paul Walker. My business address is 1310 E. Pedro Road, Phoenix, AZ 85042.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I founded Theseus, LLC, which provides extensive consulting on public utility regulation
6 issues in Arizona. I have worked with the U.S. Department of Energy, Environmental
7 Protection Agency, and public utility commissioners across the United States. I have
8 represented and lobbied for major electric and water/wastewater utilities in regulatory and
9 legislative arenas. I have also provided regulatory guidance to Arizona’s largest electric
10 utility companies, the state’s largest gas utility, and Arizona’s fastest-growing water and
11 wastewater utility. I was the advisor to the Chairman of the Arizona Corporation
12 Commission (“ACC” or “Commission”), Marc Spitzer, for over three years, and I have been
13 an expert witness in numerous public utility regulation hearings. I specialize in utility
14 regulation and advice related to utilities from a business and practical perspective,

15 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

16 A. I am providing this direct testimony on behalf of Liberty Utilities (Beardsley Water) Corp.,
17 Liberty Utilities (Bella Vista Water) Corp., Liberty Utilities (Cordes Lakes Water) Corp.,
18 and Liberty Utilities (Rio Rico Water & Sewer) Corp.

19 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**
20 **BACKGROUND.**

21 A. I have a Master of Business Administration in International Business from
22 Thunderbird at ASU and a Bachelor of Science in Business Management from the
23 University of Phoenix. I served in the Army National Guard, leaving the service as a
24 Captain in the Military Police Corps. After that, I served as the policy advisor in the
25 office of the Chairman of the ACC from 2001 to 2004. During this role, the ACC
26 implemented Section 271 of the 1996 Telecommunications Act deregulating the
27 telecommunications utility sector during that period and managed the unwinding of
28

1 Arizona’s aborted electric competition effort, the California Electric Crisis, and the
2 adjudication of hundreds of regulatory matters.

3 I have passed the FINRA SIE exam and will have completed my NASAA Series
4 65 in the next few weeks. I have also worked with four Wall Street hedge funds, analyzing
5 regulatory climates and risks across the U.S.

6 Finally, I have authored the following publications in the previous ten years:

- 7 • *Consolidation and Uncertainty*, by Matthew Rowell and Paul Walker, 2021
- 8 • *The Costs of Inconsistency*, Paul Walker, May 2021
- 9 • *The Evolution of Cost of Capital in Ratemaking*, Mathew Rowell and Paul Walker,
10 March 29, 2021
- 11 • *Concerns with RUCO’s Dividend Position*, Paul Walker and Matthew Rowell, Sept.
12 2019
- 13 • *Regulatory Climate Change*, Paul Walker and Matthew Rowell, May 1, 2019
- 14 • *The Role of Adjustor Mechanisms*, Paul Walker, November 22, 2019
- 15 • *Consolidating an Industry*, Patrick Quinn and Paul Walker, 2014

16 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE ARIZONA**
17 **CORPORATION COMMISSION (“COMMISSION”)?**

18 A. Yes. I have appeared before the Commission numerous times on policy changes involving
19 issues including the System Improvement Benefits (“SIB”) and Consolidations and
20 Acquisition incentives, post-test year plant, adjustor mechanisms, utility transactions,
21 system expansions, and rate consolidation. I have also authored and co-authored several
22 white papers on utility regulation issues and have made numerous public presentations
23 before the Commission on these and related topics affecting utilities in Arizona.

24 I also provided written testimony for Liberty Bella Vista and Liberty Rio Rico in
25 their 2015 rate cases, Docket Nos. W-02465A-15-00367, W-02465A-15-0370, WS-
26 02676A-15-0368, relating to challenges in Arizona’s regulatory climate and corporate cost
27 allocations.

28

1 **Q. AND WHAT EXPERIENCE DO YOU HAVE WITH THE COMMISSION’S**
2 **POLICIES ON WATER COMPANY ACQUISITIONS AND CONSOLIDATION?**

3 A. In the early 2010s, I formed and led the water industry trade group “Arizonans for
4 Responsible Water Policy” (“Responsible Water”). As the head of that group, I led the
5 effort to create the SIB mechanism in Arizona, working with the water companies to
6 develop a comprehensive approach that included polling, white papers, lobbying,
7 testifying, and building a consensus that led to the adoption of the SIB.

8 A few years later, as the head of Responsible Water, we used the same
9 comprehensive approach to encouraging the Commission to adopt robust policies to
10 consolidate and strengthen Arizona’s water and wastewater sector. I drafted and filed the
11 acquisition and consolidation policies that the Commission largely adopted in Decision
12 No. 75626.¹

13 **Q. WHAT ISSUES WILL YOUR TESTIMONY IN THIS CASE ADDRESS?**

14 A. I will outline Liberty’s proposed consolidation of Liberty Utilities (Beardsley Water)
15 Corp., Liberty Utilities (Bella Vista Water) Corp., Liberty Utilities (Cordes Lakes Water)
16 Corp. and Liberty Utilities (Rio Rico Water & Sewer) Corp. into one company and I will
17 explain the reasons why the Commission should approve Liberty’s proposed consolidation
18 of those entities, including consolidation of the rates and tariffs for the Rio Rico, Bella
19 Vista, Cordes Lakes, and Beardsley systems.

20 This is a topic near and dear to my heart as the highlight, in my mind, of
21 Responsible Water’s efforts was the adoption of the Commission’s water policies around
22 acquisitions and consolidation. I support the proposed consolidation of Beardsley, Cordes
23 Lakes, Bella Vista, and Rio Rico because doing so is consistent with best industry
24 practices because it supports future investment in all four systems. Consolidated rates and
25 tariffs will position the Consolidated Company to support the Commission’s policy

26
27
28 ¹ Link: <https://docket.images.azcc.gov/0000170335.pdf?i=1702922076296>

1 objectives around consolidating and strengthening the state’s water utility sector while
2 avoiding rate shock and system outages, failures, and non-compliance.

3 In my testimony, I also explain and support Liberty’s requests for recognition of
4 acquisition premiums relating to the acquisition of Liberty Beardsley and Liberty Cordes
5 Lakes with the policy and rules adopted by this Commission in Decision No. 75626.
6 Specifically, I support the inclusion of an acquisition premium for two of the four systems
7 that have submitted rate applications, Beardsley Water Company (“Beardsley”) and
8 Cordes Lakes Water (“Cordes Lakes”), on the basis that Liberty’s acquisition of each
9 utility meets all the relevant criteria for recognition of the acquisition premiums.

10 **Q. HOW IS THE REMAINDER OF YOUR TESTIMONY ORGANIZED?**

11 A. Section II of my testimony addresses the acquisition premium issue. Section III of my
12 testimony addresses the consolidation issue.

13 **II. ACQUISITION PREMIUM**

14 **Q. WHAT IS AN ACQUISITION PREMIUM?**

15 A. An acquisition premium is a regulatory tool allowing a public utility commission to
16 recognize “goodwill assets” as used and useful service components. A goodwill asset is
17 created when an asset (or company) is purchased at market value, and the market value is
18 greater than the book value. The amount spent for the acquisition covers acquired assets,
19 but, in addition to the physical asset values (cash, AR, facilities, plant), the acquiring
20 company owns the asset of the market value of the acquired firm. In essence, an
21 “acquisition premium” refers to all or a portion of the purchase price in excess of net book
22 value of the utility purchased from the seller that is added to the utility’s rate base.
23 Companies have the right to recover that through tax depreciation and in jurisdictions that
24 support financially strong, consolidated utilities. Public utility commissions, particularly
25 Arizona and Pennsylvania, use acquisition premiums to incentivize large, well-capitalized
26 utilities to acquire and rehabilitate small, troubled utilities.

27 **Q. CAN YOU SUMMARIZE, IN GENERAL TERMS, THE PURPOSE OF THE**
28 **PREMIUM?**

1 A. To make the acquisition of companies like Beardsley and Cordes Lakes attractive to well-
2 capitalized system owners and operators, the first issue to be addressed is what price the
3 existing owners will accept to sell their utility. Many factors drive that valuation. Usually,
4 income to the owners is the primary valuation metric for small systems. After arms-length
5 negotiations, a price is agreed upon, and the acquirer pays the market value for the system.
6 However, absent the recognition of the goodwill asset created by the acquisition, the
7 acquiring company cannot directly recover its investment. That is, obviously, a significant
8 disincentive for the acquisition of small, troubled systems, and, recognizing that, the
9 Commission adopted Dec. No. 75626, which lays out the criteria by which acquisition
10 premiums are recognized in rates.

11 Making matters more difficult financially, many small water companies in Arizona
12 have “negative rate bases,” which are, in my experience, always the result of over-reliance
13 on Advances-in-Aid of Construction (“AIAC”) and Contributions-in-aid of Construction
14 (“CIAC”) and a “just-in-time” approach to system modernization and capital investment.
15 Just-in-time systems replace equipment after it breaks. And, being a small business, cash
16 flow is perpetually a challenge, so they get emergency loans, often from the Water
17 Infrastructure Finance Authority of Arizona (“WIFA”), and the Commission provides a
18 rate surcharge to cover the loan. That system is self-reinforcing. Once a utility gets into
19 AIAC and CIAC as the primary means of financing, that will be the “rest of the story”:
20 this financing pattern will reoccur. And while size increases, the system increases, like we
21 have seen with other Arizona utilities, and companies on the AIAC/CIAC train eventually
22 fail. It’s just economics: Assets matter. This case involves two such companies, Beardsley
23 Water and Cordes Lakes, and my testimony will demonstrate that Liberty should have 100
24 percent of their acquisition premiums recognized as the goodwill assets they are and given
25 a 20-year depreciation schedule, and recognition in rates.

26 As I discuss later in my testimony, and as is discussed at length in the testimonies
27 of Joshua Reiff and Terry Gilbertson, these two systems needed significant investment
28 that would not have been practically possible under previous ownership. This creates risks

1 and uncertainties for an acquirer. So, the Commission must allow for and recognize
2 necessary acquisition premiums to incentivize technically and financially capable
3 investors to meet operational and funding needs. The increase costs to customers is
4 nonetheless in their interest because the access to capital at competitive rates that comes
5 with new ownership is critical to providing safe, reliable service.

6 **Q. HOW DOES LIBERTY PROPOSE TO COLLECT THAT AMOUNT?**

7 A. In the stand-alone filings for Liberty Cordes Lakes and Liberty Beardsley, the respective
8 acquisition premium is included as an adjustment to their individual rate base amortized
9 over 20 years, and collected via base rates from the respective company's customers.

10 The same approach has been utilized for the proposed consolidation: Liberty Rio
11 Rico (Consolidated)'s rate base includes adjustments for the acquisition premiums of
12 Liberty Cordes Lakes and Liberty Beardsly and amortized over 20 years. Liberty proposes
13 to collect the acquisition premium via base rates from the consolidated company's
14 customers.

15 **Q. IS IT REASONABLE TO ASK CUSTOMERS TO PAY A PORTION OF THE**
16 **COSTS OF ACQUIRING AND IMPROVING SERVICE TERRITORIES OF NON-**
17 **VIALE UTILITIES?**

18 A. Yes. Although Liberty is sensitive to ask any customer to bear the burden of a rate
19 increase, in this instance, the socialization of the acquisition premium across all four is a
20 reasonable outcome in this situation. There are only 1,609 connections in Cordes Lakes.
21 Requiring those customers to bear the costs themselves would cause the average 3/4 inch
22 metered residential customer using an average of 3,420 gallons in Cordes Lakes to move
23 from a monthly bill of \$30.06 to \$100.75 monthly, an increase of \$70.68 or 235.11%.² So,
24 from the simple perspective of protecting customers, rate consolidation must be
25 considered.

26
27
28 ² See Rate Base, Income Statement & Rate Design Direct Testimony of Thomas J. Bourassa for Cordes Lakes, Page 20, Lines 22-25.

1 But, beyond that, the Commission has been aware of the need to strengthen
2 Arizona's dispersed, financially challenged water and wastewater sector for over 25 years.
3 In 2016, the Commission took concrete steps to begin that process, and the results have
4 been highly positive. As I will demonstrate in this testimony, and as Joshua Reiff and
5 Terry Gilbertson demonstrate in their operations testimonies, these acquisitions have
6 dramatically improved both the acquired systems' operational and financial viability.

7 The systems being asked to participate in sharing those costs are themselves
8 systems comprised of utilities that were once non-viable and were consolidated together,
9 over and over, into larger, more resilient systems. Simply put, this case may well be the
10 first one in which the Commission begins to see the long-term benefits of its approach to
11 consolidation through acquisition premiums and rate consolidation that distributes
12 significant investments over a larger group of customers.

13 **Q. COULDN'T THE COMMISSION DISALLOW RECOVERY OF THE**
14 **PREMIUMS AND IN SO DOING, AVOID THE RATE IMPACTS?**

15 A. No. I don't believe a basis exists to disallow the recovery of the premium because, as I
16 will explain, each acquisition meets the Commission's policy standards as outlined in
17 Decision No. 75626. So, for the Commission to reverse course on this critical regulatory
18 policy, doing so would set a very problematic precedent. The Commission would be
19 changing its policy on consolidation with no warning at all. And, as the Commission is
20 aware, that would have a very negative impact on the state's regulatory climate.

21 **Q. HOW WOULD DENYING THE PREMIUMS IMPACT THE REGULATORY**
22 **CLIMATE?**

23 A. In March 2011, Value Line published "*What Determines a state's regulatory climate, and*
24 *what should investors do about it?*"

25 The article stated:

26 "*What factors affect a regulatory climate? We examine the outcomes of recent*
27 *rate cases. We consider regulatory consistency. We look at historical*

1 practices... Does a state allow tracking mechanisms for expenses?". [Emphasis
2 added]

3 Two of ValueLine's four criteria are consistency and historical practices. In this testimony,
4 I will rely on those factors when I compare Liberty's proposals with those recognized by
5 the Commission in other cases. But then again, that's just ValueLine; what do other
6 nationally recognized companies think about the regulatory climate?

7 S&P published "*Assessing U.S. Utility Regulatory Climates*" in May 2016, in which it laid
8 out the following: [Emphasis added throughout]

9 "One significant aspect of regulatory risk that influences credit quality is the
10 regulatory environment in the jurisdictions where a utility operates."

11 "[S&P] emphasize the principle of consistency when weighing regulatory
12 stability. We also incorporate the degree to which the regulatory framework
13 either explicitly or implicitly considers credit quality in its design."

14 "Major or frequent changes to the regulatory model invariably raise risk due
15 to the possibility of future changes. Steady application of transparent,
16 comprehensible policies and practices lowers risk."

17 "The less-supportive jurisdictions are those that frequently alter the basic
18 regulatory approach."

19 "Risk is lower when the rules are more transparent and when they take into
20 account utilities' financial integrity... We see less support when any of these
21 credit factors are absent, or if the regulator's record on following precedent is
22 poor."

23 "We examine 'regulatory lag' along with the record or earned returns to
24 assess timeliness. Credit-supportive jurisdictions typically have a track record
25 of little regulatory lag."

26 "In addition to the regulator's efficiency in completing rate cases, we
27 consider the obsolescence of the costs on which the rates are based, the timing
28 of interim rates, and other practices (such as allowing rates to change in a future

1 period based on inflation automatically that affect a utility's ability to earn its
2 authorized return."

3 "We view [a jurisdiction] as most risky when full recovery occurs only after
4 a utility's assets become operational."

5 "Cash takes precedence in credit analysis."

6 So, from a regulatory climate perspective, the disallowance of these premiums would trigger
7 half of ValueLine's criteria and six of S&P's nine criteria for assessing regulatory climate.
8 Setting that aside, the Commission's water policy itself would be thrown into question. The
9 Commission stated the outlook for water utilities quite clearly and correctly in Dec. No.
10 75626:

11 *"Simply put, Arizona faces a sobering water future: "The end of the 'cheap*
12 *water' era....[and the beginning] of a world in which water is more scarce, more*
13 *valuable, and more expensive."[FN]³ CAP shortages will entail increased*
14 *reliance on local water supplies, undoubtedly affecting the aquifers many small,*
15 *rural water companies rely upon to sustain the communities they serve. The*
16 *cost curve to operate a water system will bend significantly upward as wells*
17 *will need to be drilled deeper and pumps will need to be larger and more*
18 *powerful. Looming infrastructure investments to combat drier conditions and*
19 *new environmental regulations, replace crumbling pipes, and upgrade the*
20 *capacity of systems to reflect population growth will require highly*
21 *sophisticated managerial, fiscal, and technical prowess. This paradigm shift*
22 *will cause many small water companies to become troubled and many troubled*
23 *small water companies to fail."*

24 Not only are there compelling factual bases to recognize the premiums and consolidate the
25 rates of these companies, but ValueLine, S&P, and Decision No. 75626 provide equally
26 compelling policy and regulatory climate reasons to remain consistent and transparent on

27 _____
28 ³ The footnote cited by the Commission was: Quinn, P., Walker, P. (2014) The Challenges of Consolidating an Industry. p. 19 Docket No. WS-0000A-14-0198.

1 this policy and, therefore, to recognize the premiums and consolidate the rates of these
 2 companies.

3 **Q. DO THE ACQUISITION PREMIUMS FOR BEARDSLEY WATER COMPANY**
 4 **AND CORDES LAKES WATER MEET THE COMMISSION’S STATED**
 5 **CONDITIONS FOR THE ALLOWANCE OF ACQUISITION PREMIUMS?**

6 A. Yes, there is no question about this issue. Both acquisitions were in the public interest.⁴
 7 Both acquisitions were of non-viable utilities, both systems have received post-acquisition
 8 investments in plant that are multiples of what their existing rate bases were, both systems
 9 have seen significant post-acquisition improvements within a reasonable period, and under
 10 Liberty’s consolidation proposal, no customer will see an unreasonable increase to rates.
 11 This table provides a quick reference, although I will explain the issues in detail
 12 throughout my testimony:

13 **TABLE ONE: ACQUISITION PREMIUM ISSUES OVERVIEW**

	Cordes Lakes	Beardsley Water
	Rate Base at acquisition:\$271,429 Post-acquisition improvements: \$5,692,237 See Direct Testimony of Joshua Reiff for details, but in summary: Well installation, water main replacements, well and booster pumps, failed electrical equipment, service line replacements, water meters, backup generators at wells and booster stations, and much more.	Rate Base at acquisition: (\$12,054) Post-acquisition improvements: \$3,389,989 See Direct Testimony of Terry Gilbertson for details, but in summary: 500 meters, two new utility vehicles, physical site security, numerous well pumps, well improvements, electrical systems, SCADA, and more.
Dec. No. 75626, “Policy Regarding Direct Incentives for Acquisitions,” Pages 18 through 20	Cordes Lakes	Beardsley Water
Public Interest Dec. No. 75262, Page 19, Lines 1 thru 4	Had significant reliability, safety, and adequacy failures, leading to water shortages	AIAC over-reliance led to staggeringly bad financials and faced high growth
No Impairment to Acquirer Dec. No. 75262, Page 19, Lines 5 thru 11	Liberty conducted both acquisitions. There has not been, nor will there be, any impairment of Liberty , and Liberty maintains the managerial, technical, and financial capabilities to operate and improve each system.	

28 ⁴ See Arizona Corporation Commission decision 75626: “Policy Regarding Direct Incentives for Acquisitions”.

1	Class D or E Systems Dec. No. 75262, Page 19, Line 12	Class D	Class D
2			
3	It was not viable. Dec. No. 75262, Page 19, Lines 12 thru 13	Operationally, Financially non-viable. Water shortages in summer caused by system failure and lack of investment	Financially non-viable. Commission concerns with over-reliance on AIAC and significant growth looming
4			
5			
6	Violations of Statutory or Regulatory Standards Dec. No. 75262, Page 19, Lines 13 thru 14	Yes	No
7			
8			
9	Failure to comply with Commission or ADEQ Order Dec. No. 75262, Page 19, lines 15 thru 16	No	No
10			
11	Did the acquirer and the seller have affiliated interests? Dec. No. 75262, Page 19, Line 17	No	No
12			
13			
14	No Unreasonable Increase to Rates because of Acquisition Dec. No. 75262, Page 19, Lines 18, and 19	In this case, rate-based investments are 7.73 times greater than acquisition premiums. AP is to be recovered over 20 years. The APs are not driving the rate increase.	
15			
16	Fair and Reasonable Price, Arms-Length Negotiations Dec. No. 75262, Page 19, Lines 20, and 21	Yes	Yes
17			
18	Premium Associated with Improvements within Reasonable Period Dec. No. 75262, Page 19, Line 26 thru Page 20, Line 2	Yes. Cordes Lakes: \$5,696,237 plant investment. ⁵	Yes. Beardsley Water: \$3,389,989 plant investment. ⁶
19			
20			
21	Premium Reviewed and Approved in a Rate Case Dec. No. 75626, Page 20, Line 3	This case.	This case.
22			

Q. WHICH OF THOSE CRITERIA ARE CLEARLY MET?

A. These acquisition clearly meet the “no impairment to Acquirer,” Class D or E, no affiliated interests, fair and reasonable price with arms-length negotiations and review of the

⁵ See Direct Testimony of Joshua D. Reiff, for Cordes Lakes, at Page 5, Line 1.

⁶ See Direct Testimony of Terry Gilbertson, for Beardsley Water, at Page 5, Lines 10.

1 acquisition premium in a rate case conditions. Each of those items are summarized as
2 follows:

3 No Impairment to Acquirer (Dec. No. 75262, Page 19, Lines 5 through 11).
4 **True.**

5 Class D or E Systems (Dec. No. 75262, Page 19, Line 12).

6 **True, both were Class D.**

7 Did the acquirer and the seller have affiliated interests? (Dec. No. 75262,
8 Page 19, Line 17).

9 **No affiliated interests.**

10 Fair and Reasonable Price, Arms-Length Negotiations (Dec. No. 75262,
11 Page 19, Lines 20, and 21).

12 **True.**

13 Premium Reviewed and Approved in a Rate Case (Dec. No. 75626, Page
14 20, Line 3).

15 **True, in this case.**

16 **Q. THEN, WHAT CRITERIA REMAIN TO BE PROVEN IN THIS CASE?**

17 **A.** Bearing in mind that the Commission itself made clear that not every criterion had to be
18 met, the only remaining criteria are whether Beardsley and Cordes Lakes were viable or
19 non-viable utilities when they were acquired. On that issue, the record is clear that Cordes
20 Lakes and Beardsley were non-viable.

21 **Q. WERE THE ACQUIRED UTILITIES VIABLE PER DEC. NO. 75262, PAGE 19,
22 LINES 12 THROUGH 13?**

23 **A.** Neither company was viable. In 2017, Cordes Lakes ran out of water. Their engineering
24 consultant, Ray Jones, explained: “The main cause is simply the record heat we’re having
25 right now. The customer demand in the system has simply exceeded the capacity of the
26 wells to produce water.”⁷ The Commission partnered with Yavapai County Emergency
27 Management to implement water-hauling; customers were asked to reduce consumption
28 inside the home and eliminate outdoor watering.

⁷ Mo, Kelsey. “Heat wave causes water shortage in Cordes Lakes; delivery shut nightly”. The Republic. June 23, 2017 (Exhibit PW-DT1).

1 The same situation occurred at Cordes Lakes, though to a lesser extent the prior
2 year.⁸ Notably, the record heat that caused the failures has been exceeded in 2021 and
3 2023.⁹ Cordes Lakes failed to meet regulatory standards and arguably could not make
4 reasonable investments in its system. The fact that Cordes Lakes had supply problems in
5 back-to-back years indicates that the prior owners could not foresee or finance the
6 improvements needed.

7 **Q. AND WHAT ABOUT BEARDSLEY WATER?**

8 A. In 2020, before the Liberty acquisition, Beardsley Water's balance sheet showed the
9 following:¹⁰

- 10 • Total Capital: \$23,119 against \$343,718 of Current Liabilities and \$8,159,970 of
11 Deferred Credits (also a liability).
- 12 • Producing a Total Capital to Current Liabilities Ratio of 0.07.
- 13 • It had a Total Capital to Total Liabilities ratio of 0.003 – literally 3/10th of 1%.

14 I could go on because the situation gets infinitely worse if one compares Beardsley's Total
15 Capital to its Total Liabilities, but one gets the point. Beardsley was extraordinarily
16 financially unstable and non-viable.

17 **Q. WHAT DO THOSE RATIOS TELL US ABOUT THE FINANCIAL VIABILITY**
18 **OF BEARDSLEY WATER?**

19 A. Before Liberty Utilities took ownership, I would describe the financial status of Beardsley
20 Water as catastrophically wrong. When a firm's total capital is less than 7% of its current
21 liabilities, it has virtually no liquidity. Current liabilities are obligations that are typically
22 due within one year. If a firm's total assets are only 7% of its short-term obligations, it is
23

24 ⁸ Mo, Kelsey. "Heat wave causes water shortage in Cordes Lakes; delivery shut nightly". The Republic. June 23,
2017 (Exhibit PW-DT1).

25 ⁹ Associated Press. "Phoenix sets record for hottest June in history". Fox10 News. July 2, 2021 [Phoenix sets r
https://www.fox10phoenix.com/news/phoenix-sets-record-for-hottest-june-in-history](https://www.fox10phoenix.com/news/phoenix-sets-record-for-hottest-june-in-history)
26 [record for hottest June in history
\(fox10phoenix.com\)](https://www.fox10phoenix.com/news/phoenix-sets-record-for-hottest-june-in-history) and Graves, Kyle. "Until next year: As fall makes its debut here's a look at how summer
27 impacted Arizona". Arizona Republic. September 22, 2023. [Extreme heat brought record-breaking sum
https://www.azcentral.com/story/news/local/arizona-weather/2023/09/22/extreme-heat-brought-record-breaking-
summer-to-arizona/70931723007/mer to Arizona \(azcentral.com\)](https://www.azcentral.com/story/news/local/arizona-weather/2023/09/22/extreme-heat-brought-record-breaking-summer-to-arizona/70931723007/mer-to-Arizona)

28 ¹⁰ See, Beardsley Water Company's 2020 ACC Annual Report, [https://www.azcc.gov/docs/default-source/utilities-
files/water/annual-reports/beardsley-water-company-inc/2020.pdf?sfvrsn=b0870d6a_3](https://www.azcc.gov/docs/default-source/utilities-files/water/annual-reports/beardsley-water-company-inc/2020.pdf?sfvrsn=b0870d6a_3)

1 in extreme financial peril. Imagine if you owed \$343,718 in payments this year, and your
2 total capital available was \$23,119. You'd be in a panic, and justifiably so.

3 Making matters even worse for Beardsley Water, it had a negative rate base and
4 over \$3 million in accounts payable against Total Capital of only \$23,119. So, it could not
5 finance its way out of the situation. Making matters even worse, Beardsley Water
6 company was experiencing and expecting high customer growth.

7 **Q. WHAT DOES BEARDSLEY'S FINANCIAL SITUATION LOOK LIKE AFTER**
8 **THE LIBERTY ACQUISITION?**

9 A. In 2022, after only a short period under Liberty ownership, Beardsley's balance sheet
10 shows the following:

- 11 • Total Capital: \$3,557,668 against \$3,018,769 of Current Liabilities and \$8,228,026
12 of Deferred Credits (also a liability.)
- 13 • A Total Capital to Current Liabilities Ratio of 1.18 instead of 0.07.
- 14 • It now has a Total Capital to Total Liabilities Ratio of 43%.

15 It's still not ideal, but that's been driven by the fact that the prior owners financed the
16 company almost exclusively with AIAC and CIAC, and Liberty will have to amortize
17 those accounts while injecting equity and long-term debt at the same time.

18 But let's be clear: going from a 0.3% to a 43% ratio in two years is an improvement
19 of 143.3 times the original numbers. It's easy to get confused here; I am not saying Liberty
20 improved Beardsley's finances by 1433.3% - that would have been excellent. I am saying
21 that Liberty improved Beardsley's finances 143.3 times or 14,333%. In only two years.
22 The turnaround is remarkable. Beardsley now has a Total Capital to capital-to-current
23 liabilities ratio of nearly 120% instead of 7%. Liberty has improved Beardsley Water's
24 Total Capital to Total Liabilities ratio by 14,333%. Today, financially and operationally,
25 Beardsley Water is stable, and now has a rate base.

26 **Q. DOES CORDES LAKES OR BEARDSLEY HAVE ANY VIOLATIONS OF**
27 **STATUTORY OR REGULATORY STANDARDS AS PER DEC. NO. 75262, PAGE**
28 **19, LINES 13 THROUGH 14?**

1 A. To the best of my knowledge, other than Cordes Lakes system failure due to heat, drought,
2 and under-investment, neither company had an unreasonable amount of violations. The
3 prior owners of each system, in my opinion, were doing the best they could with the
4 resources they had, but growth, finances, heat, drought, and under-investment come with
5 consequences, even for those who put forth their best efforts. That, again, illustrates the
6 importance of the Commission approving the requested acquisition premiums consistent
7 with its acquisition policy for small utilities.

8 **Q. ARE YOU AWARE OF ANY INSTANCES INVOLVING CORDES LAKES OR**
9 **BEARDSLEY’S FAILURE TO COMPLY WITH COMMISSION OR ADEQ**
10 **ORDER AS PER DEC. NO. 75262, PAGE 19, LINES 15 THROUGH 16?**

11 A. I am not aware of any ADEQ violation or non-compliance matters for either utility..

12 **Q. WILL CORDES LAKES OR BEARDSLEY RESULT IN AN UNREASONABLE**
13 **INCREASE TO RATES BECAUSE OF ACQUISITION AS PER DEC. NO. 75262,**
14 **PAGE 19, LINES 18 AND 19?**

15 A. Rates will not increase “unreasonably” due to the acquisitions. The main driver of this rate
16 increase is the necessary rate base investments by Liberty:

17 **TABLE TWO: COMPONENTS OF RATE INCREASE**

	Cordes Lakes	Beardsley	Bella Vista	Rio Rico Water	Rio Rico Sewer
Last GRC Auth Rate Base	\$271,429	(\$12,054)	\$11,633,206	\$10,454,760	\$5,279,632
Projected Rate Base	\$7,514,781	\$6,530,039	\$15,750,144	\$19,028,481	\$8,944,112
Rate Base Investment in this Case	\$7,243,352	\$6,242,090	\$4,116,938	\$8,573,721	\$3,664,480
<i>Our Projected Rate base totals minus the Last GRC Auth Rate Base</i>					
Total RB Investment	\$29,840,581		<i>Amount invested since each system's last rate case</i>		

1	Acquisition Premium	\$948,302	\$3,085,187	N/A	N/A	N/A
2	Total AP	\$4,033,489				
3						
4	Rate Base v. AP Ratio	7.39	The rate base is by far the primary factor. Recall that Liberty proposes to amortize the AP over 20 years, similar to other large assets.			
5						
6						

7 **Q. CAN YOU DISCUSS WHETHER CORDES LAKES AND BEARDSLEY HAVE**
 8 **EXPERIENCED IMPROVEMENTS WITHIN REASONABLE PERIOD AS PER**
 9 **DEC. NO. 75262, PAGE 19, LINE 26 THROUGH PAGE 20, LINE 2 JUSTIFYING**
 10 **AN ACQUISITION PREMIUM?**

11 A. One of the critical tests for allowing an acquisition premium, as laid out in the
 12 Commission’s Water Policy, Dec. No. 75626, is the demonstration of improvements to
 13 the system within a reasonable time.¹¹ And another is that rates do not increase
 14 unreasonably due to the acquisition.¹²

15 Liberty’s post-acquisition investment into Cordes Lakes is \$7,243,352, seeking an
 16 AP of \$951,803. **That produces an Asset-to-AP ratio of 7.61.** Liberty’s post-acquisition
 17 investment into Beardsley Water is \$6,242,090, seeking an AP of \$3,085,187. **That**
 18 **produces an Asset-to-AP ratio of 2.02.** The combined investment in those systems, post-
 19 acquisition, is \$13,485,442, seeking a combined AP of \$4,036,990. **That produces a**
 20 **combined Asset-to-AP ratio of 3.**

21 **Q. HOW DO THOSE ACQUISITION PREMIUMS AND RATE BASE**
 22 **INVESTMENTS COMPARE TO OTHER ACQUISITIONS THAT THE**
 23 **COMMISSION HAS APPROVED AND RECOGNIZED WITH ACQUISITION**
 24 **PREMIUMS?**

25 A. Let’s compare Liberty’s efforts with those of Global Water Resources, another utility that
 26 is actively consolidating small and troubled water and wastewater utilities in Arizona.

27 _____
 28 ¹¹ Dec. No. 75626, Page 19, Line 26 thru Page 20, Line 2.

¹² Dec. No. 75262, Page 19, Lines 18, and 19.

1 In Dec. No. 78644, the Commission found that Global Water’s acquisitions of Red
2 Rock and Turner Ranches were in the public interest and recognized a 20% premium to
3 their rate bases because the Commission deemed both systems viable. Because the
4 Commission’s policy requires demonstrated improvements, let’s look at Global Water’s
5 investment into assets for the systems and the APs that Global Water received for those
6 investments. Global Water acquired Red Rock in October 2018¹³ and filed the 2018 annual
7 report for Red Rock showing total fixed assets of \$5,465,828. Global Water filed a rate
8 increase using a 2020 test year, and the 2020 annual report for Red Rock showed total fixed
9 assets of \$5,675,759.

10 **Net fixed asset increase Red Rock**

11 \$5,675,759 - \$5,465,828 = **\$209,931**

12 **20% premium to rate base in Dec. No. 78644 at Pages 76, Line 11 through Page 77,**
13 **line 22**

14 **\$609,593**

15 **\$209,931 of asset investment to gain a \$609,693 AP produces an Asset-to-AP ratio of**
16 **0.34.**

17 Global Water also was awarded an AP for its acquisition of Turner Ranches, which
18 Global Water acquired in May 2018¹⁴ and filed the 2018 annual report for Turner Ranches
19 showing total fixed assets of \$1,119,386 (\$56,821 higher than at the start of 2018, so, let’s
20 assume all \$56,821 came from Global Water in the second half of the year to make this
21 slightly fairer and we will use the beginning of 2018 total fixed asset value, which was
22 \$1,062,565.)

23 Global Water filed a rate increase using a 2020 test year, and the 2020 annual
24 report for Turner Ranches showed total fixed assets of \$1,389,905.

25 **Net fixed asset increase Turner Ranches**

26 **\$1,389,905 - \$1,062,565 = \$327,340**

27
28 ¹³ https://www.gwresources.com/_files/ugd/e82d34_91dd2ee9ed994d5d9f318a50d38771df.pdf

¹⁴ https://www.gwresources.com/_files/ugd/e82d34_91dd2ee9ed994d5d9f318a50d38771df.pdf

1 **20% premium to rate base in Dec. No. 78644 at Pages 76, Line 11 through Page 77,**
2 **line 22**
3 **\$309,731**
4 **\$327,340 of asset investment to gain a \$309,731 AP produces an Asset-to-AP ratio of**
5 **1.06.**

6 There are a couple of distinctions to be made here; first, neither of the Global Water-
7 acquired systems were non-viable, while in this case, there's no question that both Cordes
8 Lakes and Beardsley were non-viable prior to the acquisition: Cordes Lakes ran out of
9 water in the summer of 2017, and Beardsley's extreme reliance on AIAC had already been
10 recognized as a problem by the Commission in Dec. No. 77695:

11 *"We also note that Beardsley's large cash flow is caused by the depreciation*
12 *expense on AIAC. It appears that most of the Company's plant advances (in the*
13 *amount of \$7,168,980) occurred in 2017 and that refunds of those advances are*
14 *minimal at this time. However, we find that refunds (equal to 10 percent of*
15 *revenues generated) should grow significantly in the future and will result in*
16 *reduced cash flow for the Company."*¹⁵

17 The Commission then ordered Beardsley to file another rate case within three years "due
18 to the increased change in customer counts... and the Company's continued growth."¹⁶

19 Both Liberty's acquisitions were of non-viable companies, and both of Global Water's
20 were of viable companies.

21 Second, I am not suggesting that the Commission was in error for granting APs to
22 Global Water for those systems, nor that Global Water received excessive AP recognition
23 given its improvements to those systems.

24 But what is astoundingly clear is that Liberty's Asset-to-AP ratios are 8.32 for
25 Cordes Lakes and 2.08 for Beardsley. Those ratios compare exceedingly well versus the
26 0.34 and 1.06 ratios behind the Commission's decision to recognize APs for Global Water.

27

¹⁵ Dec. No. 77695, Page 8, Lines 17 through 21.

28 ¹⁶ Dec. No. 77695, Page 9, Lines 3 through 5, and Lines 17 through 19.

1 The increase arising from recognition of the premiums is well within the Commission’s
2 prior analysis.

3 **Q. DO YOU BELIEVE THE ACQUISITION OF CORDES LAKES AND BEARDSLEY**
4 **WERE IN THE PUBLIC INTEREST AS PER DEC. NO. 75262, PAGE 19, LINES**
5 **1 THROUGH 4?**

6 A. The acquisitions were in the public interest because both companies were non-viable,
7 Class D utilities. Cordes Lakes had violated regulatory standards due to system failures
8 and water shortages. Beardsley Water’s over-reliance on AIAC had led to Commission
9 concerns and catastrophically bad financials. Cordes Lakes water system is now safe,
10 adequate, and reliable. Beardsley Water’s system is stronger and more resilient
11 operationally and financially. The acquisition premiums are associated with remarkable
12 improvements within reasonable periods, and under our rate consolidation proposals, there
13 will be no unreasonable rate increase because of the acquisitions.

14 **III. CONSOLIDATION PROPOSAL**

15 **Q. PLEASE EXPLAIN LIBERTY’S -CONSOLIDATION PROPOSAL.**

16 A. Liberty proposes to merge and consolidate Liberty Bella Vista, Liberty Beardsley, and
17 Liberty Cordes Lakes into Liberty Rio Rico, including (1) the transfer of all useful and
18 necessary assets of Liberty Bella Vista, Liberty Beardsley, and Liberty Cordes Lakes,
19 including their certificates of convenience and necessity, to Liberty Rio Rico as requested
20 in the Companies’ applications filed in this docket and (2) approval by the Commission
21 of one tariff of rates and charges for all customers of Bella Vista, Rio Rico, Beardsley and
22 Cordes Lakes under Liberty Rio Rico as the consolidated entity (from now on referring to
23 the consolidated entity as” Liberty Rio Rico (Consolidated).” Under this proposal, Liberty
24 Beardsley, Liberty Cordes Lakes, and Liberty Bela Vista would be merged into Liberty
25 Rio Rico, meaning that all of Beardsley’s, Cordes Lakes’ and Bella Vista’s assets would
26
27
28

1 be owned by Liberty Rio Rico (Consolidated) and all the Beardsley, Cordes Lakes, and
2 Bella Vista customers would become customers of Liberty Rio Rico (Consolidated).¹⁷

3 **Q. WHY IS LIBERTY SEEKING CONSOLIDATION?**

4 A. In Decision No. 75626, the Commission recognized the challenges and struggles of
5 Arizona’s private water utility industry. In that decision, the Commission adopted a policy
6 encouraging the consolidation of small systems through larger, more extensive system
7 purchases. The consolidation of Liberty Beardsley, Liberty Bella Vista, and Liberty
8 Cordes Lakes into Liberty Rio Rico makes sense for the same reasons.

9 Liberty currently has seven (7) regulated water and wastewater utilities in Arizona.
10 Operating and managing those utilities separately for rate-making purposes is not optimal,
11 resulting in added rate-making and related costs. In turn, consolidating these entities into
12 Liberty Rio Rico will reduce the regulatory costs and burdens for all stakeholders,
13 including the companies, customers, the Commission, and RUCO.

14 Further, Liberty always intended to consolidate all its Arizona utilities into a single
15 entity for ratemaking purposes. In Dec. No. 68826, the Commission granted Algonquin
16 Water Resources of America, Inc. n/k/a Liberty Utilities (Sub) Corp. an acquisition
17 premium to consolidate the McLain Systems. The McLain systems were in bankruptcy
18 and were “in serious disrepair” under interim management after an Order to Show Cause
19 hearing. They were under a moratorium on hook-ups, and the acting manager was
20 operating under emergency rates.¹⁸

21 The Commission consolidated Algonquin’s Northern and Southern Sunrise water
22 companies with the bankrupt and failing McLain systems. Subsequently, the Northern and
23 Southern Sunrise system was consolidated with Bella Vista Water in Decision No. 72251.
24 Today, Liberty proposes to continue consolidation for Rio Rico, Bella Vista, Cordes Lakes
25 and Beardsley.

26
27 ¹⁷ After approval of consolidation, Liberty intends to request to change the name of Liberty Utilities (Rio Rico Water
& Sewer) Corp.

28 ¹⁸ Dec. No. 68826, Page 4, Lines 6 through 13.

1 Liberty continued its gradual move towards statewide consolidation by seeking
2 Commission approval to merge Liberty Utilities (Entrada Del Oro Sewer) Corp. into
3 Liberty Utilities (Gold Canyon Sewer) Corp. in Docket No. SW-04316A-21-0325, et.al.
4 The Commission approved that consolidation in Decision No. 78871.

5 In all those cases, as in all cases involving consolidation, the Commission had to
6 consider whether to have more customers share in smaller rate increases or let each
7 system’s ratepayers stand alone. Wisely, the Commission chose consolidation time after
8 time.

9 In turn, the proposed consolidation of Bella Vista, Beardsley, and Cordes Lakes
10 into Rio Rico, is the next natural step towards statewide consolidation for rate-making
11 purposes. If consolidation of those entities is approved by the Commission here, Liberty
12 would have four regulated utilities in Arizona, providing a springboard for consolidation
13 of those entities into a single entity at some point in the future.ⁱ¹⁹

14 **Q. IN WHAT OTHER WAYS IS LIBERTY’S PROPOSAL, IN THIS CASE, LIKE**
15 **PRIOR COMMISSION DECISIONS REGARDING CONSOLIDATION?**

16 **A.** As the Commission stated in Decision No. 78439, which granted consolidation for
17 EPCOR systems:

18 *“The proponents of consolidation focus on what service is provided. Those*
19 *opposed focus on how the service is provided... However, since that time, the*
20 *courts have issued opinions giving guidance on the factors that should be*
21 *considered... These factors include whether customers receive the exact same*
22 *service, customer service, use of the same billing system, the same operations*
23 *teams, and the costs for operations, maintenance, and similar administrative*
24 *tasks.”²⁰*

25
26
27 ¹⁹ After consolidation here, Liberty would have two wastewater utilities – Liberty Utilities (Gold Canyon Sewer) Corp
and Liberty Utilities (Black Mountain Sewer) Corp. and two water/wastewater utilities – Liberty Utilities (Litchfield
Park Water & Sewer) Corp. and Liberty Utilities (Rio Rico Water & Sewer) Corp.

28 ²⁰ Dec. No. 78439, Page 129, Lines 13 thru 20.

1 **Q. AND ARE THOSE FACTORS PRESENT WITH LIBERTY, IN THE SAME WAY**
2 **THOSE FACTORS WERE PRESENT FOR EPCOR IN THAT DECISION?**

3 A. They are, and I do not doubt that Staff will find that Liberty, like EPCOR, “has centralized
4 operations and administrative activities, obtains capital and debt financing centrally, and
5 has maintenance personnel who work in multiple districts.”²¹ Consolidation makes sense
6 for Bella Vista, Beardsley, Cordes Lakes and Rio Rico for the exact same reasons here.

7 **Q. WHAT IF THE SYSTEMS ARE ALREADY COMMONLY OWNED? ISN’T THAT**
8 **MORE THAN ENOUGH FOR THE BENEFITS TO ACCRUE FOR CUSTOMERS?**

9 A. When consolidation proposals are offered, critics of consolidation often times rely on the
10 fact that one company already owns the systems (i.e., they aren’t being acquired from
11 others), in turn claiming that consolidation isn’t necessary because *de facto* consolidation
12 has already occurred. This critique misses the point entirely. Under the stand-alone
13 approach, significant investments on a system-by-system basis mean that sometimes a
14 system’s rates are stable without substantial investments. At the same time, during other
15 times, they see significant increases – driven by many factors, including:

- 16 • Unprecedented drought.
- 17 • Unprecedented heat.
- 18 • Unprecedented low levels in Colorado River reservoirs.
- 19 • Necessary capital investments.

20 In reality, however, as the Commission recognized in Decision No. 78439, all customers
21 avoid worst-case rate scenarios under consolidation. And that matters – because it would
22 be foolish to forget for one second that those unprecedented factors seem to keep lingering,
23 decade after decade.

24 **Q. AS SOMEONE DIRECTLY INVOLVED IN WORKING WITH THE**
25 **COMMISSIONERS TO DEVELOP THE WATER POLICIES, IN THE**
26 **SIMPLEST TERMS POSSIBLE, WHY SHOULD THE COMMISSION**

27
28

²¹ Dec. No. 78439, Page 129, Lines 20 thru 22.

1 **CONSOLIDATE THIS SECTOR AGGRESSIVELY?**

2 A. In my view, the Commission should avoid any decision or action that would reduce the
3 opportunity to have large companies “step in” to acquire, repair, resolve, and restore
4 service to small systems because, as the maps of Arizona CCNs show – many small
5 systems lie far from large companies (and from other small systems.)

6 The reality is that the current location of small systems is not the result of any
7 regional or statewide planning. Small utilities’ locations and ownership situations make
8 strict adherence to a same-basin, same-AMA, or same-watershed policy
9 counterproductive. Instead, the overall public benefits of a consolidation proposal should
10 be considered the paramount issue in each case. And consolidation should be recognized
11 as perhaps the only true solution to the problems – both operationally and regulatory-- faced
12 by small stand-alone water companies throughout the state of Arizona.

13 And the reality in this case is that customers that were once helped will now help
14 others. Liberty has invested over \$31 million into these systems. The newly acquired
15 Beardsley and Cordes Lakes systems have seen extraordinary improvements in their
16 financial and operational capacities.

17 The impacts under full consolidation are well within the limits of rate gradualism
18 increases, and consolidation makes perfect sense for these four companies.

19 The Beardsley system is continuing to see high levels of growth, and it makes sense
20 for the Commission to establish consolidated rates now so that when new homeowners move
21 into that area – they are increasing the benefits of consolidation for all customers.

22 **Q. WHAT IMPACT WILL RATE CONSOLIDATION HAVE ON CUSTOMERS OF**
23 **THE FOUR SERVICE TERRITORIES?**

24 A. The required increase in the revenues the Company will collect from Cordes Lakes
25 customers will be much lower. In contrast, the increase in revenue needed for customers
26 from the other three territories will be higher.

27 **Q. PLEASE EXPLAIN.**

28

1 A. From the analysis of the revenue requirement for each of the four service territories and
 2 the combined revenue requirement per Schedule A-1 as identified in the testimony of
 3 Thomas J. Bourassa (“TB”). Specifically, Schedule A-1 presents the total revenue
 4 requirement of the four water utilities territories is approximately \$18.3 million, while
 5 combined Test Year (“TY”) revenues were \$12.7 million.²² Thus, a total revenue increase
 6 of \$5.6 million, or 44%, is required. However, increased distribution is very uneven. Rates
 7 for Beardsley, Bella Vista, and Rio Rico customers would increase by an average of 42%,
 8 while rates for Cordes Lakes customers would need to increase by 210.5%. See Table 1
 9 for additional details.

10 **TABLE FOUR: TY REVENUES AND STANDALONE REVENUE REQUIREMENTS**

	Cordes Lakes	Beardsley	Bella Vista	Rio Rico	Combined
TY Revenues	\$649,791	\$1,986,923	\$5,887,369	\$4,189,038	\$12,713,121
Revenue requirement	\$2,017,408	\$2,678,213	\$7,636,311	\$5,894,800	\$18,290,019
Required Increase	\$1,367,617	\$691,290	\$1,748,942	\$1,705,763	\$5,576,898
Increase %	210.5%	34.8%	29.7%	40.7%	43.9%

16 **Q. CAN YOU SUMMARIZE WHY THE REVENUE REQUIREMENT FOR CORDES**
 17 **LAKES INCREASES BY SO MUCH MORE THAN THE OTHER AREAS?**

18 A. As mentioned above, Cordes Lakes ran into water shortages in 2016, and then much worse
 19 problems occurred in 2017. The entire system lacked resiliency and capacity, which
 20 required the following investments, as per the Direct Testimony of Joshua D. Reiff in this
 21 case:

- 22 • Security fencing at well-site properties,
- 23 • Installation of Well 7,
- 24 • Replacement of leaking or broken water mains,
- 25 • Replacement of a well pump at Well 4,
- 26 • Replacement of various booster pumps,

27
 28 ²² See Liberty Utilities Rio Rico (Consolidated) Corp. – Water Division Exhibit Schedule A-1 Page 1.1.

- 1 • Replacement of failed electronic equipment
- 2 • Installation of variable frequency drive (“ VFD”) units on various well and booster
- 3 station sites,
- 4 • Replacement of failed isolation valves throughout the distribution system,
- 5 • Replacement of leaking black poly service lines with new copper service lines,
- 6 • Replacement of failed water meters,
- 7 • Purchase of the office building in Cordes Lakes.
- 8 • The post-test year plant being requested for recovery in this rate case of \$1.5 million
- 9 includes Safety improvements to the office building,
- 10 • Backup generators at three wells and two booster stations,
- 11 • ERT installations and reading collection equipment for AMR implementation,
- 12 • One service truck,
- 13 • 24 valve and pipe replacements to improve resiliency,
- 14 • Continual service connection repairs.

15 **Q. AS NECESSARY AS THOSE INVESTMENTS WERE, THEY LEAD TO AN**
16 **OVERALL 210.5% RATE INCREASE. IS THE MAGNITUDE OF THE**
17 **INCREASE PROBLEMATIC?**

18 A. I believe a 210.5 percent rate increase would be incredibly hard for the people in Cordes
19 Lakes. The requirement for rate continuity is undermined; rate shock is present in that
20 situation. And, as someone who has spent 24 years trying to help small water companies,
21 I believe that even if there were no other bases to rationalize the consolidation of rates or
22 benefits that would come from doing so, even if Dec. No. 75626 did not exist, the need
23 to mitigate the rate shock that the Cordes Lakes customers would otherwise experience is
24 sufficient justification to consolidate the rates.

25 **Q. HOW WOULD THE CONSOLIDATION AFFECT THE AVERAGE**
26 **RESIDENTIAL CUSTOMER BILL FROM EACH SERVICE AREA?**

27 A. Using data from the Revenue Requirements Direct Testimony of Thomas Bourassa, Table
28 5 shows a comparison of the proposed average residential customer bill on a stand-alone

1 and consolidated basis using the meter size with largest residential customers for each
 2 applicant.

3 **TABLE FIVE: CONSOLIDATED AND STANDALONE AVG. RESIDENTIAL**
 4 **CUSTOMER BILLS**

Utility*	Meter Size	Avg. Use (gallons)	Stand-Alone: Proposed Bill	Consolidated: Proposed Bill	Change (\$)	Change (%)
RR	5/8 x 3/4	6,070	\$50.84	\$47.66	(\$3.18)	-6%
BV	5/8 x 3/4	5,274	\$36.90	\$43.44	\$6.54	15%
CL	3/4	3,420	\$100.70	\$47.02	(\$53.68)	-53%
BW	3/4	5,256	\$69.18	\$55.48	(\$13.70)	-20%
RR-S	5/8 x 3/4	-	\$66.37	\$66.37	\$0.00	-

10 The proposed monthly bill for a 3/4-inch metered residential customer, the largest
 11 customer class, using an average of 3,420 gallons, in Liberty Cordes Lakes is reduced by
 12 approximately 53% under the proposed consolidation than they would on a stand-alone
 13 basis. Similarly, under the consolidation scenario, the monthly customer bill for the largest
 14 residential customer class for Liberty Beardsley (3/4 inch meter) and Liberty Rio Rico
 15 Water (5/8 x 3/4 inch meter) will reduce by approximately 20% and 6%, respectively. The
 16 average residential customers in Liberty Bella Vista, using a 5/8 x 3/4 inch meter and
 17 average usage of 5,274 gallons will pay approximately 15% or \$6.54 per month more
 18 under the consolidation scenario.

19 **Q. DO THESE VALUES INCLUDE THE ACQUISITION PREMIUM YOU**
 20 **DESCRIBED EARLIER IN YOUR TESTIMONY?**

21 A. They do.

22 **Q. IS THIS TO SAY THAT ONLY CUSTOMERS IN BELLA VISTA WOULD PAY**
 23 **SIGNIFICANTLY MORE DUE TO CONSOLIDATING THE RATES?**

24 A. One way to summarize the data presented in Table 5 is to say that rates for average
 25 residential customers in Liberty Bella Vista will increase by an additional 15% or \$6.54
 26 per month because of the rate consolidation. In contrast, average residential customers in
 27 Liberty Cordes Lakes would pay considerably less than they would otherwise. Average
 28

1 residential customers in Liberty Beardsley and Liberty Rio Rico will also pay less than
2 they would otherwise.

3 **Q. IS THIS A REASONABLE OUTCOME?**

4 A. Absolutely. As explained earlier, Bella Vista is an entity built up through acquisitions of
5 small, viable, and non-viable systems. Many customers in the systems comprising Bella
6 Vista were once the beneficiaries of consolidation. All the customers are served by a
7 strong, well-capitalized, professional utility company – with rates consolidated, each
8 system’s chance of facing a rate shock scenario (whether driven by the EPA, heat, or
9 drought) is dramatically reduced.

10 **Q. CAN YOU THINK OF REASONS TO JUSTIFY THE COMMISSION'S RULING**
11 **AGAINST ACQUISITION PREMIUMS THAT LEAD TO THE**
12 **CONSOLIDATION OF ARIZONA’S WATER SECTOR?**

13 A. I would urge the Commission to carefully evaluate rate consolidation if it were clear that
14 the types of customers were utterly different. In my testimony on RUCO’s behalf in the
15 EPCOR case and the white paper “Consolidation & Uncertainty,” I pointed to the dramatic
16 differences between household incomes in Paradise Valley versus Kingman and South
17 Tucson. If consolidation were to make the people in Kingman or South Tucson pay
18 acquisition premiums to benefit the customers of Paradise Valley, I would oppose it. If the
19 consolidation involved no financial or operational improvements, I would oppose it. If the
20 consolidation resulted in unaffordable rates, I would oppose it unless it was necessary to
21 provide baseline levels of safe, adequate, and reliable service.

22 **Q. AND HOW DO THOSE FACTORS LOOK IN THIS CASE?**

23 A. None of them are present in this case. In this case, each factor weighs heavily in favor of
24 full consolidation: The customers are similarly situated economically, and each utility has
25 seen dramatic financial and operational improvements. The rates under consolidation are
26 affordable for all customers under full consolidation.

27
28

1 **Q. ARE THERE ANY POTENTIAL NEGATIVES FROM RATE CONSOLIDATION**
 2 **IN CIRCUMSTANCES LIKE THE ONE THE COMPANY SEEKS TO**
 3 **NAVIGATE?**

4 A. Yes, it is essential not to create an unnecessary or unfair subsidy between customer groups.
 5 The customers should be receiving, in the Commission’s own words: “*same service,*
 6 *customer service, use of the same billing system, the same operations teams, and the costs*
 7 *for operations, maintenance, and similar administrative tasks.*”²³

8 There is no question about any of those factors in this case. The only other element
 9 the Commission has considered is whether the customers are economically similarly
 10 situated. Here are the average household incomes, property values, and household income
 11 to property value ratios for each of the utilities service areas:

12 **TABLE SIX: ECONOMIC COMPARISONS OF SYSTEM CUSTOMERS**

System	Median Household Income Median Property Value HHI/Property Value Ratio
Rio Rico	Median HHI: \$54,563 Median Property Value: \$161,600 HHI/Property Ratio: 2.96
Bella Vista	Median HHI: \$64,154 Median Property Value: \$189,941 HHI/Property Ratio: 2.96
Cordes Lakes	Median HHI: \$44,175 Median Property Value: \$141,600 HHI/Property Ratio: 3.17
Beardsley	Median HHI: \$70,691 Median Property Value: \$346,729 HHI/Property Ratio: 4.90

22 We can see in Table 6 that Rio Rico and Bella Vista are incredibly similar. While
 23 there is a Median HHI difference of almost \$10,000, when we look at their property
 24 values, they have the same HHI/Property Value ratio of 2.96.

25
 26
 27
 28 ²³ Dec. No. 78439, Page 129, Lines 20 thru 22.

1 Property value is a reliable proxy for household wealth. When we look at Cordes
2 Lakes, we see the lowest HHI, and property values yield a slightly higher HHI/Property
3 Value ratio of 3.17.

4 When we look at Beardsley's HHI and property values, we see that although they
5 have significantly higher HHI, they have much higher mortgages. Hence, their
6 HHI/Property Value ratio is higher than their rural counterparts, at 4.90.

7 Those facts do not really matter because we are not asking lower-income
8 households to shoulder costs for higher systems. Every group will benefit from
9 consolidation – and as the Commission recognized with Beardsley, their AIAC over-
10 reliance combined with the growth in their service areas made that system non-viable. As
11 the growth enters that system, we should make sure those new homeowners are grouped
12 with other, similar customers so that as growth and the resulting rate base impacts
13 continue, the costs are minimized to everyone over time by making the rates more gradual
14 through rate consolidation.

15 **Q. GENERALLY SPEAKING, WHAT ARE THE BENEFITS OF CONSOLIDATING**
16 **UTILITY RATES ACROSS MULTIPLE SERVICE AREAS?**

17 A. There are at least four potential benefits that I believe are relevant to this proceeding:

18 *First*, rate consolidation can help mitigate rate shock when a utility needs to make
19 significant system investments.

20 *Second*, rate consolidation can support the financial integrity of the utility.

21 *Third*, rate consolidation can help facilitate future investments.

22 *Fourth*, a simpler rate structure is more transparent and reduces regulatory burdens
23 and lowers regulatory costs.

24 **Q. PLEASE EXPLAIN THE FIRST BENEFIT, THE POTENTIAL TO MITIGATE**
25 **RATE SHOCK.**

26 A. I discussed this issue at length above, explaining that consolidating rates would mitigate
27 an overall rate increase of nearly 210.5% for Cordes Lakes customers. This amount in one
28 rate adjustment will be very disruptive to customers. When rate consolidation is used, the

1 impacts of significant investments are shared across a much larger set of customers – that
2 does not mean that subsidies are occurring – in this case, the Commission can see that
3 former beneficiaries of rate consolidation are, this time, contributing to the costs faced by
4 other challenged systems. This ebb and flow is what avoids the question of impermissible
5 subsidies.

6 **Q. PLEASE DESCRIBE THE SECOND BENEFIT, WHETHER RATE**
7 **CONSOLIDATION SUPPORTS THE UTILITY’S FINANCIAL INTEGRITY.**

8 A. The Commission must consider the impact on the revenue stability of the utility, not
9 simply because of *Hope*, *Bluefield*, and state laws and court orders, but because the
10 customers of any essential good or service rely on the provider for their daily life. There
11 aren’t replacement goods available for water and wastewater services. As I detailed earlier
12 in this testimony, the financial integrity of Beardsley Water was a significant concern for
13 the Commission, and its financials were alarming to me. Liberty has turned that company
14 around in a remarkable manner. Cordes Lakes was hauling water and shutting its system
15 off for four hours a day in the middle of a record-breaking summer (2020).

16 If the Commission strictly adhered to the cost-causation principle, Beardsley
17 would remain financially incapable, and Cordes Lakes customers would see their rates
18 raised to crippling levels. Neither outcome benefits anyone – not the customers, the
19 Commission, or the Company. Under rate consolidation, customers are shielded from rate
20 shock, the Commission can reduce the odds of another water company failure, and the
21 Company can recover its costs in a stable and timely manner.

22 **Q. PLEASE EXPLAIN THE THIRD POTENTIAL BENEFIT FROM RATE**
23 **CONSOLIDATION, A UTILITY’S ENHANCED ABILITY TO FINANCE**
24 **SYSTEM INVESTMENTS.**

25 A. The ability to attract capital for needed investment is directly and inescapably linked to
26 revenue – and the terms upon which capital is provided are based now and inescapably on
27 revenue stability.

28

1 Thus, if your credit history is terrible, you make banks think the revenue stability
2 of lending money to you so that you can buy a car is low – and thus, your interest rate is
3 higher. The same thing applies to all capital decisions.
4



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10 The Environmental Finance Center at the University of North Carolina identified revenue
11 stability as one of the key financial indicators for water systems, writing:

12 *“Essentially, the question of revenue stability is simple, at least at first glance:
13 Are the rates that you have set generating sufficient revenue for your utility to
14 recover your costs (both operating and maintenance costs, and longer-term
15 capital costs), not only on a day-to-day basis but also under situations of
16 uncertainty or adversity, such as a drought, a disruption to source water
17 supplies (e.g., from an environmental pollution accident), etc.”²⁴*

18 The reality of small, undercapitalized utilities is the primary driver for the consolidation
19 of Arizona’s water sector. To the point made by the UNC Finance Center above, Arizona
20 faces uncertainty and adversity from the ongoing drought and increased heat. Like those
21 involved in this proceeding, small water companies are particularly exposed to those
22 challenges: Cordes Lakes’ history demonstrates the potential results of drought and heat.
23 Beardsley Water’s history reflects the impact of over-reliance on developer funding
24 through Advances In Aid of Construction.
25

26
27 ²⁴ Key Financial Indicators for Water Systems: Revenue Stability, February 8, 2016, [“Key Financial Indicators for
28 Water Systems: Revenue Stability | UNC Environmental Finance Center”](https://efc.sog.unc.edu/revenue-stability/) or: <https://efc.sog.unc.edu/revenue-stability/>

1 In this case, not only is Liberty consolidating these systems, but we are
2 consolidating them with systems that were once undercapitalized, challenged, and in need
3 of significant investment. And that's the entire purpose, in my mind, of consolidating
4 Arizona's small water sector.

5 **Q. PLEASE EXPLAIN THE FOURTH BENEFIT, ENHANCED TRANSPARENCY**
6 **AND THE REDUCTION OF REGULATORY BURDENS.**

7 A. This benefits primarily the Commission and the Company, but in so doing, it reduces costs
8 at the margin for customers. Having multiple rate designs and tariffs requires redundant
9 administrative costs. Rate consolidation decreases the financial impacts of large
10 investments in a single system – rate cases cost companies a lot of time and resources.
11 Yes, rate case expense is there, but in my experience, rate case expense doesn't come close
12 to showing the impact of a rate case on the Company's management. Key leaders are
13 always involved in rate cases – taking time away from core business tasks. By
14 consolidating these companies into a larger whole, Liberty and the Commission are
15 reducing the overall number of rate cases that must be processed, reducing the rate case
16 impacts on management (rather than regular, small rate cases for many different utilities,
17 Liberty can combine systems into one overall rate case.

18 That approach also significantly increases the transparency for the Commission.
19 The Commission has all the books and records all at once and can more clearly see how
20 cost allocations, revenue streams, and capital expenditures are occurring across multiple
21 utilities rather than seeing only one piece at a time.

22 **Q. IS THIS A SIGNIFICANT BENEFIT TO CUSTOMERS?**

23 A. It is a clear benefit. It allows the company to spend more time, resources, and capital on
24 running and improving the core business instead of managing and overseeing multiple rate
25 cases. It reduces the rate case expense because witnesses can testify regarding many
26 entities simultaneously. However, the main benefit is increased resiliency from financial
27 and operational perspectives.

28

1 **Q. YOU IDENTIFIED THE POTENTIAL FOR AN IMPERMISSIBLE SUBSIDY**
2 **AND A POTENTIAL DISBENEFIT FROM RATE CONSOLIDATION; HOW**
3 **DOES THAT CONCERN APPLY TO THIS PROCEEDING?**

4 A. Primarily, this is about customers in Bella Vista, who will pay more if the Commission
5 approves the Company's proposal to consolidate rates. The Commission must determine
6 whether the extra burden on those customers is more than offset by mitigating the rate
7 shock that would otherwise occur to Cordes Lakes customers and the other benefits to
8 customers in all four service territories. The Commission must consider whether the
9 customers in Bella Vista are economically similar to the customers that, this time, receive
10 the benefits of consolidation. As shown in this testimony, they are.

11 **Q. PLEASE SUMMARIZE YOUR CONCLUSIONS.**

12 A. Water utilities are always reluctant to increase customer costs. Still, under these
13 circumstances, I believe the benefits more than satisfy the Commission's consolidation
14 criteria and the recognition of acquisition premiums for non-viable companies. Comparing
15 Liberty's investments post-acquisition against the asset investments and improvements
16 made, particularly compared with prior Commission decisions for similarly situated
17 companies like Global Water, shows that Liberty didn't buy these companies to get a
18 premium. Liberty bought these companies to fix them, to make them financially and
19 operationally viable for today's customers, and for the challenges of increased heat,
20 drought, and growth. I also would add that consolidation works both ways. Although
21 Bella Vista customers may pay more now, those same customers will benefit from a shared
22 rate base for Bella Vista plant investments in the future. I think it's fair to say that
23 consolidation will even out and benefit all customers equally over time.

24 Consolidation of these rates is consistent with previous precedent in Arizona and
25 the Commission's stated policy objectives, and to find otherwise would do significant
26 damage to the Commission's efforts to strengthen and consolidate the water sector and
27 would raise alarm bells, again, with everyone focused on Arizona's regulatory climate.

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Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

EXHIBIT PW-DT1

BREAKING NEWS

Heat wave causes water shortage in Cordes Lakes; delivery shut nightly

**Kelsey Mo**

The Republic | azcentral.com

Published 10:44 p.m. MT June 23, 2017

Residents in Cordes Lakes are experiencing a water shortage as a result of the extreme heat.

In response, officials temporarily are shutting off water for four hours each night.

According to Yavapai County Emergency Management, water in wells has not been able to keep up with demand in the area because of high temperatures gripping the state this week.

About 1,350 homes have been impacted as a result. Cordes Lakes is located north of Black Canyon City, near the junction of Interstate 17 and State Route 69.

"The main cause of this is simply the record heat that we're having right now. The customer demand in the system has simply exceeded the capacity of the wells to produce water," said Ray Jones, an engineering consultant at Aricor Water Solutions, one of Cordes Lakes Water Company's contractors,

All of the water provided comes from groundwater wells.

According to a statement from Yavapai County Emergency Management, the water pumps that deliver water from the wells to homes are temporarily being shut down between 11 p.m. and 3 a.m. to allow the wells to replenish overnight.

"Water conservation by customers, water hauling and nightly planned system-wide shutdowns has stabilized the Cordes Lakes water system and allowed for an increase in storage levels from 36 percent of capacity to 58 percent of capacity," the statement said.

The company is asking customers to limit water use inside the home and eliminate lawn watering outside. In addition, the company is also hauling in water from Prescott Valley to put into the water system, stabilizing the water levels in the wells to an extent.

Cordes Lakes is currently under a Stage 3 Water Curtailment and Jones said that he anticipates it will last for another week at least.

"Once we get some lower temperatures, particularly when the monsoon rains would come, the problem will very quickly subside at that point," Jones said.

Last summer, the company did ask customers to lower water consumption, but did not have to cut off water at night. To prevent another situation like this from happening again, Jones said the company is building another well in the area that should be completed by late 2017, early 2018.

"We're in the process of preparing to file with the Corporation Commission for the authorization to go ahead and proceed with the construction of the well," Jones said.

Jones said there are water bottles being distributed at the Mayer Fire Station for residents in need of relief.

He said residents largely have been cooperative with the situation.

Earlier this week, the White Mountain Apache Tribe in eastern Arizona declared a water emergency in Cibecue after pumps that deliver water from a storage tower to the community failed. The Salvation Army, among others, worked Friday to deliver cases of bottled water to the community.

READ MORE:

[White Mountain Apaches declare water emergency](#)

[Phoenix weather: Not much relief at night](#)

[Extreme Phoenix heat: Is there an upside?](#)

[Extreme heat shatters power records in Arizona](#)

1 Kelly A. Daly (No. 029509)
Paloma Scheiferstein (No. 035672)
2 SNELL & WILMER L.L.P.
1 East Washington Street, Suite 2700
3 Phoenix, AZ 85004
Telephone: 602.382.6000
4 E-Mail: kdaly@swlaw.com
pscheiferstein@swlaw.com

5
6 Liberty Utilities
Lisa C. Lance (No. 038506)
14920 W. Camelback Road
7 Litchfield Park, AZ 85340
Telephone: 602-550-3846
8 Lisa.Lance@libertyutilities.com

9 Attorneys for Liberty Utilities (Bella Vista Water) Corp.

10

11 **BEFORE THE ARIZONA CORPORATION COMMISSION**

12

COMMISSIONERS

13 JIM O'CONNOR, Chairman
LEA MÁRQUEZ PETERSON
14 ANNA TOVAR
15 NICK MYERS
KEVIN THOMPSON

16

17 IN THE MATTER OF THE APPLICATION OF
LIBERTY UTILITIES (BELLA VISTA WATER)
18 CORP., AN ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE OF
19 ITS UTILITY PLANTS AND PROPERTY AND
FOR INCREASES IN ITS RATES AND
20 CHARGES FOR UTILITY SERVICE BASED
THEREON.

DOCKET NO: W-02465A-23-

21

22

DIRECT TESTIMONY

23

OF

24

JILL SCHWARTZ

25

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December 28, 2023

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

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Jill Schwartz. My business address is 602 South Joplin Avenue, Joplin,
4 Missouri, 64802.

5 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

6 A. I am testifying on behalf of Liberty Utilities (Bella Vista Water) Corp. (“Bella Vista”),
7 Liberty Utilities (Rio Rico Water & Sewer) Corp. (“Rio Rico”), Liberty Utilities (Beardsley
8 Water) Corp. (“Beardsley”), Liberty Utilities (Cordes Lakes Water) Corp. (“Cordes Lakes”)
9 (collectively referred to sometimes herein as “Applicants”).

10 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

11 A. I am employed by Liberty Utilities Service Corp. (“LUSC”) as the Senior Director of
12 Regulatory Policy and Strategy. LUSC is a direct subsidiary of Liberty Utilities Co.
13 (“LUCo”) and is a subsidiary of Liberty Utilities (Canada) Corp. (“Liberty Canada” or
14 “LUCC”), which is a wholly owned indirect subsidiary of Algonquin Power & Utilities
15 Corp. (“APUC”). As the Senior Director of Regulatory Policy and Strategy, I lead the
16 Corporate Regulatory team and am responsible for development of the regulatory strategy
17 and evidentiary support for the corporate shared services costs charged to the operating
18 utilities (like Applicants) in accordance with the APUC Cost Allocation Manual (“CAM”).
19 In addition, the Corporate Regulatory team provides support for local and regional
20 regulatory teams for rate cases and other regulatory matters.

21 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL
22 BACKGROUND.**

23 A. In 2001, I completed my Bachelor of Science in Accounting from the John E. Simon School
24 of Business at Maryville University in St. Louis, Missouri. From May 2001 to February
25 2015, I was employed by The Boeing Company in a variety of accounting capacities,
26 ensuring compliance with the Federal Acquisition Regulation Mandatory Disclosure rule
27 and developing and delivering labor compliance training for all Boeing employees. I joined
28 Liberty Utilities in February 2015 as the Manager of Rates and Regulatory Affairs for

1 Liberty Utilities (Midstates Natural Gas) Corp. In February 2017, I was promoted to Senior
2 Manager of Rates and Regulatory Affairs for Liberty Utilities Central Region, where I was
3 responsible for the regulatory matters involving the electric, natural gas and water utilities
4 in Missouri, Arkansas, Illinois, Iowa, Kansas and Oklahoma. In August 2019, I transitioned
5 to the Corporate Regulatory department, where I provided support for the cost allocation
6 manual and corporate costs to other Liberty Utilities operating utilities across the United
7 States and Canada. In December 2020, I was promoted to Director Regulatory Shared
8 Services.

9 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION OR ANY**
10 **OTHER REGULATORY AGENCY?**

11 A. Yes. I provided pre-filed and oral testimony before the Arizona Corporation Commission
12 (“Commission”) in the Applicant’s sister companies’ recent rate cases¹. I have also testified
13 before public utility commissions in Arkansas, Illinois, Iowa, Kentucky, Missouri, and New
14 York, as well as the New Brunswick Energy and Utilities Board in Canada.

15 **Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?**

16 A. The purpose of this testimony is to provide support for the Cost Allocation Manual
17 (“CAM”), corporate shared services costs allocated to the Applicants, as well as the indirect
18 overhead (“INDOH”) derived from the corporate shared services costs and recorded in
19 Applicants’ rate base.

20 **II. THE APUC/LIBERTY SHARED SERVICES AND COST ALLOCATION MODEL**

21 **A. Corporate Structure**

22 **Q. WHO IS THE IMMEDIATE CORPORATE PARENT OF APPLICANTS?**

23 A. The immediate parent company for Bella Vista, Rio Rico, Beardsley and Cordes Lakes is
24 Liberty Utilities (Sub) Corp. (“Liberty Sub Corp”). Liberty Sub Corp is the direct
25 shareholder of seven regulated water and/or sewer utilities in Arizona, including the four
26

27 _____
28 ¹ Liberty Utilities (Black Mountain Sewer) Corp., Docket No. SW-02361A-19-0139; Liberty Utilities (Gold Canyon
Sewer) Corp. and Liberty Utilities (Entrada Del Oro Sewer) Corp., Docket No. SW-02519A-21-0326.

1 Applicants.² Liberty Sub Corp is also the owner of three regulated water and wastewater
2 utilities and one unregulated water utility in Texas³, a regulated water and wastewater utility
3 in Missouri and an unregulated water and wastewater utility in Illinois.⁴

4 **Q. WHERE DOES LIBERTY SUB CORP FIT INTO THE OVERALL**
5 **APUC/LIBERTY CORPORATE STRUCTURE?**

6 A. Liberty Sub Corp is a direct subsidiary of LUCo and is essentially the intermediary parent
7 company between LUCo and the eleven individual operating utilities in Arizona and Texas.
8 As such, Liberty Sub Corp also functions as a local shared services company with shared
9 assets and costs recorded on its books.

10 **Q. PLEASE DESCRIBE APUC AND ITS MAJOR SUBSIDIARIES?**

11 A. APUC is a publicly traded utility holding company that serves as the overall corporate
12 parent of a widely diversified portfolio of utility assets. APUC is traded on the New York
13 (“NYSE”) and Toronto (“TSX”) stock exchanges. APUC has two major operating units in
14 North America – its regulated utilities (“Liberty Utilities”) and its renewable power
15 generation facilities (“Liberty Power”). Liberty Utilities owns and operates regulated water,
16 wastewater, natural gas and electric utilities in thirteen states and one Canadian province.
17 Liberty Utilities is divided into three operating regions (East, Central and West). Liberty
18 Power is an unregulated entity that owns and/or provides renewable power generation from
19 numerous facilities located throughout the United States and Canada. In addition to
20 APUC’s two major operating units in North America, APUC also owns a water and
21 wastewater utility in Chile and an electric utility in Bermuda.

22 **Q. DO YOU BELIEVE THE APUC/LIBERTY CORPORATE STRUCTURE IS**
23 **UNNECESSARILY COMPLICATED?**

24 _____
25 ² The other Arizona utilities are Liberty Utilities (Black Mountain Sewer) Corp., Liberty Utilities (Gold Canyon
Sewer) Corp., Liberty Utilities (Litchfield Park Water & Sewer) Corp.

26 ³ The three regulated Texas utilities are Liberty Utilities (Silverleaf Water) LLC, Liberty Utilities (Tall Timbers
Sewer) Corp. and Liberty Utilities (Woodmark Sewer) Corp. The unregulated Texas utility is Liberty Utilities
27 (Seaside Water) LLC.

28 ⁴ Liberty Utilities (Missouri Water) LLC and Liberty Utilities (Fox River Water) LLC are operated and managed as
part of Liberty Utilities’ Central Region.

1 A. No. The fact that APUC owns and operates so many individually regulated utilities across
2 the U.S. and Canada, and now also Chile and Bermuda, as well as its power generation
3 facilities across North America, is naturally going to lead to a certain level of organizational
4 complexity. Ultimately, only a few corporate entities are involved in providing shared
5 services and it is my goal in this rate case to show that our cost allocation process is
6 understandable, rational, beneficial, consistent and readily subject to verification during
7 regulatory inspections and audits. Therefore, a sophisticated corporate structure should not
8 interfere with the setting of rates that provide for recovery of the Applicants' reasonable
9 and necessary costs of service.

10 **Q. HOW ARE ALL OF APUC'S REGULATED AND UNREGULATED ENTITIES**
11 **MANAGED AND OPERATED?**

12 A. APUC's operating units are managed and operated with shared corporate and business
13 support services, combined with decentralized local management and operational control of
14 day-to-day utility operations. The result is that each regulated utility (run by local
15 management and operators) benefits from access to a wide variety of corporate and business
16 support services and essential access to capital for infrastructure investment, all at a
17 reasonable cost. This business model provides substantial benefits to our regulated utilities
18 and their customers through shared corporate services while leaving local management with
19 control over operations. Our approach to conducting business has direct influence on all
20 business activities and serves to guide the actions of the organization in carrying out a
21 customer-centric approach. But this local approach could not work without our shared
22 corporate services.

23 **B. Introduction to Shared Services**

24 **Q. WHAT ARE "SHARED SERVICES"?**

25 A. In the broadest terms, shared services are corporate administrative, financial and
26 accounting, human resources and other business support services provided to and paid for
27 by more than one entity or division within an entity.
28

1 **Q. ARE SHARED SERVICES MODELS LIKE THIS COMMON IN THE UTILITY**
2 **INDUSTRY?**

3 A. Yes, based on my knowledge and experience, it is correct to say that use of service
4 companies and shared services models is common in the utility industry, as well as in
5 business generally. Through shared services models, a broad array of corporate and
6 business support services are seamlessly provided to multiple entities across the entire
7 organization. Such a structure is not only to be expected in any large commercial
8 organization like ours, but absolutely necessary to achieve economies of scale and improve
9 the quality of products and services.

10 **Q. PLEASE EXPLAIN?**

11 A. For Liberty Utilities, shared services allow the regulated utilities access to a greater range
12 of business support at a lower cost than most utilities could obtain in providing similar
13 services and incurring those costs separately. For example, treasury, information
14 technology, insurance, and risk management are provided centrally, which provides the
15 benefits that naturally flow from the reliance on service groups with broad experience and
16 facilitates the standardization of these activities. In other words, the APUC/Liberty service
17 providers were designed and exist to provide support to the operating entities.

18 **Q. ARE ALL SHARED SERVICES PROVIDED BY AFFILIATED ENTITIES**
19 **WITHIN THE APUC CORPORATE ORGANIZATION?**

20 A. Yes. As I discussed above, APUC-affiliated companies own and operate a diverse portfolio
21 of regulated and unregulated utility assets. Finding an unaffiliated group or groups capable
22 of replicating the depth, experience and scope of the corporate support and services
23 provided within the APUC/Liberty family of companies would be a daunting, if not
24 impossible, task, one which would then have to be repeated for each region, state or general
25 location where there are operations. That is why enterprises like APUC build their own
26 corporate support centers that are tailor-made to meet their unique and ever-changing needs
27 regardless of size or geography. The benefits of this type of shared services model to the
28 customers are through economies of scale and empowerment of local operations with access

1 to in-house experts providing shared services across the full spectrum of functionality,
2 including finance, accounting, treasury, procurement, insurance, audit, risk management,
3 IT, capital planning and other similar functions as part of utility operations. This structure
4 provides local operations the opportunity to realize economies of scale and other
5 knowledge-based efficiencies through shared corporate support services, without impairing
6 the quality of those services or relationships with customers. For example, treasury,
7 information technology, insurance, and risk management services are provided centrally.
8 When structured and carried out correctly, providing these selected services centrally
9 enhances the local presence our customers prefer. This is why I can confidently testify that
10 we would not be able to have the superior locally focused operations at economically viable
11 rates without the APUC/Liberty shared services model.

12 **Q. CAN YOU EXPAND ON YOUR DISCUSSION OF THE SUPPORT SERVICES**
13 **PROVIDED BY THESE AFFILIATED ENTITIES?**

14 A. Yes. Starting at the top, APUC provides overall strategic management, corporate
15 governance, financial management, and administrative and support services to all of its
16 subsidiaries. In addition, as a publicly traded holding company, APUC also maintains
17 access to the capital markets through the issuance of long-term debt and equity, as well as
18 access to short-term credit facilities. Such access to capital is of substantial benefit to
19 regulated utilities that often need large sums for infrastructure investment.

20 Below APUC, LUCC is generally the legal entity employing personnel physically located
21 in Canada and providing various corporate and business support services including
22 executive, regulatory strategy, energy procurement, operations, utility planning,
23 administration, and customer experience. Other administrative and support services are
24 provided by LUCC employees through the Liberty Algonquin Business Services (“LABS”)
25 business unit to Liberty Power and Liberty Utilities. LABS includes the following
26 departments: information technology, human resources, training, environment, health,
27 safety and security, procurement, executive and strategic management, technical services,
28

1 risk management, financial reporting, planning and administration, treasury, internal audit,
2 external communications, legal, and compliance.

3 Finally, LUSC is the legal entity employing most of Liberty's U.S.-based employees who
4 provide support to the regulated utilities. LUSC employees generally can be placed into
5 four categories: (1) utility dedicated employees, (2) employees who provide shared services
6 to Liberty Power and Liberty Utilities, (3) employees who provide corporate support to all
7 Liberty Utilities' operating utilities, and (4) regional employees who provide shared
8 services to support the utilities within one of the operating regions (East, Central or West).
9 Under LUSC, administration of payroll costs are streamlined and shared across APUC's
10 U.S.-based utility companies.

11 **Q. ARE THERE ADDITIONAL SERVICES PROVIDED ON A REGIONAL BASIS?**

12 A. Yes, as I testified above, the various operating utilities are organized under a regional
13 structure. This regional organization provides a more effective management and reporting
14 hierarchy by allowing groups of state utilities to report to regional managers for specific
15 functions and offers several additional benefits. To start, it allows the state presidents to
16 focus on overall utility operations, state utility commission processes, customer satisfaction
17 and community relations rather than managing individuals with a wide range of functional
18 responsibilities. This organizational structure also allows for a sharing of expertise among
19 regulated utilities across several states and provides for common support functions that
20 would be too cumbersome to provide at a national corporate level and too costly to support
21 at an individual state/utility level. The regional structure also provides for a manageable
22 span of control for the number of individuals reporting to a single manager.

23 **Q. DOES LIBERTY SUB CORP ALSO PROVIDE SHARED SERVICES?**

24 A. No personnel are employed by Liberty Sub Corp. But there are employees of LUSC that
25 are dedicated to provide services for the regulated water and wastewater utilities in Arizona
26 and Texas that are owned by Liberty Sub Corp. Those particular employees assign and
27 charge time and costs to Liberty Sub Corp departments that are allocated to the regulated
28 utilities in Arizona and Texas. For example, Engineering and Operations department

1 employees are employed by LUSC, but are assigned to Liberty Sub Corp in the human
2 resources information system. Their costs are recorded on Liberty Sub Corp.'s books in
3 their respective departments and may be directly billed to the appropriate utilities (like Bella
4 Vista, Rio Rico, Beardsley, or Cordes Lakes) or allocated based on the local four-factor
5 methodology to all of the Arizona and/or Texas utilities.

6 **Q. HOW ARE THE COSTS OF ALL THESE SHARED SERVICES ALLOCATED**
7 **BETWEEN ALL THE BENEFITTING ENTITIES?**

8 A. Costs are pooled and allocated in accordance with the APUC CAM which I will explain in
9 greater detail in the next subsection of my testimony.

10 **C. Cost Allocation and the CAM**

11 **Q. PLEASE DESCRIBE THE CAM.**

12 A. The CAM is a written manual intended to govern affiliate transactions and cost allocations
13 within the APUC organization. The CAM describes the services provided by APUC,
14 LUCC, LUCo and LUSC and sets forth the methods used to apportion the costs for those
15 services among the benefitting entities. Costs allocated include both direct charges to
16 specific entities and the allocation of indirect costs for services that benefit more than one
17 entity within the organization. The CAM is based on the National Association of
18 Regulatory Utility Commissions ("NARUC") Guidelines for Cost Allocations and Affiliate
19 Transactions. The NARUC Guidelines are attached as Appendix 1 to the CAM. The CAM
20 is attached to my testimony as Exhibit JS-DT1. The fundamental premise of the CAM is to
21 direct charge costs to the greatest possible extent and to use rational, consistent and
22 verifiable processes, procedures and methodologies to determine, define, and assign indirect
23 common costs to all benefitting entities. The CAM is also designed to prevent regulated
24 utilities from subsidizing unregulated operations.

25 **Q. HOW IS THE CAM "BASED" ON THE NARUC GUIDELINES?**

26 A. NARUC has recommended specific guidelines regarding transactions between affiliates.
27 The following NARUC principles are embodied in the CAM:

- 28 1. To the maximum extent practicable, costs should be directly assigned

- 1 (NARUC Guidelines at 2, § B.1).
- 2 2. The general method for charging indirect costs should be on a fully
- 3 allocated cost basis (NARUC Guidelines at 2, § B.2).
- 4 3. To the extent possible, all direct and allocated costs should be traceable on
- 5 the books of the applicable regulated utility to the applicable Uniform
- 6 System of Accounts and documentation should be available to the
- 7 appropriate regulatory authority upon request (NARUC Guidelines at 2, §
- 8 B.3).
- 9 4. Allocation methodologies should prevent subsidization and ensure
- 10 equitable cost sharing among regulated and unregulated affiliates (NARUC
- 11 Guidelines at 2-3, § B.4).
- 12 5. All costs should be classified as regulated, non-regulated, or common to
- 13 both (NARUC Guidelines at 3, § B.5).
- 14 6. The primary cost driver of common costs should be identified and used to
- 15 allocate the cost between regulated and non-regulated affiliates (NARUC
- 16 Guidelines at 3, § B.6).
- 17 7. The indirect costs of each business unit, including the allocated costs of
- 18 shared services, should be spread using relevant cost allocators (NARUC
- 19 Guidelines at 3, § B.7).

20 **Q. CAN YOU PLEASE DESCRIBE HOW THE CAM IS USED TO ASSIGN AND**

21 **ALLOCATE COSTS TO REGULATED UTILITIES LIKE APPLICANTS?**

- 22 **A.** Yes, under the CAM, a utility incurs costs in two ways: (1) Assigned/Direct costs—costs
- 23 incurred for the exclusive benefit of one or more other companies, and which are directly
- 24 charged to the company or companies that specifically benefited; and (2) Allocated/Indirect
- 25 costs—costs incurred that benefit multiple companies, but cannot be directly identified and
- 26 assigned. The CAM sets forth the methodology and logical allocation factors that establish
- 27 a reasonable link between the cost causer(s) and cost recovery.
- 28

1 **Q. CAN YOU PROVIDE EXAMPLES?**

2 A. Yes. First, costs that are incurred by each of the Applicants as part of providing utility
3 services in their service areas in Arizona are direct costs, and thus are neither assigned nor
4 allocated under the CAM. Second, costs that are incurred by APUC, LUCC, LUCo or
5 LUSC for the exclusive benefit of any utility's operations are directly assigned to that utility
6 in accordance with the CAM. Third, costs that are incurred by APUC, LUCC, LUCo or
7 LUSC that benefit multiple companies within the APUC corporate family are allocated
8 using defined allocation methodologies described in the CAM. Fourth, regional costs that
9 benefit the entities within the West Region are either directly assigned to the utility within
10 the region or allocated using the Regional Four-Factor Methodology. Finally, Liberty Sub
11 Corp. incurs costs for the benefit of the Arizona and Texas utilities that are allocated based
12 on a local four-factor methodology.

13 **Q. WHEN WAS THE CAM MOST RECENTLY UPDATED AND WHAT WERE THE**
14 **SIGNIFICANT CHANGES?**

15 A. The CAM was last updated in January 2017. With this update, the Utility Four-Factor
16 weightings were updated and the regional operating structure and allocation methodology
17 was established.

18 **Q. HAS THE CAM BEEN INDEPENDENTLY REVIEWED?**

19 A. Yes. In April 2021, LUCC engaged PricewaterhouseCoopers LLP ("PwC") to assess the
20 processes for capturing, assigning and allocating holding/service company costs incurred as
21 described in the CAM and to assess the CAM's compliance with guidance provided by
22 NARUC and Federal Energy Regulatory Commission ("FERC"). PwC also assessed
23 whether the allocations described in the CAM are based on cost-causative factors (e.g.,
24 direct charging, indirect attribution) or a multi-factor general allocator that are designed to
25 prevent cross-subsidization (e.g., regulated versus unregulated affiliates, regulated electric
26 versus regulated gas versus regulated water or wastewater, United States versus Canada).
27 In addition, PwC reviewed the cost allocation workbooks to determine if the costs were
28 actually allocated in accordance with the process stated in the CAM.

1 In July 2021, PwC issued their report, which is attached as Exhibit JS-DT2. PwC concluded
2 that the methodologies for capturing and allocating parent and shared services costs to
3 affiliates are reasonable, supportable and consistent with NARUC and FERC guidance, and
4 that the results of the transaction testing found that the mechanics of the allocation process
5 are working as designed.⁵

6 **D. INDOH**

7 **Q. WHAT IS INDOH?**

8 A. Indirect overhead or “INDOH” refers to the portion of administration and general (“A&G”)
9 costs that support capital projects and, in turn, are capitalized.

10 **Q. DOES THE CAM ADDRESS INDOH?**

11 A. No. The purpose of the CAM is to describe the shared services provided and charged by
12 APUC, LUCC and LUSC to the affiliates and subsidiaries within the APUC/Liberty family
13 of businesses. Although the CAM defines and describes how the shared services costs
14 (which are recorded as A&G costs) are assigned or allocated to the regulated utilities like
15 the Applicants, the CAM does not define or describe the process for capitalizing a portion
16 of the A&G costs that are indirectly incurred for the benefit of capital or construction
17 projects.

18 **Q. WHY ARE SUCH COSTS NOT CAPITALIZED DIRECTLY WITH ASSOCIATED**
19 **CAPITAL PROJECTS?**

20 A. Shared services departments perform many tasks that are essential to support capital and
21 construction projects. To the extent that a task can be directly identified to a capital or
22 construction project, it should be directly charged to the capital work order in accordance
23 with the CAM. However, there are many shared services that are indirectly performed in
24 support of capital projects and recorded as A&G costs. NARUC recognizes the importance
25 of including an appropriate portion of the A&G costs as indirect overhead on construction
26 projects in order to recognize the total cost of a construction project.⁶

27 _____
28 ⁵ Exhibit JS-DT2, PwC Assessment of the CAM, page 6.

⁶ See NARUC Guidelines for Cost Allocations and Affiliate Transactions.

1 **Q. BUT AREN'T ALL OF THE ALLOCATED CORPORATE COSTS ALREADY**
2 **INCLUDED IN THE APPLICANTS' REVENUE REQUIREMENTS AS A&G**
3 **EXPENSES?**

4 A. No. Directly assigned and indirectly allocated shared services costs are initially recorded
5 as A&G expenses on Liberty Sub Corp's books. Then the West Region accounting team
6 applies the effective capitalization rate to the A&G costs to determine the INDOH amount.
7 The INDOH is then credited out of the A&G expenses and apportioned, as a debit amount,
8 to the open Arizona and Texas utilities' capital projects.

9 **Q. HOW IS INDOH INCORPORATED INTO APPLICANTS' RATES?**

10 A. When the construction projects are completed and placed into service, the INDOH is
11 capitalized as part of the asset on the utility's books and included as part of rate base.⁷

12 **Q. DOES NARUC SUPPORT CAPITALIZATION OF INDOH?**

13 A. Yes. According to NARUC USOA Account Instruction 20(A) –
14 All overhead construction costs, such as engineering, supervision,
15 general office salaries and expenses, construction engineering and
16 supervision by others than the accounting utility, legal expenses,
17 insurance, injuries and damages, relief and pensions, taxes and
18 allowances for funds used during construction shall be charged to
19 particular jobs or units on the basis of the amounts of such overheads
20 reasonably applicable thereto, so that each job or unit shall bear its
21 equitable proportion of such costs and that the entire costs of the
22 unit, both direct and overhead, shall be deducted from the plant
23 accounts at the time the property is retired.

24 Instruction 20(B) further provides –

25 As far as practicable, the determination of payroll charges includible
26 in construction overheads shall be based on time card distribution

27

28 ⁷ Gross Utility Plant in Service, Schedule B-1.

1 thereof. Where this procedure is impractical, special studies shall
2 be made periodically of the time of supervisory employees devoted
3 to construction activities so that only such overhead costs as have a
4 definite relation to construction shall be capitalized. The addition to
5 direct construction costs of arbitrary percentages or amounts to
6 cover assumed overhead costs is not permitted.

7 **Q. HAS LIBERTY UTILITIES FOLLOWED NARUC’S INSTRUCTIONS?**

8 A. In my opinion, yes. As previously discussed in my testimony, whenever possible shared
9 services costs are directly charged to capital projects and capitalized as a direct cost of the
10 project. Because it is not always practical for shared services employees to directly charge
11 to capital projects that their activities support, Liberty Utilities has used special studies to
12 determine an appropriate capitalization rate for the shared services performed in support of
13 capital projects. Liberty Utilities periodically reviews and refreshes these studies to ensure
14 the capitalization rate applied to the A&G costs is updated as the capital investment program
15 changes over time. The most recently updated capitalization rate was determined in 2021,
16 resulting in a rate very close to the capitalization rate supported by the 2018 study.

17 **Q. WHAT CAPITALIZATION RATE IS USED AND HOW WAS THE RATE**
18 **DETERMINED?**

19 A. During the test year, a capitalization rate of 32.08 percent was used for the derivation of
20 INDOH applied to the Applicants’ capital projects. The capitalization rate was determined
21 from a study conducted by PA Consulting in 2018 and 2019 and is provided as Exhibit JS-
22 DT3. In November 2020, LUCC engaged PwC to develop and conduct a new time study
23 to determine the percentage of time spent by shared services employees in support of capital
24 projects.

25 **Q. WHAT WAS THE RESULT OF THE PWC STUDY?**

26 A. In July 2021, PwC completed its time study of the West Region shared services employees
27 and determined that a capitalization rate of 32.43 percent is reasonable and supportable.

28 **E. Prior Regulatory Treatment of Shared Services Costs and CAM**

1 **Q. HAS THE APUC/LIBERTY SHARED SERVICES MODEL AND CAM BEEN**
2 **REVIEWED BY THE COMMISSION?**

3 A. Yes. Although I have only participated in two prior rate cases in Arizona on behalf of
4 Liberty Utilities (the most recent Liberty Black Mountain and Liberty Gold Canyon rate
5 cases), I understand there have already been more than 10 previous rate cases in Arizona
6 involving allocated costs from affiliated transactions. I have attached a list of these cases
7 to my direct testimony as Exhibit JS-DT4.

8 **Q. DO ANY OF THE PRIOR CASES INVOLVE SIMILAR CAM AND SHARED**
9 **SERVICES COSTS AS THE APPLICANTS NOW SEEK TO RECOVER IN THIS**
10 **RATE CASE?**

11 A. Generally, yes. While the CAM has been updated a few times and we are continuing to
12 make refinements and improvements in the allocation process and methodologies, the
13 general CAM approach has remained consistent for Liberty Utilities' regulated operations
14 in the U.S. for many years.

15 **Q. BESIDES ARIZONA, HAS THE CAM BEEN REVIEWED BY OTHER PUBLIC**
16 **UTILITY COMMISSIONS?**

17 A. Yes. Liberty currently operates in 13 states across the U.S. and one Canadian province.
18 The APUC/Liberty CAM and corporate shared services model has been reviewed by
19 regulators as part of rate proceedings in our various jurisdictions.

20 **Q. HAVE THE CORPORATE SHARED SERVICES COSTS BEEN APPROVED FOR**
21 **THE APPLICANTS' SISTER UTILITIES?**

22 A. Yes. There have been no material disallowances of corporate shared services costs in rate
23 cases across Liberty's footprint related to the shared services model and allocation
24 methodologies. Our regulators have consistently recognized the need for and benefits of
25 Liberty's shared services model.

26 **F. Applicants' Shared Services Costs**

27 **Q. WHAT AMOUNT OF CORPORATE SHARED SERVICES COSTS WERE**
28 **ALLOCATED TO APPLICANTS DURING THE TEST YEAR?**

1 A. During the test year, Liberty Sub Corp received approximately \$6,020,000 of indirect
2 allocations from APUC, LUCC and LUSC shared services allocated and billed during the
3 test year in accordance with the methodologies defined in the CAM. After costs were
4 allocated to Liberty Sub Corp, those costs were further allocated to the operating utilities in
5 Arizona and Texas. Of the \$6,020,000 allocated from APUC, LUCC and LUSC, Liberty
6 Cordes Lakes received approximately \$146,000, Liberty Beardsley received approximately
7 \$207,000, Liberty Rio Rico received approximately \$697,000 and Liberty Bella Vista
8 received approximately \$749,000. In total Liberty Rio Rico (Consolidated) received
9 approximately \$1,799,000.

10 **Q. ARE SHARED SERVICES PROVIDED TO APPLICANTS AT THE FULLY**
11 **DISTRIBUTED COST OF PROVIDING THOSE SERVICES?**

12 A. Yes. Costs are assigned either through a direct or allocated approach. Costs that cannot be
13 directly assigned or indirectly allocated (e.g., general and administrative) must be included
14 in the fully distributed cost calculation through a general allocation. Therefore, we go
15 through this analysis of the shared services costs on a regular basis.

16 **Q. DO ANY OF THE AFFILIATES PROFIT FROM THE SERVICES PROVIDED TO**
17 **APPLICANTS?**

18 A. No. All charges reflect the actual cost of providing that service or product. Affiliates are
19 not charging or seeking a profit margin or any other form of affiliated profit.

20 **Q. IS IT POSSIBLE THAT APPLICANTS COULD POTENTIALLY BE**
21 **SUBSIDIZING NON-REGULATED AFFILIATES?**

22 A. No. The CAM is designed to limit cross subsidizations in this manner. Additionally, as
23 previously mentioned, our corporate services are provided at cost, which is determined by
24 prevailing wages/benefits and actual incurred expenses.

25 **Q. IF THE PROPOSED CONSOLIDATION OF THE APPLICANTS IS APPROVED**
26 **BY THE COMMISSION, WOULD ANY OF YOUR TESTIMONY APPLY**
27 **DIFFERENTLY TO THE SURVIVING ENTITY?**

28

1 A. No, there will just be one entity with roughly the same pro rata share currently applicable
2 to four entities.

3 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY ON BEHALF OF THE**
4 **APPLICANTS?**

5 A. Yes.
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EXHIBIT JS-DT1

ALGONQUIN POWER & UTILITIES CORP.

COST ALLOCATION MANUAL

V2017 Effective: January 1st, 2017

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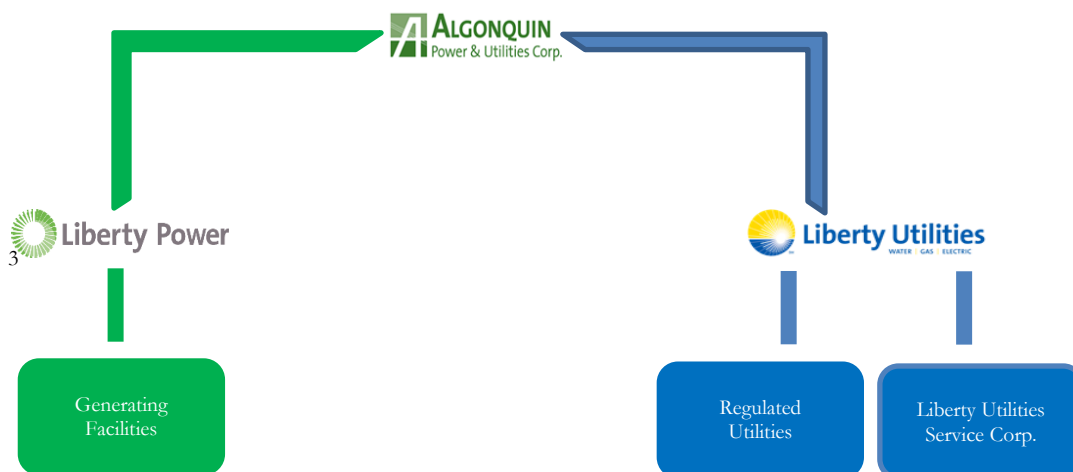
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1. INTRODUCTION

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

Figure 1: Simplified APUC Corporate Structure



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

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

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

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

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

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

2. THE APUC CORPORATE STRUCTURE

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

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

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

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

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

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

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

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

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

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

3.1.1 Description of APUC Services and Costs

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

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

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

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

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

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

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

Type of Cost	Allocation Methodology	Rationale	Examples						
Legal Costs	<table border="0"> <tr> <td>Net Plant</td> <td>33.3%</td> </tr> <tr> <td>Number of Employees</td> <td>33.3%</td> </tr> <tr> <td>O&M</td> <td>33.3%</td> </tr> </table>	Net Plant	33.3%	Number of Employees	33.3%	O&M	33.3%	This function is driven by factors which include Net Plant, as typically the higher the value of plant, the more legal work it attracts; similarly, a greater number of	Employee labor and related administration and programs; Third party legal services
Net Plant	33.3%								
Number of Employees	33.3%								
O&M	33.3%								

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

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

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

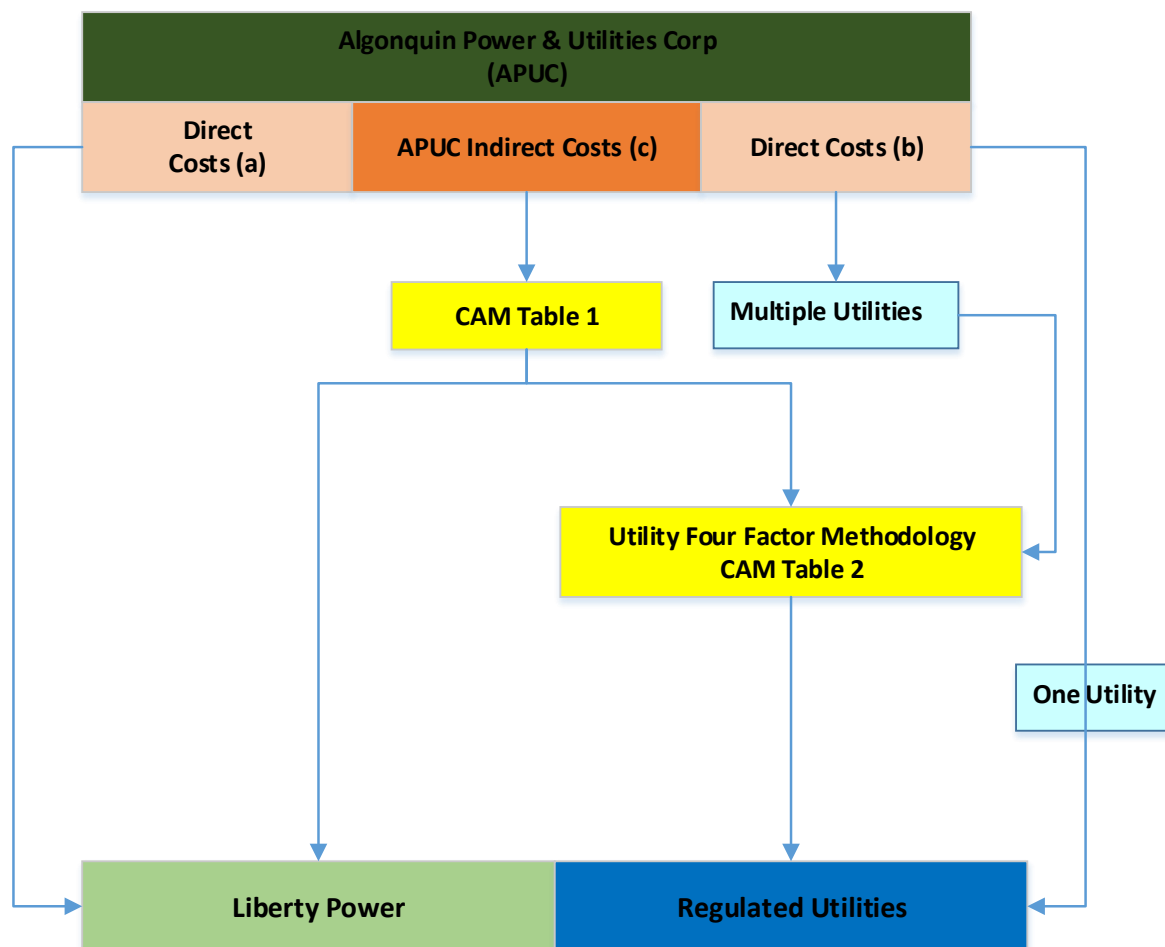
Notwithstanding the above, if a charge is related either solely to the regulated utility business or to the power generation business Liberty Power, then all of those costs will be direct charged, or assigned, to the business segment for which they are incurred. If a cost can be directly attributable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

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

3.1.2 Description of the APUC Cost Flows

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

Figure 2: Illustration of APUC Corporate Cost Distributions



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

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

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

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

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

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

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

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

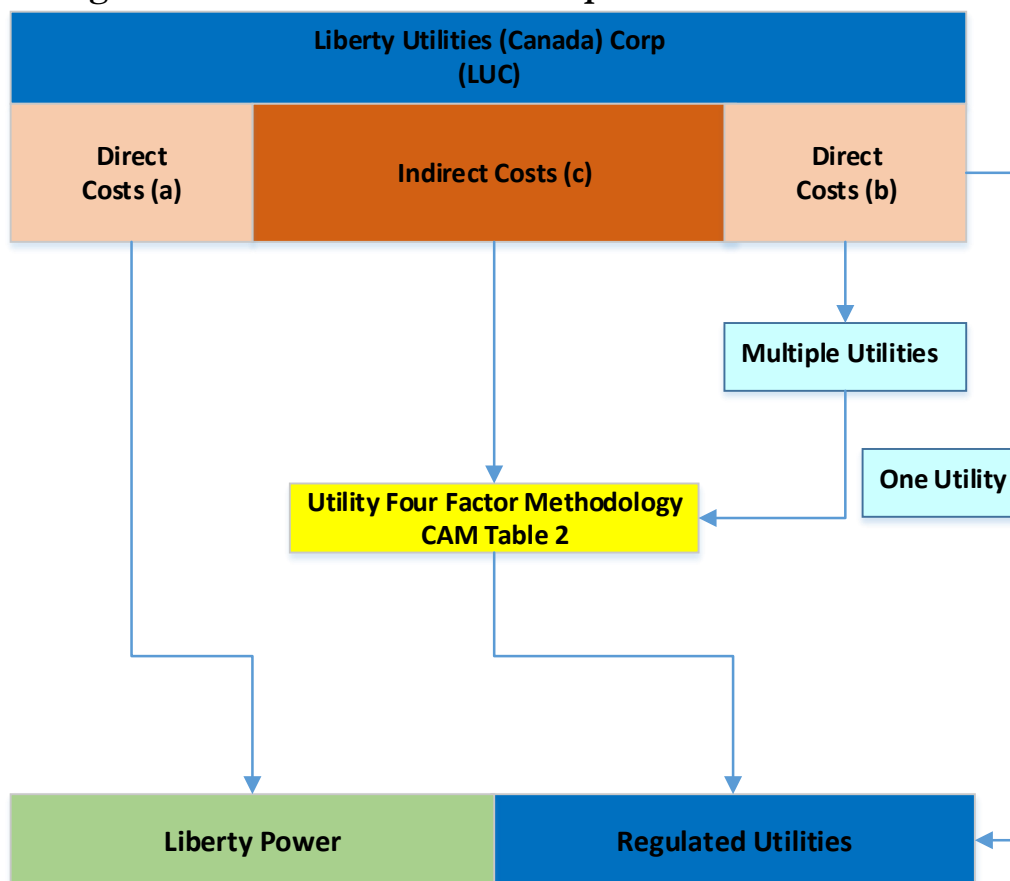
4.1 Overview of LUC Services and Costs

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

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

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

Figure 3: Illustration of LUC Corporate Cost Distributions

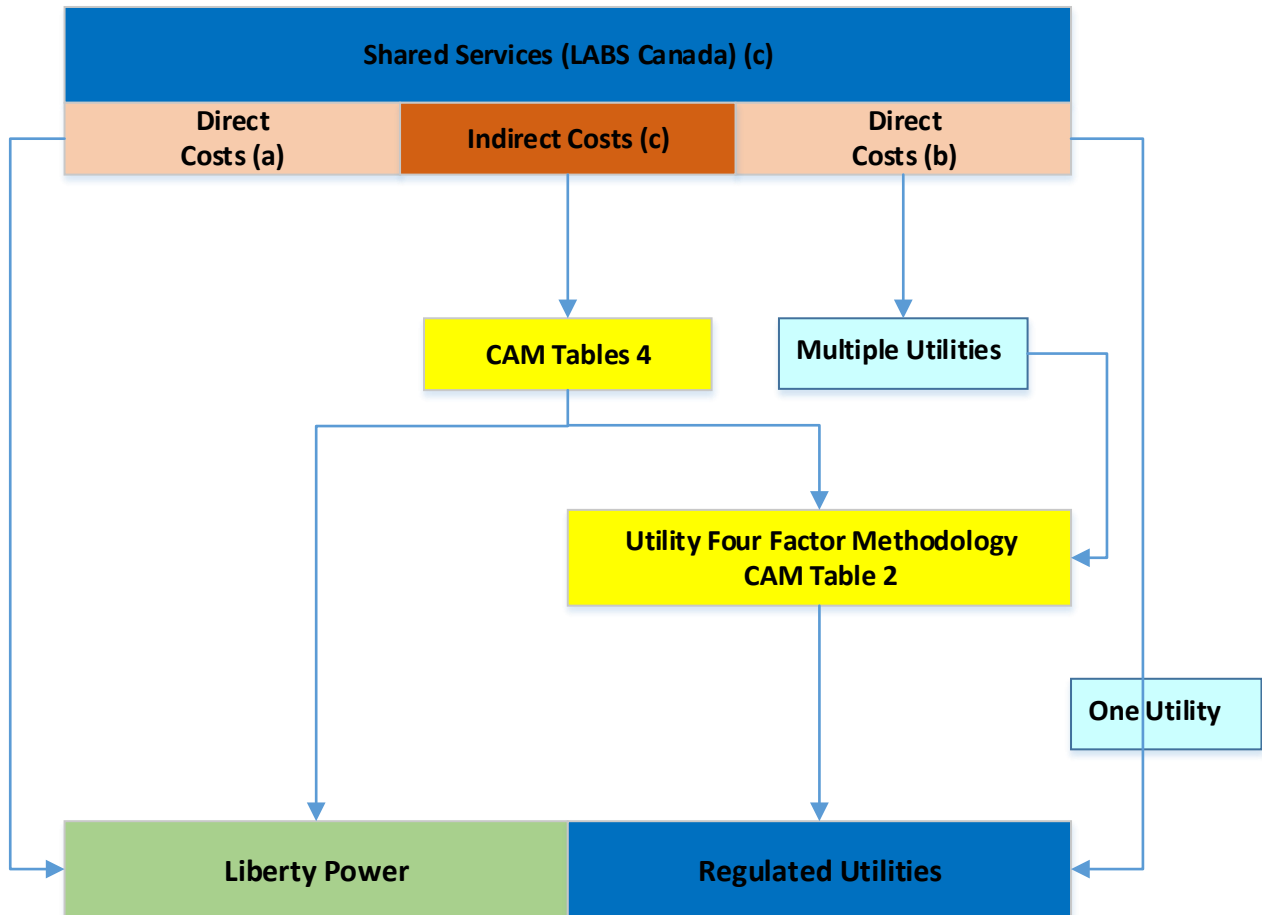


Notes:

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

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

Figure 4: Illustration of LUC Shared Services Cost Distributions



Notes:

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

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

4.2.1 Services to Liberty Utilities

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

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

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

Table 2: Utility Four-Factor Methodology Factors and Weightings

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

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

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

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

Table 3: Utility Four-Factor Methodology Example

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

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

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

4.2.2 LUC Services to Liberty Power.

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

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

4.3 Shared Services from LUC

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

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

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

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

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

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

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

¹³ Sometimes referred to as “LABS Canada.”

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

4.3.1 Business Services and Corporate Services

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

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

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

¹⁵ And LUSC shared services functions.

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

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

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

Risk Management	Net Plant 33.3% Revenue 33.3% O&M 33.3%	This function is driven by factors which reflect the relative size and complexity of Risk Management - Revenues, Net Plant and O&M costs.	Employee labor and related administration, Software platform, fees and administration
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¹⁶ And LUSC shared services functions.

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

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

5. LIBERTY UTILITIES SERVICE CORP.

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

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

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

5.1 Shared Services from LUSC

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

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

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

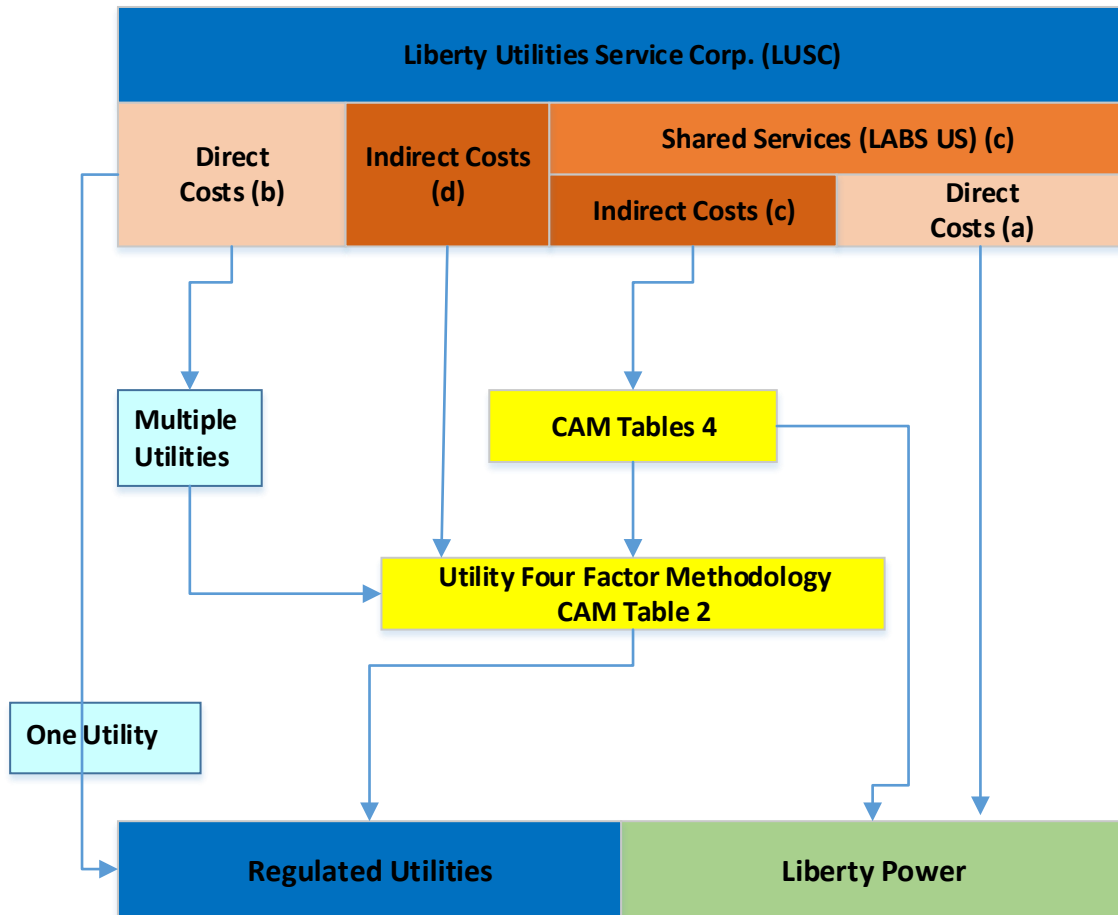
The indirect costs from the U.S. shared services that only benefit the regulated utilities are distributed using the Utility Four-Factor Methodology set forth in CAM Table 2, resulting in utility-specific allocated charges from LUSC.

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

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

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

Figure 5: Illustration of LUSC Cost Distributions



Notes:

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

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

6. COST DISTRIBUTION AT THE REGIONAL OR STATE UTILITY LEVEL

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

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

7. CORPORATE CAPITAL

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

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

8. CAM TEAM AND TRAINING

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

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

9. AUDIT, RECORD KEEPING & AFFILIATE TRANSACTION RULES

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

10. UPDATING ALLOCATIONS

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

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

11. APPENDICES

APPENDIX 1 - NARUC GUIDELINES FOR COST ALLOCATIONS

Guidelines for Cost Allocations and Affiliate Transactions:

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

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

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

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

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

A. DEFINITIONS

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

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

B. COST ALLOCATION PRINCIPLES

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

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

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

C. COST ALLOCATION MANUAL (NOT TARIFFED)

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

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

D. AFFILIATE TRANSACTIONS (NOT TARIFFED)

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

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

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

E. AUDIT REQUIREMENTS

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

F. REPORTING REQUIREMENTS

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

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

Source:

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

APPENDIX 2 – DETAILED EXPLANATION OF APUC COSTS

1. APUC STRATEGIC MANAGEMENT COSTS

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

a. Board of Directors

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

b. General Legal Services

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

c. Professional Services

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

2. ACCESS TO CAPITAL MARKETS

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

a. License and Permit Fees

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

b. Escrow Fees

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

c. Unit Holder Communications

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

3. APUC FINANCIAL CONTROLS

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

a. Audit Fees

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

b. Tax Services

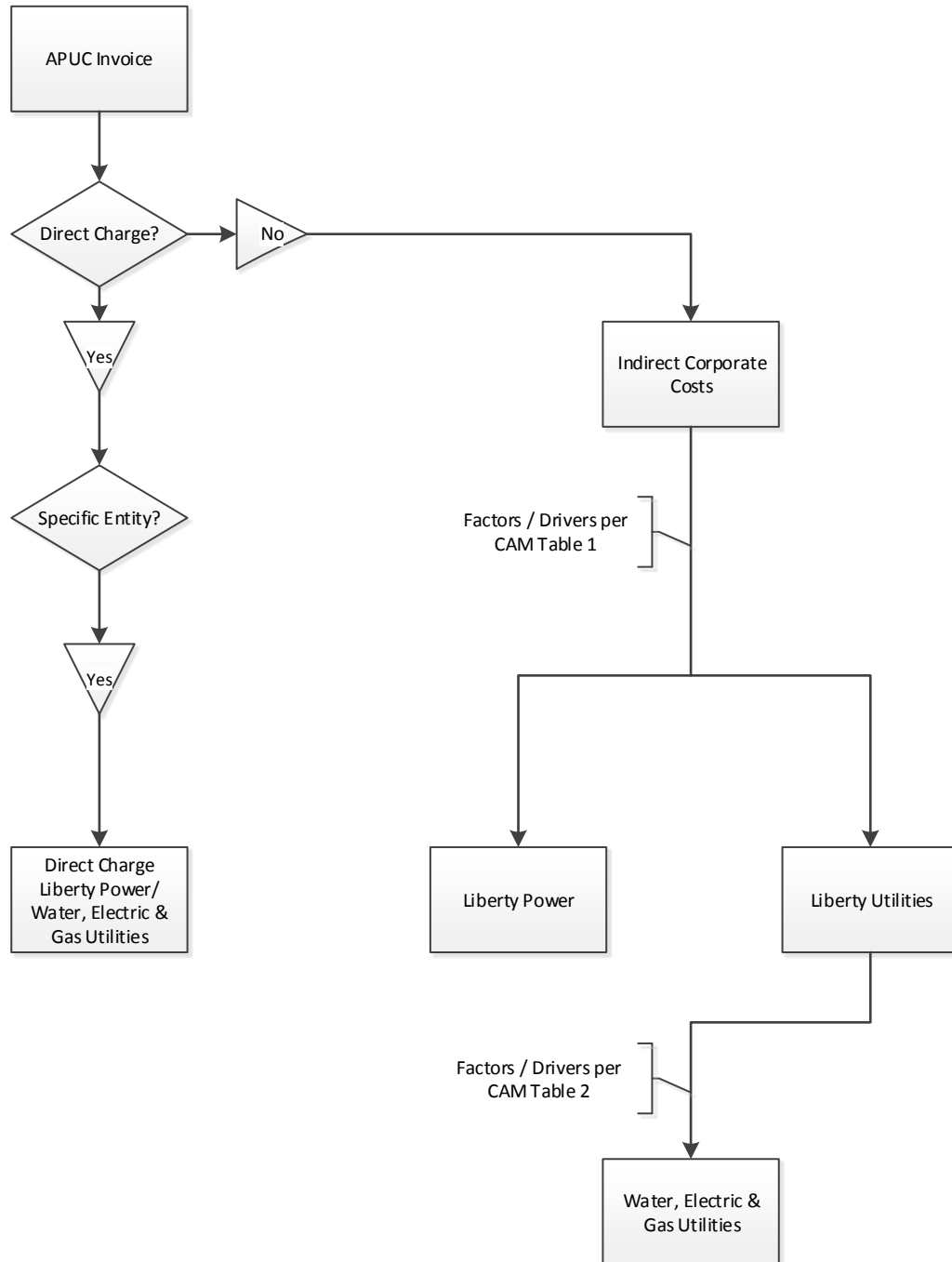
Taxes are paid on behalf of the regulated utilities at the parent level as part of a consolidated United States tax return. Tax services such as planning and filing are provided by third parties. Filing tax returns on a consolidated basis benefits each regulated utility by reducing the costs that otherwise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

4. APUC ADMINISTRATIVE COSTS

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

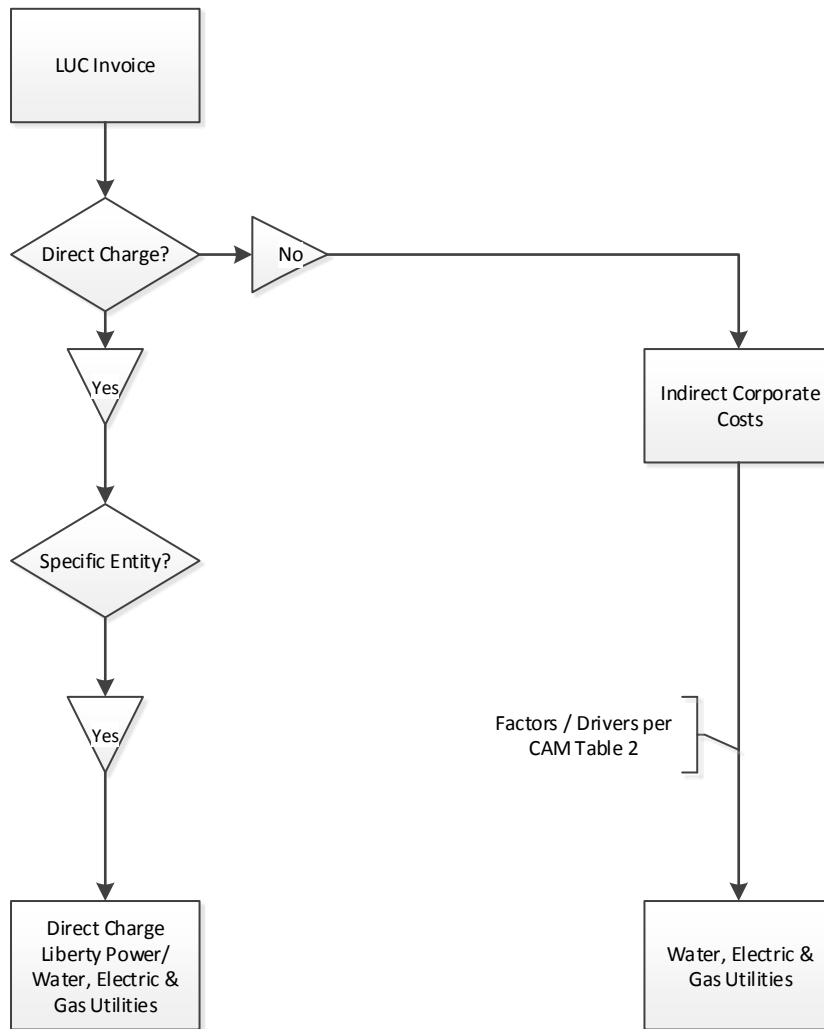
APPENDIX 3 – LIFE OF AN APUC INVOICE

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



APPENDIX 4 – LIFE OF A LIBERTY UTILITIES INVOICE

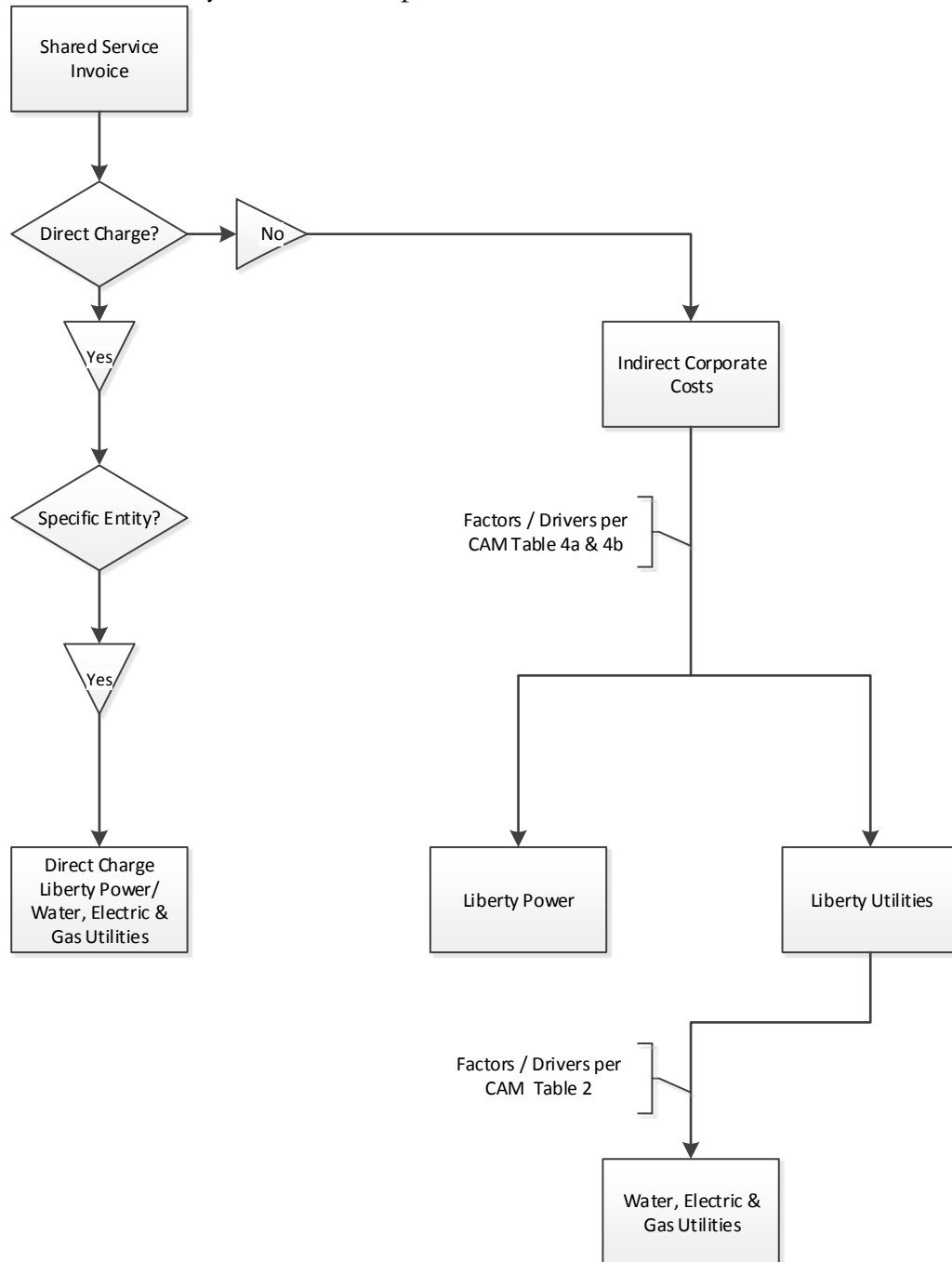
A schematic is provided below showing the trail of an invoice received by Liberty Utilities (LUC) for services to be charged to its utility subsidiaries¹⁸. The schematic is intended to visually explain the distribution of charges from LUC to Liberty Utilities companies.



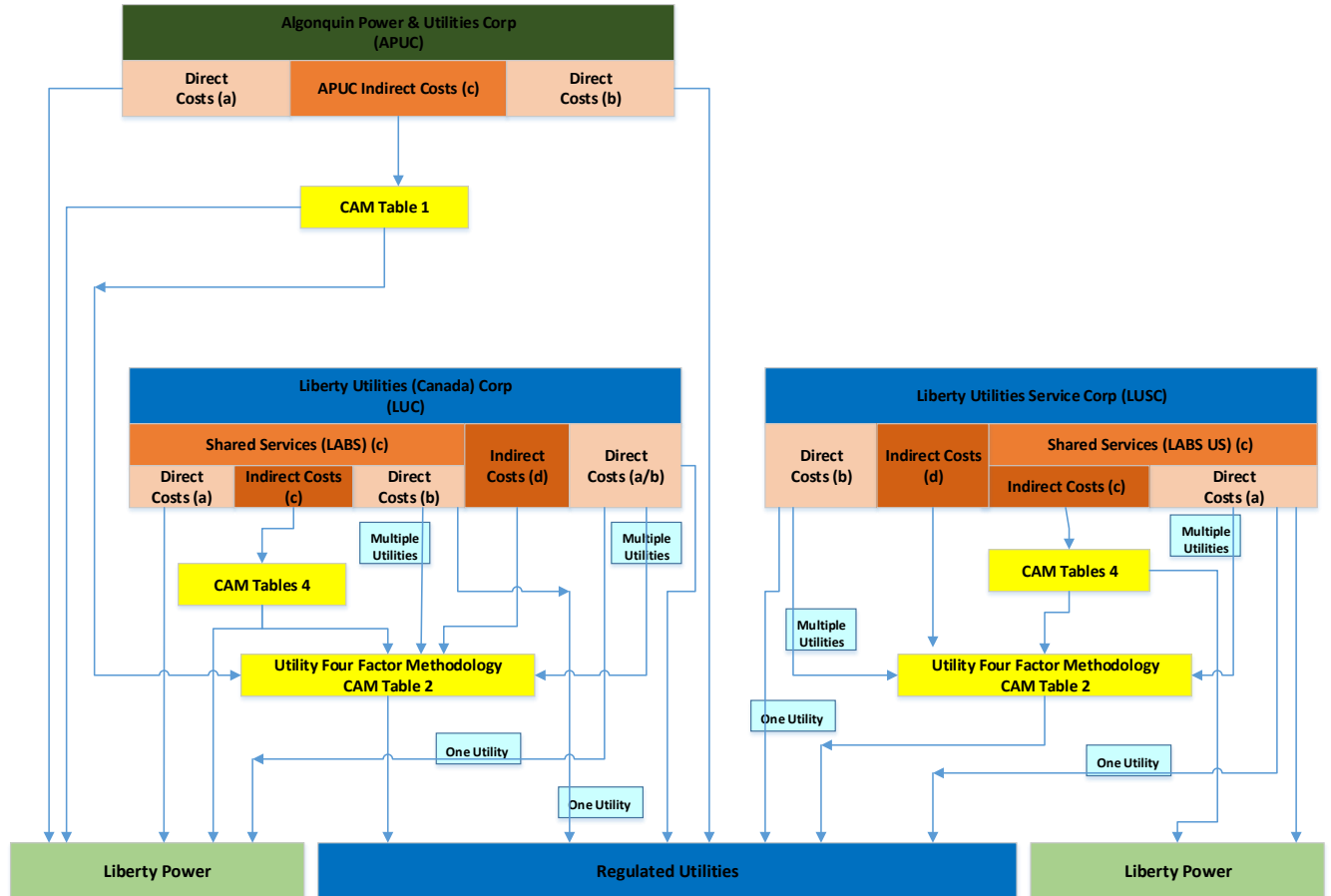
¹⁸ This is for utility-dedicated LUC staff and services (not shared services staff).

APPENDIX 5 – LIFE OF A SHARED SERVICES INVOICE

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



APPENDIX 6 – COMPOSITE ILLUSTRATION OF ORGANIZATIONAL COST DISTRIBUTION



Notes:

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

APPENDIX 7 – GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

COST ALLOCATION MANUAL

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

NARUC – National Association of Regulatory Utility Commissioners.

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

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

APPENDIX 8 - VERSION LOG

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

EXHIBIT JS-DT2

Assessment of cost allocation manual

Algonquin Power and Utilities Corporation

July 16, 2021





July 16, 2021

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

Dear Ms. Schwartz:

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

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

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

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

Very truly yours,

A handwritten signature in black ink that reads "Sean P. Riley".

Sean P. Riley
Partner

A handwritten signature in black ink that reads "Alan D. Felsenthal".

Alan D. Felsenthal
Managing Director

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Scope of the report

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

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

Our process for completing this assessment included the following procedures:

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

This report includes:

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

Limitations & assumptions

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

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

Qualifications of PwC

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

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

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

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

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

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

PwC's power & utilities practice:

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

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

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

Complex accounting and regulatory support practice:

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

Executive summary

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

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

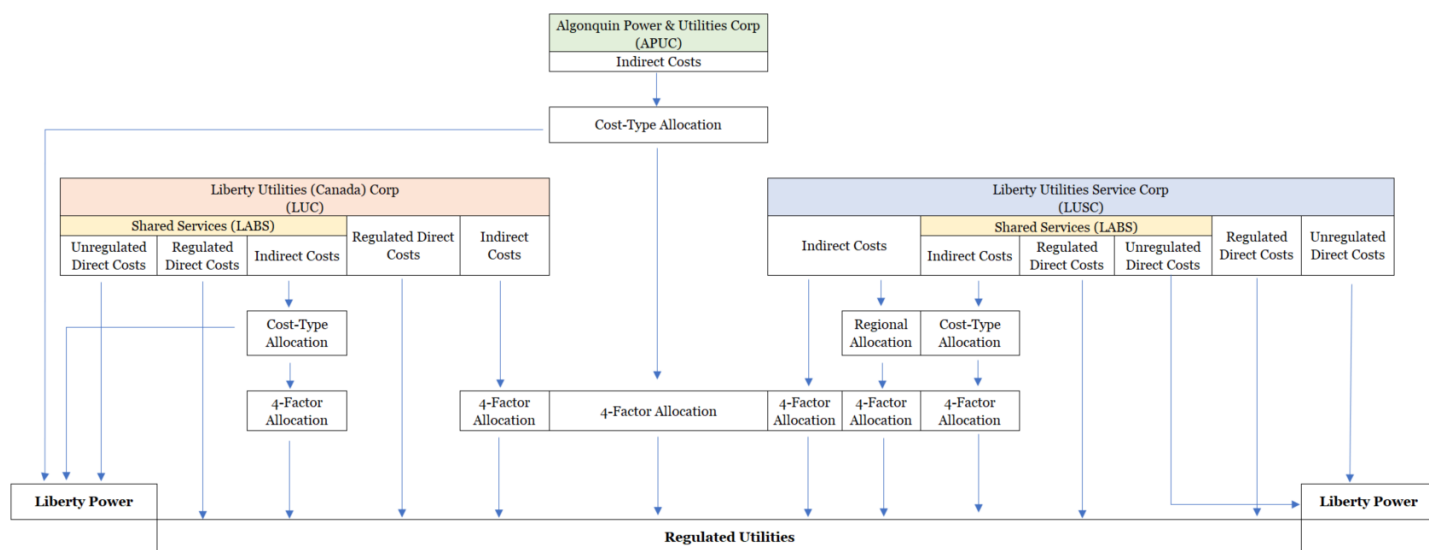
Procedures and observations

Background

Algonquin Power and Utilities Corporation (“APUC”) is the ultimate parent holding company with both regulated and non-regulated entities. APUC is further organized into Liberty Utilities (Canada) Corporation (“LUC”) and Liberty Utilities Service Corporation (“LUSC”). The primary distinction between LUC and LUSC is the geographical location of the related employees. Specifically, employees reporting to LUC are located in Canada and LUSC employees reside in the United States of America. The employee’s location does not drive function and as such, these indirect costs are pooled for allocation to relevant entities. Both LUC and LUSC are further supported by a shared service company, Liberty Algonquin Business Services (“LABS”).

As recommended by NARUC and FERC guidance, holding/service company costs are first directly charged to individual regulated or unregulated affiliates when an activity can be identified as relating to a specific affiliate or group of affiliates. Such direct-charged costs are removed from the indirect allocation pool.¹

The majority of the remaining costs are allocated in two tiers. The first allocation is performed to divide the costs between regulated and nonregulated entities. This is performed based on the nature of the cost and allocated by cost-causative drivers or the modified Massachusetts method (weighting of several factors described in more detail in the Allocation Factors section). The second allocation is performed to further allocate the regulated costs among the regulated entities. At this point, these regulated costs are accumulated into one cost pool and allocated based on a modified Massachusetts Method general allocator as described in more detail within the Allocation Factors section. Note that both LUC and LUSC services are specific to regulated entities only so their costs are allocated through the general allocator only. Refer to the simplified corporate structure and visual allocation mapping below:



¹ See Guidelines for Cost Allocations and Affiliate Transactions, issued by the National Association of Regulatory Utility Commissioners and FERC Order 667, Repeal of the Public Utility Holding Company Act of 1935 and Enactment of the Public Utility Holding Company Act of 2005, 113 FERC ¶ 61,248.

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

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

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

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

Reasonableness of cost pool to allocate

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

Peer Comparability

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

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

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

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

performed for/requested by the affiliates.

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

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

Necessity and Benefit

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

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

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

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

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

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

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

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

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

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

Role Clarity

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

Allocation methodology

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

Allocation factors

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

APUC

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

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

LUC and LUSC

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

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

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

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

Mathematical accuracy

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

Illustrative example - Cost allocator

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

APUC
April 2020 - March 2021 Allocation
as at April xx, 2020

	All Employees		O&M		Revenue		Net Plant		Oakville Employees	
	Headcount	%	USD	%	USD	%	USD	%	Headcount	%
LP (APCO)	176	7%	75,209	15%	240,692	20%	2,444,382	34%	90	29%
LU	2,266	93%	412,456	85%	980,770	80%	4,754,373	66%	219	71%
Total	2,442	100%	487,665	100%	1,221,462	100%	7,198,755	100%	309	100%
Legal Costs		33-333%		33-333%				33-333%		
Tax Services						33-333%		33-333%		
Audit						33-333%		33-333%		
Investor Relations						33-333%		33-333%		
Director Fee & Insurance						33-333%		33-333%		
Licenses, Fees, and Permits						33-333%		33-333%		
Escrow & transfer Agent Fees						33-333%		33-333%		
Other Professional Services						33-333%		33-333%		
Office Administration Costs		50.00%								50.00%
Travel- CAM category is Other Other Professional Services.						33-333%		33-333%		
Executive Salaries and Strategic Management						33-333%		33-333%		

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

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

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

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

Illustrative example - Cost pool calculation

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

Per APUC Report - Consolidated				FX	
				1.3953	
Total from report		APCO	LU	LU	
	%	Allocation - CAD	Allocation - USD	Allocation	In USD
Legal Costs	\$73,392.6	18.9%	\$ 19,315	81.1%	\$ 59,549
Tax Services	\$98,363.0	23.0%	\$ 21,605	77.0%	\$ 75,712
Audit	\$192,329.1	23.0%	\$ 61,796	77.0%	\$ 148,040
Investor Relations	\$577,138.1	23.0%	\$ 155,438	77.0%	\$ 444,236
Director Fee & Insurance	\$59,205.8	23.0%	\$ 19,023	77.0%	\$ 45,572
Licenses & Fees	\$94,317.9	23.0%	\$ 30,305	77.0%	\$ 72,599
Escrow transfer Agent	\$0.0	23.0%	\$ -	77.0%	\$ -
Other Professional	(\$1,209.2)	23.0%	\$ (389)	77.0%	\$ (931)
Office Administration	\$28,086.1	18.2%	\$ 7,119	81.8%	\$ 22,984
Other Professional - Travel	\$45,449.9	23.0%	\$ 14,603	77.0%	\$ 34,984
Other Professional - Travel - Aircraft	\$276,870.5	23.0%	\$ 88,960	77.0%	\$ 213,114
Executive & Strategic Management - Salaries & Benefits	\$460,094.0	23.0%	\$ 147,831	77.0%	\$ 354,145
Total	\$1,904,037.8		\$ 605,607		\$ 1,470,004

	7.53%	6.64%	4.60%	10.75%	6.97%	0.31%	0.08%	1.63%	0.04%	5.51%	6.15%	0.17%	0.21%	5.52%	39.41%	2.21%	2.22%	0.07%
	LW	Caiecco	GS	EN	Midstates Gas	Midstates Water	Midstates Sewer	ARK	Woodson-Hensley	Georgia	NEG	Whitehall	Whitehall	Park Water	Empire	NewBrunswick Gas	St Lawrence Gas	Tinker Transmission
	8020	8800	8830	8840	8850	8640	8640	8606	8603	8862	8866	8608	8609					
Legal Costs	\$ 107	\$ 207	\$ (245)	\$ 26	\$ 67	\$ 4	\$ 1	\$ 17	\$ (3)	\$ (14)	\$ 36	\$ (63)	\$ 3	\$ 27	\$ (140)	\$ 23	\$ (27)	\$ (16)
Tax Services	\$ 137	\$ 264	\$ (312)	\$ 33	\$ 85	\$ 5	\$ 1	\$ 21	\$ (3)	\$ (17)	\$ 45	\$ (81)	\$ 4	\$ 35	\$ (189)	\$ 29	\$ (35)	\$ (21)
Audit	\$ 267	\$ 515	\$ (610)	\$ 65	\$ 166	\$ 11	\$ 3	\$ 42	\$ (7)	\$ (34)	\$ 88	\$ (157)	\$ 7	\$ 68	\$ (370)	\$ 56	\$ (68)	\$ (41)
Investor Relations	\$ 801	\$1,546	\$ (1,831)	\$ 196	\$ 497	\$ 32	\$ 8	\$ 125	\$ (20)	\$ (102)	\$265	\$ (473)	\$ 21	\$ 203	\$ (1,109)	\$ 168	\$ (204)	\$ (123)
Director Fee & Insurance	\$ 82	\$ 159	\$ (188)	\$ 20	\$ 51	\$ 3	\$ 1	\$ 13	\$ (2)	\$ (11)	\$ 27	\$ (48)	\$ 2	\$ 21	\$ (114)	\$ 17	\$ (21)	\$ (13)
Licenses & Fees	\$ 131	\$ 253	\$ (299)	\$ 32	\$ 81	\$ 5	\$ 1	\$ 20	\$ (3)	\$ (17)	\$ 43	\$ (77)	\$ 3	\$ 33	\$ (181)	\$ 28	\$ (33)	\$ (20)
Escrow transfer Agent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Professional	\$ (2)	\$ (3)	\$ 4	\$ (0)	\$ (1)	\$ (0)	\$ (0)	\$ (0)	\$ 0	\$ 0	\$ (1)	\$ 1	\$ (0)	\$ (0)	\$ 2	\$ (0)	\$ 0	\$ 0
Office Administration	\$ 41	\$ 80	\$ (95)	\$ 10	\$ 26	\$ 2	\$ 0	\$ 6	\$ (1)	\$ (5)	\$ 14	\$ (24)	\$ 1	\$ 11	\$ (57)	\$ 9	\$ (11)	\$ (6)
Other Professional - Travel	\$ 63	\$ 122	\$ (144)	\$ 15	\$ 39	\$ 2	\$ 1	\$ 10	\$ (2)	\$ (9)	\$ 21	\$ (37)	\$ 2	\$ 16	\$ (87)	\$ 13	\$ (16)	\$ (10)
Other Professional - Travel - Aircraft																		
Executive & Strategic Management - Salaries & Benefits	\$ 639	\$1,233	\$ (1,459)	\$ 156	\$ 396	\$ 25	\$ 6	\$ 99	\$ (16)	\$ (82)	\$211	\$ (377)	\$ 17	\$ 162	\$ (884)	\$ 134	\$ (162)	\$ (98)
Total	\$ 2,267	\$4,375	\$ (5,180)	\$ 553	\$ 1,405	\$ 90	\$ 22	\$ 353	\$ (57)	\$ (290)	\$750	\$ (1,337)	\$ 59	\$ 575	\$ (3,138)	\$ 476	\$ (576)	\$ (347)

As noted in the screenshot above, first we traced and agreed the cost pool bucketing to the source files. To assess the cost pool bucketing, we inspected 64 selections across the four business units and confirmed the cost pool was appropriate and that the expenditure was necessary and beneficial to each business unit for which it was ultimately allocated. Second, we traced and agreed the regulated vs. unregulated allocation percentages to the cost allocator described above. Third, we recalculated the dollar amount allocated to regulated vs. unregulated by applying the percentage to the cost pool buckets. Fourth, we traced and agreed the utility specific allocation to the four-factor methodology within the CAM. Finally, we recalculated the dollar amount allocated to each utility by applying the appropriate four factor allocation to each regulated cost pool bucket. We completed the same tie out and recalculation procedures on the cost pool calculations for LABS, LUC, and LUSC, determining that costs are allocated in accordance with the CAM.

Exhibit 1 – FERC Form 60 analysis – Direct charging percentages

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

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

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

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

Exhibit 2 – Necessity and benefits analysis of company costs

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

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

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

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

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

Exhibit 3 – FERC form 60 analysis – General allocator methodology

Schedule XXI – Methods of allocation⁶

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

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

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

Exhibit 4 – Delineation of roles and responsibilities

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

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

Thank you

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EXHIBIT JS-DT3



LIBERTY UTILITIES 2019 INDIRECT OVERHEAD CAPITALIZATION TIME STUDY RESULTS

PA CONSULTING GROUP

September 16, 2019

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EXECUTIVE SUMMARY

Corporate services play an important role in a utility's capital program. The following administrative activities, among others, are all essential elements of a successful capital program.

- Attending a capital budget meeting or preparing a capital budget.
- Preparing financial statements for capital expenditures.
- Ordering materials for capital projects.
- Accounting duties performed on capital projects.
- Customer communications for capital projects.
- Attending capital project requirement, resource and vendor meetings.
- Preparing a business case for capital projects.

Further, active involvement in the capital program by executive management to provide leadership and oversight are also important elements of a successful capital program.

Fully accounting for the corporate services aspects of a capital project is important in that the complete cost of a project provides important information to all involved in the process. Further, including appropriate amounts of administrative and support services costs (referred to as indirect overheads in this report) as a component of the cost of long-lived utility plant assets contributes to intergenerational equity among customers.

Organizationally, employees providing administrative and support services to the regulated utilities of Liberty Utilities Co. ("Liberty Utilities") are primarily located in three business units: Algonquin Power & Utilities Corp. ("APUC"), Liberty Utilities (Canada) Corp. ("LUC" or the "Company"), and Liberty Utilities Service Corp. ("LUSC"). APUC and LUC employees are located in Oakville, Ontario and depending on the nature of the function, provide shared services to both Liberty Utilities and Liberty Power or individually to either Liberty Utilities or Liberty Power. Virtually all US-based employees of Liberty Utilities are LUSC employees.¹ LUSC shared services employees are organized similar to the Canadian employees in that some employees support both Liberty Utilities and Liberty Power while others support only Liberty Utilities. Among the employees supporting only Liberty Utilities, some are regional employees supporting multiple regulated utilities located in either the East, Central or West Regions. LUSC "non-shared" employees are dedicated to specific utilities.

PA Consulting Group (PA) was retained by the Company to provide support for Liberty Utilities 2018 & 2019 INDOH rates and the Arizona Black Mountain rate case filing, including services required to complete the time studies required to satisfy the Company's commitment in Arizona Corporation Commission Decision No. 75809, Section 3.5, dated November 21, 2016 ("Decision"). This report documents the results of the required time study.

¹ California employees working for CalPeco, Apple Valley, and Park utilities are employed by those utilities, not by LUSC.

2019 INDIRECT OVERHEAD TIME STUDY APPROACH AND RESULTS

OVERVIEW

PA Consulting Group (PA) was retained by the Company to provide support for Liberty Utilities 2018 & 2019 INDOH rates and the Arizona Black Mountain rate case filing, including services required to complete the time studies required to satisfy the Company's commitment in Arizona Corporation Commission Decision No. 75809, Section 3.5, dated November 21, 2016. This report documents the results of the required time study.

Industry practices to account for indirect capital overheads, typically referred to as "capitalized A&G", are guided by FERC and NARUC regulatory accounting standards. In our opinion, an approach which assesses a cost's eligibility to be capitalized based on whether that A&G work and/or cost would be eliminated over time if the construction program were eliminated is consistent with both the NARUC USoA and common industry practices. This is the approach taken by the Company in completing its 2018 and 2019 Indirect Overhead Study.

The 2018 and 2019 Indirect Overhead Study was based on a survey of all cost center managers to identify the percentage of time cost center employees spend supporting capital projects. These survey results formed the basis of the calculation of the combined indirect overhead rate for APUC/LUC. The indirect overhead rate is used by Liberty Utilities' regulated utilities operating in the United States to apportion allocations from APUC and LUC to specific capital projects.

The purpose of this time study is to satisfy the requirements of the abovementioned Arizona Commission decision. This study is not intended to replace the 2018 and 2019 Indirect Overhead Study. In our opinion, the results of this time study confirm the results of the 2018 and 2019 study.

Both FERC and NARUC provide guidance to U.S. regulated utilities related to the capitalization of the costs of services provided in support of capital activities as shown in the table below.

Source	Guidance
Utility Plant Instruction No. 3 included in the FERC Uniform System of Accounts (Gas & Electric)	(12) General administration capitalized includes the portion of the pay and expenses of the general officers and administrative and general expenses applicable to construction work.
Utility Plant Instruction No. 4 included in the FERC Uniform System of Accounts (Gas & Electric)	A. All overhead construction costs, such as engineering, supervision, general office salaries and expenses, construction engineering and supervision by others than the accounting utility, law expenses, insurance, injuries and damages, relief and pensions, taxes and interest, shall be charged to particular jobs or units on the basis of the amounts of such overheads reasonably applicable thereto, to the end that each job or unit shall bear its equitable proportion of such costs and that the entire cost of the

	<p>unit, both direct and overhead, shall be deducted from the plant accounts at the time the property is retired.</p> <p>B. As far as practicable, the determination of pay roll charges includible in construction overheads shall be based on time card distributions thereof. Where this procedure is impractical, special studies shall be made periodically of the time of supervisory employees devoted to construction activities to the end that only such overhead costs as have a definite relation to construction shall be capitalized. The addition to direct construction costs of arbitrary percentages or amounts to cover assumed overhead costs is not permitted.</p> <p>C. For major utilities, the records supporting the entries for overhead construction costs shall be so kept as to show the total amount of each overhead for each year, the nature and amount of each overhead expenditure charged to each construction work order and to each electric plant account, and the bases of distribution of such costs.</p>
<p>Interpretation No. 59 of the NARUC USoA² (Gas & Electric)</p>	<p>In general, it is believed that the incremental cost basis is the preferred method of determining amounts of administrative and general expenses which should be capitalized. Under this method only the costs specifically incurred for construction - costs which would not be incurred if construction were not undertaken - are chargeable to construction. The use of this plan will avoid the effect of showing greater net income merely because of increased construction work. Where the incremental cost basis is not employed, general and administrative expenses can properly be distributed to construction only if studies are made to determine the amounts thereof which relate to construction activities. In the case of compensation for personal services, such studies should be based upon time records or periodic surveys of the activities of employees. Where daily time reports are not in effect, periodic studies should be made at least once a year and more frequently if construction activities fluctuate considerably. Such studies should show each employee's activities and the proportion of his time which is includible in construction account. Where the expenditures relate to other than compensation for personal services, it must be shown (1) that the expenditure has a relationship to construction activities and (2) that a reasonable basis has been evolved for determining the amount of proportion properly capitalizable. In no event is it permissible to assign to construction a proportion or percentage of a particular class of expenditures without first having established the relationship of the expenditures in question to construction work.</p> <p>The records supporting allocations of administrative and general expenses to construction should; therefore, show (1) the relationship of the particular function to construction activities, (2) the proportion of each employee's time or each particular expenditure allocable to construction, and (3) the method of determining (2), that is time studies, daily time reports, etc.</p>
<p>Uniform System of Accounts for Class A Water and Wastewater Utilities (NARUC, 1996)</p>	<p>19. Utility Plant - Components of Construction Cost</p> <p>(12) "General administration capitalized" includes the portion of the pay and expenses of the general officers and administrative and general expenses applicable to construction work.</p> <p>20. Utility Plant - Overhead Construction Costs</p> <p>A. All overhead construction costs, such as engineering, supervision, general office salaries and expenses, construction engineering and supervision by others than the accounting utility, legal expenses, insurance, injuries and damages, relief and</p>

² Source: Interpretations of Uniform System of Accounts for Electric and Gas Utilities, September 1988, National Association of Regulatory Utility Commissioners

pensions, taxes and allowance for funds used during construction, shall be charged to particular jobs or units on the basis of the amounts of such overheads reasonably applicable thereto, so that each job or unit shall bear its equitable proportion of such costs and that the entire costs of the unit, both direct and overhead, shall be deducted from the plant accounts at the time the property is retired.

B. As far as practicable, the determination of payroll charges includible in construction overheads shall be based on time card distributions thereof. Where this procedure is impractical, special studies shall be made periodically of the time of supervisory employees devoted to construction activities so that only such overhead costs as have a definite relation to construction shall be capitalized. The addition to direct construction costs of arbitrary percentages or amounts to cover assumed overhead costs is not permitted.

C. The records supporting the entries for overhead construction costs shall be so kept as to show the total amount of each overhead for each year, the nature and amount of each overhead expenditure charged to each construction work order and to each utility plant account, and the basis of distribution of such costs.

APPROACH

To complete the four-week indirect overhead capitalization time study for APUC/LUC, PA³ completed the following tasks.

- Identified those functional areas within APUC/LU whose employees could most likely meaningfully complete a study to identify the time spent supporting the capital program of the North American regulated utilities.
- Identified a meaning number of employees to include in the time study from those functional areas identified. Approximately 20% of all employees in the functional areas identified were included in the time study.
- Developed a time reporting template specifically for purposes of this study which met the requirements described on the Decision.
- Trained employees participating in the study prior to commencement of the study and provided support throughout the study period.
- Reviewed results for reasonableness and consistency with the study instructions.
- Summarized study results.

RESULTS AND CONCLUSION

For the individuals participating in the four-week time study, the average percentage of time spent supporting the capital programs of the North American regulated utilities was 34.5%. This compares to the 32.55% and 32.08% for the 2018 and 2019 studies, respectively. At the individual employee level, time study results differed somewhat – both higher and lower - from the survey completed in 2018. In our opinion, this is a reasonable and expected outcome as job duties and responsibilities evolve over time and as estimates of time spent supporting capital program activity on an annual basis are re-assessed.

³ Throughout this report, "PA" is used to describe the entire team assigned to this project, comprised of both PA and Company employees.



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PA. Make the Difference.

New York Office

PA Consulting Group Inc.
45th Floor
The Chrysler Building
405 Lexington Avenue

New York
NY 10174
USA
+1 212 973 5900

paconsulting.com

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EXHIBIT JS-DT4

Exhibit JS-DT4

Arizona Rate Cases Involving Allocated Costs from Affiliated Transactions

1. *Liberty Utilities (Black Mountain Sewer) Corp.*, Docket No. SW-02361A-05-0657, Decision No. 69164 (December 5, 2006) **Pre-CAM**
2. *Liberty Utilities (Gold Canyon Sewer) Corp.*, Docket No. SW-02519A-06-0015, Decision No. 69664 (June 28, 2007) **Pre-CAM**
3. *Liberty Utilities (Black Mountain Sewer) Corp.*, Docket No. SW-02361A-08-0609, Decision No. 71865 (September 1, 2010) **Pre-CAM**
4. *Liberty Utilities (Litchfield Park Water & Sewer) Corp.*, Docket No. SW-01428A-09-0103, *et al.*, Decision No. 72026 (December 10, 2010) **SETTLED**
5. *Liberty Utilities (Rio Rico Water & Sewer) Corp.*, Docket No. WS-02676A-09-0257, Decision No. 72059 (January 6, 2011) **SETTLED**
6. *Liberty Utilities (Bella Vista Water) Corp.*, Docket No. W-02465A-09-0411, *et al.*, Decision No. 72251 (April 7, 2011) **SETTLED**
7. *Liberty Utilities (Rio Rico Water & Sewer) Corp.*, Docket No. WS-02676A-12-0196, Decision No. 73996 (July 30, 2013) **SETTLED**
8. *Liberty Utilities (Litchfield Park Water & Sewer) Corp.*, Docket No. SW-01428A-13-0042, Decision No. 74437 (April 18, 2014) **SETTLED**
9. *Liberty Utilities (Black Mountain Sewer) Corp.*, Docket No. SW-02361A-15-0206, *et al.*, Decision No. 75510 (April 22, 2016) **SETTLED**
10. *Liberty Utilities (Bella Vista Water) Corp. and Liberty Utilities (Rio Rico Water & Sewer) Corp.*, Docket No. W-02465A-15-0367, *et al.*, Decision No. 75809 (November 21, 2016) **SETTLED**
11. *Liberty Utilities (Entrada Del Oro Sewer) Corp.*, Docket No. SW-04316A-16-0085, *et al.*, Decision No. 76019 (March 22, 2017) **SETTLED**
12. *Liberty Utilities (Litchfield Park Water & Sewer) Corp.*, Docket No. SW-01428A-17-0058, *et al.*, Decision No. 76799 (August 15, 2018) **SETTLED**
13. *Liberty Utilities (Black Mountain Sewer) Corp.*, Docket No. SW-02361A-19-0139, Decision No. 78017 (May 18, 2021) **SETTLED**
14. *Liberty Utilities (Entrada del Oro Sewer) Corp. and (Gold Canyon Sewer) Corp.*, Docket No. SW-04316A-21-0325, *et al.*, Decision No. 78871 (March 16, 2023) **SETTLED**

1 Kelly A. Daly (No. 029509)
Paloma Scheiferstein (No. 035672)
2 SNELL & WILMER L.L.P.
1 East Washington Street, Suite 2700
3 Phoenix, AZ 85004
Telephone: 602.382.6000
4 E-Mail: kdaly@swlaw.com
pscheiferstein@swlaw.com

5
6 Liberty Utilities
Lisa C. Lance (No. 038506)
14920 W. Camelback Road
7 Litchfield Park, AZ 85340
Telephone: 602-550-3846
8 Lisa.Lance@libertyutilities.com

9 Attorneys for Liberty Utilities (Bella Vista Water) Corp.

10

11 **BEFORE THE ARIZONA CORPORATION COMMISSION**

12

COMMISSIONERS

13 JIM O'CONNOR, Chairman
LEA MÁRQUEZ PETERSON
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15 NICK MYERS
KEVIN THOMPSON

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17 IN THE MATTER OF THE APPLICATION OF
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18 CORP., AN ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE OF
19 ITS UTILITY PLANTS AND PROPERTY AND
FOR INCREASES IN ITS RATES AND
20 CHARGES FOR UTILITY SERVICE BASED
THEREON.

DOCKET NO: W-02465A-23-

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22

23 **DIRECT TESTIMONY**

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OF

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ADOLFO GARCIA

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December 28, 2023

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II. DESCRIPTION OF LIBERTY BELLA VISTA PLANT AND OPERATIONS..... 2

 A. General Description of System 2

 B. Plant Improvements Since Last Rate Case..... 2

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

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Adolfo James Garcia. My business address is 4055 Campus Dr. Sierra Vista,
4 Az. 85635.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by Liberty Utilities Service Corp. as the Operations Manager responsible
7 for the operations of Liberty Utilities (Bella Vista Water) Corp (“Liberty Bella Vista”).

8 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

9 A. I am providing this direct testimony on behalf of Liberty Bella Vista.

10 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**
11 **BACKGROUND.**

12 A. I have over 20 years of experience in the water and wastewater industry. I began working
13 for Liberty in 2011 as an Operator and was promoted to Operations Manager in 2013. Prior
14 to that, I was employed at Fort Huachuca as the Operations Manager and was responsible
15 for overseeing the water and wastewater plants. I have an Associate's Degree in General
16 Studies.

17 **Q. DO YOU HOLD ANY CERTIFICATIONS?**

18 A. Yes. I currently hold the following certifications in the State of Arizona: Grade III - Water
19 Distribution, Grade II - Water Treatment, Grade II - Wastewater Collections and a Grade I
20 - Wastewater Treatment.

21 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION OR ANY**
22 **OTHER REGULATORY AGENCY?**

23 A. No, this will be my first time testifying.

24 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS**
25 **PROCEEDING?**

26 A. The purpose of my testimony is to provide an overview of Liberty Bella Vista’s current
27 operations and the capital investments that have been undertaken to ensure continued safe
28 and reliable service for customers since the last rate case filed in 2015 with a test year of

1 2014.

2 **II. DESCRIPTION OF LIBERTY BELLA VISTA PLANT AND OPERATIONS**

3 **A. General Description of System**

4 **Q. PLEASE PROVIDE AN OVERVIEW OF LIBERTY BELLA VISTA.**

5 A. As of April 30, 2023, Liberty Bella Vista provides water service to 9,799 connections. There
6 are 8,534 residential connections, 1,055 commercial connections, 208 fire protection
7 connections, and 2 bulk water connections. Liberty Bella Vista’s service territory is located
8 in Cochise County with 31.8 square miles of service area.

9 **Q. PLEASE DESCRIBE THE ASSETS USED IN OPERATING THE LIBERTY**
10 **BELLA VISTA WATER SYSTEM.**

11 A. The system has 44 wells capable of producing 10.3 million gallons a day (“mgd”) and 44
12 reservoirs providing 8.1 million gallons (“mg”) of storage.

13 **Q. WHAT IS LIBERTY BELLA VISTA’S COMPLIANCE STATUS?**

14 A. Liberty Bella Vista is in compliance and good standing according to the rules and
15 regulations of ADEQ, Arizona Department of Water Resources (“ADWR”) and the
16 Commission based on the most current information available.

17 **B. Plant Improvements Since Last Rate Case**

18 **Q. HAS LIBERTY BELLA VISTA MADE ANY SIGNIFICANT UPGRADES OR**
19 **IMPROVEMENTS SINCE THE LAST RATE CASE FILED IN 2015?**

20 A. Yes, since the last rate case, Liberty Bella Vista has invested \$14,904,594 in capital
21 improvements and upgrades to the water system. I address the Company’s capital projects
22 below and Lauren Preston’s testimony provides a discussion in support of the Customer
23 First investment allocated to Liberty Bella Vista. Exhibit AG-DT1 summarizes the
24 investments made by Liberty Bella Vista since its last rate case and categorized by account.

25 **Q. CAN YOU DESCRIBE THE CAPITAL INVESTMENTS MADE BY LIBERTY**
26 **BELLA VISTA SINCE THE LAST RATE CASE?**

27 A. Yes. Since the last rate case, Liberty Bella Vista’s capital improvements have included main
28 line repairs, hydrant replacements, valve replacements, service line replacements, pressure

1 reducing valve installations, storage tank replacement, deep well pumping equipment
2 replacement, Master Control Unit (“MCU”) panel replacement, upgrades to include
3 Variable Frequency Drives (“VFD”) installation, replacement of aging meters with
4 Automated Meter Reading (“AMR”) type meters, supervisory control and data acquisition
5 (“SCADA”) installation at various locations, and building security enhancements. The post
6 test year plant being requested for recovery in this rate case is \$ 2.3 million, which includes
7 Liberty’s Cyber Security Program, the Horseshoe Tank Replacement, two service vehicles,
8 backup generators at Miracle Valley and Coronado, meter replacements, hydrants, service
9 and mainline repairs and pumping equipment.

10 **Q. WAS THE AMOUNT OF CAPITAL INVESTMENT NECESSARY FOR LIBERTY**
11 **BELLA VISTA?**

12 A. Yes. The improvements to the Liberty Bella Vista system were for necessary upgrades,
13 refurbishment and replacement of pumping equipment, replacement of storage tanks, valve
14 replacements, installation of pressure reducing valves to accommodate connection of
15 pressure zones and improvements to the SCADA system.

- 16 ○ **Storage Tanks** – Failing storage tanks have been replaced at Stump Canyon and
17 Horseshoe pumping stations.
- 18 ○ **Pumping Equipment** –Failed deep well pumps and motors were replaced at various
19 locations across the system, including Well 19 pumps, which were replaced and
20 upgraded with VFD.
- 21 ○ **Communications Equipment** – Liberty Bella Vista has upgraded the SCADA
22 system operations, thereby improving operational efficiency, allowing for alarm
23 notifications, improved monitoring of the system and mitigating downtime for
24 emergencies. These upgrades included onsite chlorine analyzers. Additionally, all
25 meters were replaced using AMR type meters.
- 26 ○ **Other Tangible Plant** – Liberty Bella Vista replaced failed and/or aging hydrants,
27 main valves and service lines. Pressure reducing valves were installed to
28 accommodate connection of pressure zones through the system. Unsafe switch gear

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and MCU panels were replaced at various locations. Solar panels were installed at the main office 4055 Campus Dr. and at Well 18. Additionally, pursuant to Decision No. 77741¹, Bella Vista purchased the assets of Sulger Water Company (“Sulger”)² in December 2020.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

¹ Docket Numbers W-02465A-20-0029, W-02355A-20-0029.

² At the time of acquisition, Sulger provided water utility service to approximately 25 residential customers in Cochise County, Arizona, approximately 10 miles north of Sierra Vista along State Route 90.

EXHIBIT AG-DT1

Liberty Utilities (Bella Vista Water) Corp
Exhibit AG-DT1

Line No.	NARUC	Account Description	[A]	[B]	[C]	[D]	[E] = [D] - [A]
			Gross Utility Plant as of 12/31/2014	Plant Additions 01/01/2015 - 04/30/2023	Plant Additions Post Test Year	Gross Utility Plant Current Rate Case	Increase / (Decrease)
1	301	Organization Cost	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	98,989.01	72,498.30	-	171,487.31	72,498.30
3	303	Land and Land Rights	690,703.99	5,000.00	-	695,703.99	5,000.00
4	304	Structures & Improvements	3,952,341.02	301,016.82	-	4,253,357.84	301,016.82
5	305	Collecting & Impounding Reservoirs	46,813.11	-	-	46,813.11	-
6	306	Lake, River, Canal Intakes	-	-	-	-	-
7	307	Wells & Springs	1,669,842.90	105,118.88	-	1,774,961.78	105,118.88
8	308	Infiltration Galleries	-	-	-	-	-
9	309	Raw Water Supply Mains	421,528.65	-	-	421,528.65	-
10	310	Power Generation Equipment	4,242.00	193,841.30	132,051.23	330,134.53	325,892.53
11	311	Pumping Equipment	3,177,799.22	1,939,623.73	431,315.89	5,548,738.84	2,370,939.62
12	320	Water Treatment Equipment	-	-	-	-	-
13	320.1	Water Treatment Plants	62,539.65	26,712.95	-	89,252.60	26,712.95
14	320.2	Solution Chemical Feeders	49,144.96	116,580.06	-	165,725.02	116,580.06
15	330	Distribution Reservoirs & Standpipes	0.10	4,400.00	-	4,400.10	4,400.00
16	330.1	Storage Tanks	2,679,729.51	582,892.97	371,780.23	3,634,402.71	954,673.20
17	330.2	Pressure Tanks	461,545.57	62,114.49	-	523,660.06	62,114.49
18	331	Transmission & Distribution Mains	14,716,376.25	4,283,916.37	350,368.01	19,350,660.63	4,634,284.38
19	333	Services	2,120,038.00	1,696,734.43	229,224.92	4,045,997.35	1,925,959.35
20	334	Meters	1,840,794.03	1,602,716.82	350,000.00	3,793,510.85	1,952,716.82
21	335	Hydrants	1,149,196.66	504,913.23	100,261.34	1,754,371.23	605,174.57
22	336	Backflow Prevention Devices	-	-	-	-	-
23	339	Other Plant & Misc Equipment	189,235.00	46.00	-	189,281.00	46.00
24	340	Office Furniture & Equipment	164,489.41	20,789.15	-	185,278.56	20,789.15
25	340.1	Computers & Software	279,048.94	180,133.01	-	459,181.95	180,133.01
26	341	Transportation Equipment	519,512.63	(28,846.64)	201,885.76	692,551.75	173,039.12
27	342	Stores Equipment	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	301,022.43	255,378.47	48,432.92	604,833.82	303,811.39
29	344	Laboratory Equipment	3,285.00	-	-	3,285.00	-
30	345	Power Operated Equipment	70,898.00	30,452.24	-	101,350.24	30,452.24
31	346	Communication Equipment	882,842.75	275,442.86	-	1,158,285.61	275,442.86
32	347	Miscellaneous Equipment	220,280.12	(107,890.90)	-	112,389.22	(107,890.90)
33	347.1	Miscellaneous Equipment - CNG Plant	0.40	456,708.82	-	456,709.22	456,708.82
34	348	Other Tangible Plant	155,378.03	108,980.35	-	264,358.38	108,980.35
35		Total Gross Utility Plant	\$ 35,927,617	\$ 12,689,274	\$ 2,215,320	\$ 50,832,211	\$ 14,904,594
36							
37							
38							
39	903	Land and Land Rights		\$ 16,011	\$ -	\$ 16,011	
40	904	Structures and Improvements		428,987	-	428,987	
41	940	Office Furniture and Fixtures		58,688	-	58,688	
42	940.1	Computers and Software		59,700	100,704	160,404	
43	940.2	Customer First		2,436,883	-	2,436,883	
44	955	Power Generation		315	-	315	
45	995	Power Operated Equipment		52,123	-	52,123	
46		Total Allocated Corporate Plant		\$ 3,052,706	\$ 100,704	\$ 3,153,410	
47							
48		Combined TOTAL	\$ 35,927,617	\$ 15,741,980	\$ 2,316,024	\$ 53,985,622	

1 Kelly A. Daly (No. 029509)
Paloma Scheiferstein (No. 035672)
2 SNELL & WILMER L.L.P.
1 East Washington Street, Suite 2700
3 Phoenix, AZ 85004
Telephone: 602.382.6000
4 E-Mail: kdaly@swlaw.com
pscheiferstein@swlaw.com

5
Liberty Utilities
6 Lisa C. Lance (No. 038506)
14920 W. Camelback Road
7 Litchfield Park, AZ 85340
Telephone: 602-550-3846
8 Lisa.Lance@libertyutilities.com

9 Attorneys for Liberty Utilities (Bella Vista Water) Corp.
10

11 **BEFORE THE ARIZONA CORPORATION COMMISSION**

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THEREON.

DOCKET NO: W-02465A-23-

21
22
23 **DIRECT TESTIMONY**

24 **OF**

25 **LAUREN A. PRESTON**

26
27 **December 28, 2023**
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III. FINANCIAL ASSISTANCE PROGRAM 9

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

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. Lauren A. Preston. My business address is 15 Buttrick Rd., Londonderry, New Hampshire
4 03053.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by Liberty Utilities Service Corp. (“LUSC”), a wholly owned subsidiary of
7 Liberty Utilities Co. (“Liberty”), as the Vice President of Customer Care.

8 **Q. ON WHOSE BEHALF ARE YOU SUBMITTING THIS TESTIMONY?**

9 A. I am testifying on behalf of Liberty Utilities (Cordes Lakes Water) Corp. (“Cordes Lakes”),
10 Liberty Utilities (Bella Vista Water) Corp. (“Liberty Bella Vista”), Liberty Utilities (Rio
11 Rico Water and Sewer) Corp. (“Liberty Rio Rico”) and Liberty Utilities (Beardsley Water)
12 Corp. (“Liberty Beardsley”) (collectively referred to sometimes herein as “Applicants”).

13 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL
14 BACKGROUND.**

15 A. I have 34 years of experience in the public utilities field. My range of experience includes
16 the traditional aspects of customer care, such as meter reading, call centers, collections,
17 billing, third party supplier support, and marketing and communications and includes
18 serving customers in electric, water, and natural gas utilities. I also have experience as an
19 internal auditor and a project leader for large scale programs. I hold a bachelor’s degree in
20 management from the University of Massachusetts and a Master of Business Administration
21 from Boston College. I have also served in leadership capacities for the American Gas
22 Association and Southern Gas Association.

23 **Q. PLEASE DESCRIBE YOUR DUTIES AS VICE PRESIDENT OF CUSTOMER
24 CARE.**

25 A. I am responsible for managing and overseeing the customer care services for all of Liberty’s
26 regulated utilities. My duties include setting strategy and policy for delivery of customer
27 care activities for Liberty’s electric, natural gas, water, and wastewater customers across
28

1 thirteen states¹ in the United States and one Canadian province.² My Customer Care team
2 is responsible for customer billing, customer contact via call centers and walk-in centers,
3 collections, communications, and social media support. In some service territories, my
4 team—the Customer Care team—is also responsible for meter data collection. Customer
5 Care also serves a substantial role in implementing innovative technologies serving
6 customers and complying with regulatory requirements related to customer care and billing.

7 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION OR ANY**
8 **OTHER REGULATORY AGENCY?**

9 A. Yes. I have testified before the public utility commissions in Massachusetts, Maryland, and
10 the District of Columbia in positions I held prior to joining Liberty.

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

12 A. The purpose of my testimony is to describe Liberty’s recent implementation of a modern
13 technology platform, Customer First, that replaced a legacy customer information system
14 and several other technology systems. My testimony also describes proposals for some new
15 programs Liberty believes will improve customer care.

16 **Q. ARE YOU SPONSORING ANY REQUIRED SCHEDULES OR EXHIBITS?**

17 A. Yes. I am sponsoring Exhibit LP-DT-1: Customer Assistance Tariff.

18 **II. DESCRIPTION OF CUSTOMER FIRST**

19 **Q. PLEASE EXPLAIN WHAT CUSTOMER FIRST IS.**

20 A. Customer First is an enterprise-wide project that includes changes to technology and
21 systems, and associated employee training. As a comprehensive project, Customer First
22 serves to install an enterprise-wide solution to replace and improve legacy computer
23 systems. These include systems related to customer information, finance and accounting,
24 network operations, procurement, accounts payable, employee time, and payroll services.

25 _____
26 ¹ Arizona, Arkansas, California, Georgia, Illinois, Iowa, Kansas, Massachusetts, Missouri, New Hampshire, New York,
Oklahoma, and Texas.

27 ² New Brunswick, Canada

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The Customer First project provides employees with the tools to deliver the experience that customers demand and deserve. Specifically, Customer First is a multi-year, multi-project, transformational journey to create greater consistency around the Company’s operations, customer service, and financial functions in a way that will create an industry-leading customer experience.

Q. ARE THE APPLICANTS THE ONLY LIBERTY AFFILIATES THAT WILL IMPLEMENT CUSTOMER FIRST?

A. No. The program is being implemented on a centralized basis. Project elements and their costs will be allocated to the various entities ultimately owned by Algonquin Power & Utilities Corporation (“APUC”), the ultimate parent company of Applicants here. Later in my testimony, I discuss further the decision to implement Customer First on a centralized basis.

Q. CAN YOU PLEASE SUMMARIZE THE PRIMARY ELEMENTS OF THE CUSTOMER FIRST PROGRAM?

A. Yes. There are six major components, which are summarized in Figure 1. Most of my testimony focuses on the customer-facing components.

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FIGURE 1. CUSTOMER FIRST PROGRAM



16 **Q. IS CUSTOMER FIRST A REPLACEMENT OF OBSOLETE TECHNOLOGY OR**
17 **UPGRADES TO NEWER TECHNOLOGIES?**

18 A. Both. Across the enterprise, Customer First will replace obsolete systems that were
19 becoming increasingly difficult to maintain. In addition to mitigating the operational risks
20 that come with reliance on antiquated systems, Customer First also offers enhancements
21 that will help modernize distribution grids, provide better access to data for customers, and
22 improve the efficiencies with which the APUC utilities plan and operate their systems.
23 Further gains in both areas are created by the simultaneous investment in our employees
24 with corresponding training and work process designed to make the work we perform for
25 our customers and communities better.

1 **Q. HOW DID IT COME TO PASS THAT THE APUC UTILITIES RELY ON SO**
2 **MANY DIFFERENT, DISPARATE SYSTEMS?**

3 A. That current state is largely attributable to the manner in which the organization has grown
4 since entering the regulated utility space. APUC acquired its first regulated utility in
5 Arizona in 2001 by purchasing a wastewater utility that serves approximately 2,000
6 customers. Since then, through a series of acquisitions, APUC has grown its utility business
7 significantly. Today, utilities owned by APUC provide regulated electric, natural gas,
8 water, and wastewater utility services to roughly one million customers of its 30 regulated
9 utilities, which operate in 13 states, one Canadian province, Bermuda, and Chile. Many of
10 the information systems utilized by these utilities when acquired were developed at a time
11 when business requirements were different than they are today. In 2017, APUC began
12 evaluating its systems and business processes, many of which were obsolete, lack capability
13 of support and required significant manual work, which further promoted the need for a
14 multi-functional platform. After re-evaluating its customer, business, and security
15 requirements with the technology and processes, and considering a range of alternatives,
16 APUC determined that an investment in Customer First would remedy the gaps associated
17 with its existing individual systems, including sustaining the legacy systems, developing
18 localized solutions, and developing an enterprise solution.

19 **Q. WHY DID APUC CHOOSE TO IMPLEMENT AN ENTERPRISE SOLUTION,**
20 **RATHER THAN MAKING SYSTEM INVESTMENTS ON A UTILITY-BY-**
21 **UTILITY BASIS?**

22 A. APUC chose an enterprise solution because the business needs across all the subsidiaries
23 have a consistent set of baseline needs. Making investments on a utility-by-utility basis
24 would likely have required a more complex project and procurement/development strategy
25 and in doing so increased the risk of system design decisions becoming disparate across the
26 organization. Choosing one set of systems which meets the majority of baseline needs to
27 implement and then configure those to meet the particular differences of each subsidiary
28

1 creates efficiencies across multiple dimensions. Customer First is an enterprise solution
2 that includes system-wide investments, upgrades, improvements, and changes to business
3 processes across the enterprise. Customer First addresses critical needs across the enterprise
4 by (1) leveraging the capabilities and experience of the organization; (2) upgrading or
5 replacing key systems that have become generally obsolete and costly to maintain; (3)
6 harnessing and creating large, scalable networks and resources which are accessible and
7 allow for efficiencies; and (4) reducing potential security risks.

8 **Q. PLEASE DESCRIBE THE BENEFITS CUSTOMERS WILL RECEIVE WITH THE**
9 **IMPLEMENTATION OF CUSTOMER FIRST.**

10 A. One of the most impactful customer-facing benefits from implementing Customer First is
11 the opportunity to replace the Company’s existing customer information system (“CIS”)
12 and billing systems, which were not capable of providing the kinds of services customers
13 want now and in the future. The Company’s CIS and billing systems were increasingly
14 obsolete and had not had a substantial upgrade in more than 10 years. Adapting a system
15 of that age to provide more flexibility in the types of services customers expect from a utility
16 today and in years to come would be complicated and expensive. With Customer First and
17 related interfaces, the Applicants can offer several new and improved services and share in
18 the development and maintenance efforts of these services across the enterprise. For
19 example, Customer First has allowed the Applicants to redesign customers’ bills making it
20 easier to read and understand the cost of the services provided. The Applicants also can
21 now offer a digital connection that allows customers to track the status of work orders. The
22 Applicants can expand payment options to customers, including online payment, auto-
23 payment, payments at terminals in walk-in centers, and refresh how payments are made by
24 phone via the Interactive Voice Response (“IVR”) system. The system allows for digital
25 channels for customer contact, self-service enablement, supports demand response
26 programs, and has the flexibility necessary for innovative rate design. The user interface
27 enables customers to set up an account profile, monitor their usage, view bills, make
28

1 payments, see a map of planned outages, and receive alerts. Further, an omnichannel survey
2 platform to collect Voice of Customer (“VoC”) feedback enables Liberty to understand how
3 we are serving our customers and what our customers want from their utility provider.
4 These advances coupled with an advanced survey and feedback system allow us to gather
5 information on how our customers feel about our service and to use their insight to make
6 improvements.

7 Customer First will improve how the Applicants engage with customers, manage their
8 assets, operate the system, and plan utility operations. This will allow for long-run
9 efficiencies through integrated software applications that standardize, streamline, and
10 integrate business processes across finance, human resources, procurement, distribution,
11 and other departments. For example, Customer First includes the implementation of
12 PowerPlan, a software solution that specifically addresses the unique asset management
13 requirements of utilities, enables functionality for specialized utility accounting practices,
14 and leverages existing data to support the automation of key activities while meeting
15 regulatory and jurisdictional requirements. Other tools such as Workforce Software will
16 streamline the processing of payroll and reduce compliance risks, and a financial planning
17 and business intelligence platform will allow for collaboration across multiple business
18 units.

19 **Q. PLEASE DESCRIBE HOW CUSTOMER FIRST INCORPORATES CUSTOMER**
20 **NEEDS AND EXPECTATIONS THROUGHOUT ITS DESIGN AND**
21 **IMPLEMENTATION.**

22 A. APUC selected SAP’s industry-leading enterprise resource planning (“ERP”) software
23 system used by large companies including utilities all over the world. The process used to
24 select SAP was based on a comprehensive assessment of customer and employee needs
25 against the capabilities of the software. To implement SAP, APUC hired industry experts
26 in deploying SAP and paired them with teams of experienced company employees to adapt
27 the system to fit local preferences and requirements. As the design, configuration, testing,
28

1 and implementation of the system is worked through, decisions on how this would work
2 will be incorporated into research on customer and industry practices, regulatory
3 requirements, and procedures to help streamline work for our employees and make
4 information more accessible for our customers. This design included how information is
5 delivered to our customers in a manner that helps them understand and manage their energy
6 usage. The system was also built with the capacity to adapt to innovative programs and
7 technologies as those become available to our customers.

8 **Q. WHEN WAS CUSTOMER FIRST PLACED IN SERVICE FOR THE**
9 **APPLICANTS?**

10 A. Customer First was placed in service on April 30, 2023.

11 **Q. PLEASE OUTLINE THE CAPITAL INVESTMENT ASSOCIATED WITH THE**
12 **CUSTOMER FIRST PROJECT.**

13 A. The Applicants' allocation of the total APUC capital investment for Customer First is
14 estimated to be \$7.15 million as reflected in Table 1 below. However, after the project is
15 fully deployed across the enterprise in 2024, the allocated share of the total capital
16 investment to the Applicants will be trued-up based on the actual costs incurred by APUC.

17 **Table 1 Customer First Capital**

18 Applicants	Capital Allocated
19 Liberty Cordes Lakes	\$ 579,865
20 Liberty Beardsley	\$ 822,795
21 Liberty Bella Vista	\$ 2,975,922
22 Liberty Rio Rico -Water	\$ 2,116,826
23 Liberty Rio Rico -Wastewater	\$ 654,620
24 Total	\$ 7,150,029

25 **Q. IN ADDITION TO THE CAPITAL EXPENDITURES, ARE THERE RECURRING**
26 **ANNUAL OPERATING AND MAINTENANCE (“O&M”) COSTS RELATED TO**
27 **THE CUSTOMER FIRST PROJECT?**
28

1 A. Yes. All systems require ongoing support, maintenance, and upgrades to keep them
 2 performing at optimal levels. APUC’s Customer First investment is no exception. On an
 3 annual basis, the Applicants will receive their allocated share of operating and maintenance
 4 (O&M) expenses related to Customer First which will include, but is not limited to, annual
 5 support fees, software maintenance, hosting, and managed services. The estimated annual
 6 O&M costs are included as proforma adjustments to the test year expenses for each of the
 7 Applicants as shown below and as discussed in Manasa Rao’s testimony. There will be
 8 continued ongoing costs during the project’s 20 year planned life.

Table 2 Customer First O&M Adjustments

Applicants	O&M Adjustment
Liberty Cordes Lakes	\$ 22,787
Liberty Beardsley	\$ 64,820
Liberty Bella Vista	\$ 128,743
Liberty Rio Rico – Water	\$ 89,256
Liberty Rio Rico - Wastewater	\$ 27,918
Total	\$ 333,524

III. FINANCIAL ASSISTANCE PROGRAM

Q. PLEASE DESCRIBE THE COMPANY’S PROPOSED CUSTOMER FINANCIAL ASSISTANCE PROGRAM.

19 A. The Company is proposing a new Customer Assistance Tariff (“CAT”) for all of the
 20 Applicants. The CAT includes Low-Income, Deployed Services Member, and Disabled
 21 Veteran programs. These programs are intended to alleviate financial hardships customers
 22 may be experiencing paying their utility bills and are consistent with CATs approved for
 23 other Liberty utilities and other Arizona utilities. Liberty Bella Vista Water and Liberty
 24 Rio Rico currently have the Alternative Rate Water and Wastewater (ARWW) program that
 25 is limited to just customers that meet the low-income qualification criteria whereas the CAT
 26 is more expansive with the additional program qualification criteria. The Applicants are
 27 proposing to replace the ARRW program with CAT, where applicable.

1 **Q. HOW WILL THE CAT BE IMPLEMENTED?**

2 A. Customers will be eligible to apply for relief on a first come, first served basis with a limit
3 of customers, as stated in the Tariffs, to participate in CAT programs. Customers submit
4 applications and Liberty Utilities Customer Care who will then determine eligibility.
5 Liberty Utilities will file an annual report detailing the number of participants from the
6 previous calendar year, the total amount of credits provided by the program and the total of
7 any program administrative costs.

8 **Q. HOW ARE THE COSTS OF IMPLEMENTING THE CAT PROGRAMS**
9 **RECOVERED, INCLUDING ANY ASSOCIATED LOST REVENUE?**

10 A. Through the establishment of a monthly CAT surcharge on all non-participating customers.
11 Liberty would account for direct costs associated with the programs separately from other
12 operating costs. The monthly surcharge would be calculated each year based on the active
13 number of customer connections as of December 31 of the prior year. Additionally, the
14 Applicants are proposing to file an annual notice of the surcharge along with a report on the
15 CAT with the Commission on or before January 31 and for the surcharge to be implemented
16 in February of each year with the recovery period ending in January of the following year.
17 This process is in alignment with the CAT programs already approved by the Commission
18 for Liberty Utilities (Gold Canyon Sewer) Corp in Decision No.78871.

19 **Q. DOES THIS CONCLUDE YOUR PREFILLED DIRECT TESTIMONY?**

20 A. Yes.
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EXHIBIT LP-DT1

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

Applicability

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

Programs

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

Territory

Within all customer service areas served by Liberty Utilities (BELLA VISTA Water) Corp. (“Liberty” or “Company”).

Rates

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

Program Qualifications

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

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

Special Conditions

1. Application: An application on a form authorized by the Commission is required for each request for service under this schedule. A customer must reapply every year or sooner, if requested.
2. Commencement of Rate: Eligible customers whose applications have been approved shall be billed on this schedule commencing with the next regularly scheduled billing period that follows receipt of application by Liberty.
3. Verification: Information provided by the applicant is subject to verification by Liberty. Refusal or failure of a customer to provide documentation of eligibility acceptable to Liberty, upon request by Liberty, shall result in removal from this rate schedule.
4. Notice from Customer: It is the customer's responsibility to notify Liberty if there is a change of eligibility status.
5. Rebilling: Customers may be re-billed retroactively for periods of ineligibility under the applicable rate schedule.
6. Participation Limit: The CAT (for all three programs included) is limited to 2400 customers of the Company. Applications will be reviewed and approved on a first come, first served basis. Applicants will be placed on a waiting list if the participation limit has been met.
7. Qualification: A customer that qualifies for more than one program will only receive benefits from one program per year. CAT benefits will not be combined or accumulated.

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

LOW INCOME PROGRAM

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

Effective xxxx xx, xxxx

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

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

***Qualifying annual incomes are set at 150 percent of the 202X federal poverty levels.**

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

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

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

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

DEPLOYED SERVICES MEMBER PROGRAM

This program allows the Company to provide a 15% discount to deployed service members of the United States Military. The Company will provide the credit on the deployed service member's bill provided that the following criteria are met:

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

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

Administration

1. Participation shall be determined on a first come, first served basis.
2. Each service member's eligibility must be verified based on written orders from the service member's command.
3. Continued eligibility will be determined periodically through a recertification process.
4. The Company is permitted to seek Commission approval to change participant limits based on level of participation.
5. Qualifying annual incomes are set at 200 percent of the 202X federal poverty levels.

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

DEPLOYED SERVICES MEMBER PROGRAM

Effective xxxx xx, xxxx

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

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

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

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

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

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

DISABLED MILITARY VETERAN PROGRAM

This program allows the Company to provide a 15% discount to disabled military veterans of the United States Military. The Company will provide the credit on the disabled military veteran's bill provided that the following criteria are met:

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

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

Administration

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

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

DISABLED MILITARY VETERAN PROGRAM

Effective xxxx xx, xxxx

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

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

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

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

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

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

RECOVERY OF COST OF CUSTOMER ASSISTANCE TARIFF AND CUSTOMER
SURCHARGES

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

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

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

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

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

1 Kelly A. Daly (No. 029509)
Paloma Scheiferstein (No. 035672)
2 SNELL & WILMER L.L.P.
1 East Washington Street, Suite 2700
3 Phoenix, AZ 85004
Telephone: 602.382.6000
4 E-Mail: kdaly@swlaw.com
pscheiferstein@swlaw.com

5 Liberty Utilities
6 Lisa C. Lance (No. 038506)
14920 W. Camelback Road
7 Litchfield Park, AZ 85340
Telephone: 602-550-3846
8 Lisa.Lance@libertyutilities.com

9 Attorneys for Liberty Utilities (Bella Vista Water) Corp.

10

11 **BEFORE THE ARIZONA CORPORATION COMMISSION**

12

COMMISSIONERS

13 JIM O'CONNOR, Chairman
LEA MÁRQUEZ PETERSON
14 ANNA TOVAR
15 NICK MYERS
KEVIN THOMPSON

16

17 IN THE MATTER OF THE APPLICATION OF
LIBERTY UTILITIES (BELLA VISTA WATER)
CORP., AN ARIZONA CORPORATION, FOR A
18 DETERMINATION OF THE FAIR VALUE OF
ITS UTILITY PLANTS AND PROPERTY AND
19 FOR INCREASES IN ITS RATES AND
CHARGES FOR UTILITY SERVICE BASED
20 THEREON.

DOCKET NO: W-02465A-23-

21

22

DIRECT TESTIMONY

23

OF

24

THOMAS J. BOURASSA

25

RATE BASE, INCOME STATEMENT & RATE DESIGN

26

27

December 28, 2023

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1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

3 A. My name is Thomas J. Bourassa. My business address is 139 W. Wood Drive, Phoenix,
4 Arizona 85029.

5 **Q. WHAT IS YOUR PROFESSION AND BACKGROUND?**

6 A. I am a Certified Public Accountant and am self-employed, providing consulting services to
7 utility companies as well as general accounting services. I have a B.S. in Chemistry and
8 Accounting from Northern Arizona University (1980) and an M.B.A. with an emphasis in
9 Finance from the University of Phoenix (1991).

10 **Q. COULD YOU BRIEFLY SUMMARIZE YOUR PRIOR WORK AND
11 REGULATORY EXPERIENCE?**

12 A. Yes. Prior to becoming a private consultant, I was employed by High-Tech Institute, Inc.,
13 and served as controller and chief financial officer. Prior to working for High-Tech
14 Institute, I worked as a division controller for the Apollo Group, Inc. Before joining the
15 Apollo Group, I was employed at Kozoman & Kermodé, CPAs. In that position, I prepared
16 compilations and other write-up work for water and wastewater utilities, as well as tax
17 returns.

18 In my private practice, I have prepared and/or assisted in the preparation of several
19 water and wastewater utility rate applications before the Arizona Corporation Commission
20 (“Commission”).

21 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

22 A. I am testifying in this proceeding on behalf of the applicant, Liberty Utilities (Bella Vista
23 Water) Corp. (“Liberty Bella Vista” or the “Company”). Liberty Bella Vista is seeking a
24 determination of its fair value rate base and the setting of rates and charges for water on
25 that finding.

26 **II. OVERVIEW OF THE COMPANY’S REQUEST FOR RATE RELIEF**

27 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

28 A. I will testify in support of the Company’s proposed adjustments to its rates and charges for

1 water and wastewater utility service. I am sponsoring the direct schedules, which are filed
2 concurrently herewith in support of the Company’s application. I was responsible for the
3 preparation of these schedules based on my investigation and review of Liberty Bella
4 Vista’s relevant books and records.

5 For convenience, the two portions of my direct testimony, each with the relevant
6 schedules attached, are being filed separately in this case. In this volume of my direct
7 testimony, I address the rate bases, income statements (revenue and operating expenses),
8 required increases in revenue, and rate designs and proposed rates and charges for service
9 for the Company’s water service. Schedules A through C, E-F and H are attached to this
10 portion of my direct testimony. The Company has also prepared cost of service study (G
11 schedules).

12 In the second volume of my direct testimony is where I address the D schedules to
13 which are attached herein. Liberty Bella Vista is requesting a return on common equity of
14 10.95 percent and a weighted average cost of debt of 6.60 percent. As shown on Schedule
15 D-1, the Company’s capital structure for ratemaking purposes consists of 54 percent equity
16 and 46 percent debt. The weighted cost of capital is 8.95 percent.

17 **Q. PLEASE SUMMARIZE THE COMPANY’S APPLICATION.**

18 A. The Company is seeking a revenue increase of 29.71 percent. The test year used by Liberty
19 Bella Vista is the 12-month period ending April 30, 2023. The Company is requesting an
20 8.95 percent return on its fair value rate base (“FVRB”). The Company has also proposed
21 certain pro forma adjustments to reflect known and measurable changes to rate base,
22 expenses. These pro forma adjustments are consistent with normal ratemaking and are
23 contemplated by the Commission’s rules and regulations governing rate applications. *See*
24 R14-2-103. These adjustments are necessary to obtain a normal or realistic relationship
25 between revenues, expenses and rate base on a going-forward basis.

26 The Company’s fair value rate base for Liberty Bella Vista is \$15,750,144. The
27 increase in revenues to provide for recovery of operating expenses and an 8.95 percent
28 return on rate base is approximately \$1,748,942, an increase of approximately 29.71 percent

1 over the adjusted and annualized test year revenues.

2 **Q. WHY IS THE COMPANY FILING FOR NEW RATE AT THIS TIME?**

3 A. Liberty Bella Vista is no longer earning a return on the fair value of its water plant devoted
4 to service. While Liberty Bella Vista has added approximately \$16.8 million of new plant
5 investments necessary to serve water customers since the last rate case which used a test
6 year ended December 31, 2014 (Decision 75809, November 21, 2016), rate base has
7 increased by nearly \$3.5 million.

8 The primary drivers of the rate increase Liberty Bella Vista requests for water
9 service are an increase in rate base as well as an increase in operating expenses since the
10 prior rate case. Notably, with respect to rate base, the Company is seeking approximately
11 \$2.3 million of post-test year plant. With respect to operating expenses, some of the
12 operating expenses that have increased significantly since the last rate case are depreciation
13 expense, property tax expense, and purchased power. Revenues have not kept pace with
14 the increase in expenses. Due to the increased rate base and operating expenses, the
15 Company's current rate of return, based on the adjusted test year results, is only 0.76
16 percent.

17 **III. SUMMARY OF "A", "E" AND "F" SCHEDULES**

18 **Q. DESCRIBE THE SCHEDULES LABELED AS "A", "E", AND "F".**

19 A. I will describe each of the schedules individually, starting with the "A" Schedules. First is
20 Schedule A-1, which is a summary of the rate base, adjusted operating income, current rate
21 of return, required operating income, operating income deficiency, and the increase in gross
22 revenue. Revenues at present and proposed rates and customer classifications are also
23 shown on this schedule.

24 **Q. DESCRIBE THE OTHER "A" SCHEDULES.**

25 A. Schedule A-2 is a summary of results of operations for the test year, prior two years, and a
26 projected year at present rates and proposed rates. Schedule A-3 contains the Company's
27 capital structure for the test year and the two prior years. Schedule A-4 contains the plant
28 construction, and plant in service for the test year and prior two years. The projected plant

1 additions are also shown on this schedule. Schedule A-5 is the summary of Liberty Bella
2 Vista's statement of cash flow for the prior two years, the test year at present rates, and a
3 projected year at present and proposed rates.

4 **Q. DESCRIBE THE "E" SCHEDULES.**

5 A. The "E" Schedules are based on Liberty Bella Vista's actual operating results, as reported
6 in annual reports filed with the Commission. Schedule E-1 contains the comparative
7 balance sheets for the years 2021, 2022, and 2023, ending on April 30. Schedule E-2, page
8 1, contains the income statement for the years 2021, 2022, and 2023, ending on April 30.
9 Schedule E-3 contains a statement of changes in the Company's financial position for the
10 test year and the two prior years. Schedule E-4 provides the changes in stockholder's equity
11 for the test year and the two prior years. Schedule E-5 contains Liberty Bella Vista's plant
12 in service at the end of the test year, and one year prior to the end of the test year and the
13 associated change in plant additions, reclassifications or retirement for the test year.
14 Schedule E-6, which provides department financial results, has been omitted as Liberty
15 Bella Vista does not have departments. Schedule E-7 contains operating statistics for the
16 years 2021, 2022, and 2023, ending on April 30. Schedule E-8 contains the taxes charged
17 to operations for the years 2021, 2022, and 2023, ending on April 30.

18 The notes to the financial statements and the financial assumptions used in preparing
19 the rate filing schedules are shown on Schedules E-9 and F-4, respectively, in accordance
20 with the Commission's standard filing requirements. Audited financial statements have not
21 been prepared for Liberty Bella Vista.

22 **Q. DESCRIBE THE "F" SCHEDULES.**

23 A. Schedule F-1 contains the results of operations at the present rates (actual and adjusted),
24 and at proposed rates. Schedule F-2 contains the summary of changes in financial position
25 (cash flow), and a projected year at present and proposed rates. Schedule F-3 shows the
26 Company's projected construction requirements for 2024, 2025, and 2026. Schedule F-4
27 contains the assumptions used in developing the adjustments and projections contained in
28 the rate filing.

1 **IV. SUMMARY OF RATE BASE (“B” SCHEDULES)**

2 **Q. EXPLAIN THE RATE BASE SCHEDULES, WHICH ARE LABELED AS THE “B”**
3 **SCHEDULES.**

4 A. I will start with Schedule B-5, which is the working capital allowance. The cash working
5 capital allowance is based upon a lead lag study which determines the revenue and expense
6 lags which are then applied (on a weighted basis) to the Company’s proposed operating
7 expenses.

8 **Q. DID YOU PREPARE SCHEDULES B-3 AND B-4?**

9 A. No, I did not prepare these schedules because the original cost rate base (“OCRB”) is
10 requested to be used as its fair value rate base (“FVRB”). Thus, these schedules are
11 unnecessary.

12 **Q. HAVE YOU PREPARED SCHEDULES SHOWING ADJUSTMENTS TO OCRB?**

13 A. Yes. Schedule B-2, page 2 shows adjustments to OCRB proposed by the Company.
14 Schedule B-2, pages 3 through 8, contain the supporting information. There are seven
15 adjustments shown on Schedule B-2, page 2, one of which is the adjustment for cash
16 working capital (B-2 adjustment number 7) discussed above.

17 **Q. DESCRIBE ADJUSTMENT NUMBER 1.**

18 A. Adjustment number 1, as shown on Schedule B-2, page 2, adjusts plant-in-service (“PIS”).
19 There are four PIS adjustments included in Adjustment 1. These are shown on Schedule B-
20 2, page 3, and are labeled as adjustments “A”, “B”, and “C”.

21 Adjustment 1-A of B-2 adjustment number 1 reflects corporate plant allocated to
22 Liberty Bella Vista. The details of the allocation are shown on Schedule B-2, page 3.1.

23 Adjustment 1-B of B-2 adjustment number 1 reflects the Liberty Bella Vista’s
24 proposed post-test year plant (“PTYP”). PTYP reflects plant revenue neutral plant
25 necessary to serve the year-end number of customers and is expected to be placed into
26 service within 12 months of the end of the test-year. The details of the allocation are shown
27 on Schedule B-2, page 3.2.

28

1 Adjustment C of B-2 adjustment number 1 adjusts PIS to reflect the reconciliation
2 of the Company’s PIS detail to the amount recorded at the end of the test year as reflected
3 on the E-1 schedule. The details of the allocation are shown on Schedule B-2, page 3.3.
4 Reconstruction of the PIS balance is found on Schedule B-2, page 3.4 through 3.13.

5 **Q. WHAT IS THE PURPOSE OF ADJUSTMENT NUMBER 2 ON SCHEDULE B-2**
6 **REGARDING ACCUMULATED DEPRECIATION?**

7 A. Adjustment 2 on Schedule B-2, page 2, adjusts accumulated depreciation (“A/D”). There
8 are three adjustments to A/D. These adjustments are shown on Schedule B-2, page 4, and
9 are labeled as adjustments “A”, “B”, and “C”.

10 Adjustment 2-A of B-2 adjustment number 2 reflects the corporate plant A/D
11 allocated Liberty Bella Vista. The details of the allocation are shown on Schedule B-2,
12 page 4.1.

13 Adjustment 2-B of B-2 adjustment number 2 reflects A/D associated with the
14 Company’s proposed PTYP. A/D on PTYP reflects a half-year of depreciation in
15 accordance with the depreciation computation using half-year convention of depreciation
16 on new plant added to PIS in a year. The details of the allocation are shown on Schedule
17 B-2, page 4.2.

18 Adjustment 2-C of B-2 adjustment number 2 adjusts A/D to reflect the reconciliation
19 of the Company’s PIS detail to A/D amount recorded at the end of the test year as reflected
20 on the E-1 schedule. The details of the allocation are shown on Schedule B-2, page 4.3.
21 Reconstruction of the A/D balance is found on Schedule B-2, page 3.4 through 3.14.

22 **Q. DO THE PLANT IN SERVICE AND ACCUMULATED DEPRECIATION**
23 **BALANCES SHOWN ON SCHEDULE B-2 REFLECT THE LAST COMMISSION**
24 **RATE ORDER FOR LIBERTY BELLA VISTA?**

25 A. Yes. Reconstruction of the PIS balance started with the PIS balance approved by the
26 Commission in Decision 75809 (November 21, 2016). Reconciliation to the starting
27 balances for PIS and accumulated depreciation are shown on Schedule B-2, page 3.4. Plant
28 additions and retirements have been added to and deducted from total plant shown on

1 Schedule B-2, pages 3.4 to 3.13. These schedules also show the details for the accumulated
2 depreciation, from the end of the last test year through the end of the current test year, using
3 the half-year convention for depreciation. A vintage-year procedure was used to reconstruct
4 the PIS and A/D balances.

5 **Q. PLEASE DESCRIBE ADJUSTMENT NUMBER 3 ON SCHEDULE B-2.**

6 A. Adjustment number 3 adjusts Contributions-in-aid of Construction (“CIAC”) and
7 Accumulated Amortization (“A.A.”) to reflect reconciled balances of CIAC and A.A. as
8 shown on Schedule B-2, page 5. Details of AIAC activity since the prior test year are shown
9 on Schedule B-2, pages 5.1 to 5.3.

10 **Q. PLEASE DESCRIBE ADJUSTMENT NUMBER 4 ON SCHEDULE B-2.**

11 A. Adjustment number 4 adjusts Advances-in-aid of Construction (“AIAC”) to reflect
12 reconciled balance of AIAC as shown on Schedule B-2, page 6. Details of AIAC activity
13 since the prior test year are shown on Schedule B-2, pages 6.1 to 6.3.

14 **Q. PLEASE DESCRIBE ADJUSTMENT NUMBER 5 ON SCHEDULE B-2.**

15 A. Adjustment number 5 reflects the adjustment to accumulated deferred income taxes
16 (“ADIT”) (for ratemaking purposes) based upon the timing differences between book and
17 tax depreciation through April 30, 2023. The ADIT computation considers the Company’s
18 proposed adjustments to PIS, A/D, AIAC, and CIAC.

19 **Q. PLEASE DESCRIBE ADJUSTMENT NUMBER 6 ON SCHEDULE B-2.**

20 A. Adjustment number 6 reflects the adjustment to excess accumulated deferred income taxes
21 (“EADIT”) based upon the difference in accumulated deferred income taxes at the end of
22 2017 using the effective income tax rates enacted in the Tax Cuts and Jobs Act of 2017
23 (“TCJA”) and the effective income tax rates in effect prior to the TCJA.

24 **Q. HOW WAS THE PROPOSED “FAIR VALUE” RATE BASE SHOWN ON
25 SCHEDULE A-1 DETERMINED?**

26 A. The FVRB shown on Schedule A-1 is based on OCRB.
27
28

1 **V. SUMMARY OF INCOME STATEMENT (“C” SCHEDULES)**

2 **Q. EXPLAIN THE ADJUSTMENTS YOU ARE PROPOSING TO THE INCOME**
3 **STATEMENT AS SHOWN ON SCHEDULES C-1 AND C-2.**

4 A. The following is a summary of adjustments shown Schedule C-1, page 2.1 and 2.2:

5 Adjustment 1 annualizes depreciation expense. The proposed depreciation rate for
6 each component of utility plant is shown on Schedule C-2, page 2. The depreciation rates
7 approved in Liberty Bella Vista’s last rate case were account-specific rates. Continuation
8 with account specific depreciation rates is proposed.

9 Adjustment 2 increases the property taxes based on proposed revenues. The details
10 of the computation are shown on Schedule C-2, page 3.

11 Adjustment 3 reflects an adjustment to remove test-year rate case expense. *See*
12 *Schedule C-2, page 4.* The Company proposes recovery of rate case expense incurred for
13 this case via a separate surcharge. The Company estimates rate case expense for Liberty
14 Bella Vista to be \$311,241. The Company proposes that rate case expense be recovered
15 over three years. Based upon these proposals and the year-end number of customers, the
16 Company estimates a monthly rate case expense surcharge of \$0.82.

17 **Q. HOW DID YOU ARRIVE AT THIS THE AMOUNT OF RATE CASE EXPENSE?**

18 A. Based on my experience with rate cases before the Commission, and that of the Company’s
19 counsel. Given Liberty Bella Vista’s size and the anticipated nature, length and complexity
20 of the proceedings, as well as the fact that Liberty Bella Vista’s case is being filed
21 concurrently with Liberty Utilities (Bella Vista Water), Liberty Utilities (Cordes Lakes
22 Water) Corp, and Liberty Utilities (Bearsley Water) Corp., I estimate total rate case expense
23 expected to be incurred for all the rate cases filed concurrently to be \$750,000.

24 **Q. HOW DID YOU ALLOCATE THE \$750,000 OF RATE CASE EXPENSE?**

25 A. Rate case expense is allocated using a four-factor allocation method.

26 **Q. WHY IS APPROVAL OF A RATE CASE EXPENSE SURCHARGE REQUESTED**
27 **IN THIS CASE?**

28

1 A. I believe this methodology is fair to both customers and the utility because it avoids
2 potential over or under recovery of rate case expense that can happen when rate case
3 expense is treated as a “normalized” expense. Rate case expense is not a normal, regular
4 expense. It is incurred for a limited purpose, outside the test year, and may bear little
5 resemblance to other cases where the expense is incurred. Additionally, the utility pays rate
6 case costs in advance and when treated as a typical expense, any unrecovered rate case
7 expense is forfeited if the utility gets new rates before the amortization period has run.
8 Alternatively, if the utility stays out longer than the amortization period, the utility over
9 recovers. A surcharge avoids both possible outcomes because the utility will be allowed to
10 collect the surcharge until it recovers the authorized level of rate case expense and then the
11 surcharge ceases to be charged. In other words, using a rate case expense surcharge, the
12 Company will recover the amount authorized; no more and no less.

13 **Q. WHAT HAPPENS IF THE NEXT RATE CASE IS COMPLETED BEFORE THE**
14 **COMPANY COMPLETES ITS RECOVERY OF THE COST OF THIS CASE**
15 **UNDER THE RATE CASE EXPENSE SURCHARGE?**

16 A. A rate case expense surcharge can always be a line item on the customer bill and can include
17 amounts to be recovered from different rate cases. The amount can be adjusted as needed,
18 up or down. This also has the benefit of making the cost of ratemaking transparent to all
19 stakeholders and another reason that in my experienced professional opinion, rate case
20 expense surcharges should be used in most, if not all, rate cases.

21 **Q. PLEASE CONTINUE WITH YOUR DISCUSSION OF THE INCOME**
22 **STATEMENT ADJUSTMENTS?**

23 A. Adjustment 4 annualizes revenues to the year-end number of customers. The annualization
24 is based on the number of customers at the end of the test year, compared to the actual
25 number of customers during each month of the test year. Average revenues by month were
26 computed for the test year. The average revenues were then multiplied by the increase (or
27 decrease) in the number of customers for each month of the test year. Adjustment number
28 4 also increases purchased power expense and chemicals expense based upon the expected

1 additional gallons to be sold from the revenue annualization. Miscellaneous expense
2 (postage) is also increased to reflect additional billings from the revenue annualization.

3 Adjustment 5 increases revenues to reflect the elimination of the tax reform credit
4 based upon federal income tax change in 2017 in the TCJA, discussed previously, and
5 implemented in 2018 (Decision No. 76801 dated August 15, 2018). *See* Schedule C-2, page
6 6.

7 Adjustment 6 adjusts revenues to correct estimated revenue accruals booked at the
8 end of the test year. This adjustment is necessary to reconcile the actual customer billings
9 and revenues for the test year. *See* Schedule C-2, page 7.

10 Adjustment 7 adjusted bad debt expense based upon a normalization of bad debt
11 expense using a 3-year historical average rate. *See* Schedule C-2, page 8.

12 Adjustment 8 increases contract service – management for additional operating
13 costs expected from the Customer First software (enterprise resource system)
14 implementation. *See* Schedule C-2, page 9. The Customer First software and
15 implementation is discussed in more detail by Ms. Preston.

16 Adjustment 9 increases contract service – management for additional operating
17 costs expected from the Cyber Security program implementation. *See* Schedule C-2, page
18 10.

19 Adjustment 10 increases water conservation expense for additional costs of this
20 program which are required to meet regulatory requirements. *See* Schedule C-2, page 11.

21 Adjustment 11 reduces several operating expenses which reflect either the non-
22 recoverability of an expense, the miscoding of expense, or the duplication of expense.
23 Operating expenses that are adjusted include purchased power, contractual services - legal,
24 contractual services – other, equipment rental and miscellaneous expense. *See* Schedule C-
25 2, page 12.

26 Adjustment 12 increases contractual services – management for expected increase
27 in allocated labor costs from salary and wages implemented after the end of the test year.
28 *See* Schedule C-2, page 13.

1 Adjustment number 13 synchronizes interest expense with rate base. *See* Schedule
2 C-2, page 14. The synchronized interest expense is reflected as a deduction in the
3 computation of the income tax allowance.

4 Finally, Adjustment 14 adjusts income taxes to a level based upon the Company's
5 adjusted test year revenues and expenses. *See* Schedule C-2, page 15.

6 **Q. ARE THERE ANY OTHER REVENUE AND/OR EXPENSE ADJUSTMENTS?**

7 A. No.

8 **VI. SUMMARY OF COST OF SERVICE STUDY ("G" SCHEDULES)**

9 **A. Overview of Cost of Service Study ("COSS")**

10 **Q. WHAT EXACTLY IS A COST OF SERVICE STUDY?**

11 A. A cost of service study is an analysis to determine the adequacy of revenues by each
12 customer classification to support the revenue requirements including costs and return of
13 and on investments under both existing and proposed rates. The study begins with an
14 allocation of utility plant and expenses into cost and asset functions, which are then
15 allocated to customer classifications. The study attempts to trace the costs associated with
16 meeting the customers' service requirements. Ideally, the revenues received from each
17 customer class should equal the cost of providing service to that customer class. The cost
18 to provide service includes the operating and maintenance expenses and the capital costs.
19 Operating and maintenance expenses include the costs of operating the system and the costs
20 of maintaining system facilities and equipment. Capital costs include investment-related
21 cash requirements such as debt service, contributions to debt service reserves, and capital
22 requirements not financed by debt. Capital costs also include depreciation expense and
23 either a return on rate base (for-profit utilities) or an operating margin as well as incomes
24 taxes and other taxes, if applicable.

25 **Q. WHAT IS THE PURPOSE OF A COST OF SERVICE STUDY?**

26 A. Typically, the purpose of preparing a cost of service study is to offer guidance in setting
27 rates to be charged for utility service. Again, the basic premise in establishing rates for the
28 various classes of customers that are both adequate and equitable is that rates should reflect

1 the cost of providing utility service. Cost-based rates can also be used to send an appropriate
2 price signal to customers because the amount paid for service approximates the cost to
3 provide the service. In other words, subsidies between customers are minimized.

4 There are many factors at play when rates are set that can result in rates that are not
5 adequate and/or equitable between the various classes of customers. Non-economic factors
6 may be at play when rates are set. For example, the regulatory body may favor subsidizing
7 one class of customers by shifting costs to other classes of customers or shifting revenues
8 within one class of customers to subsidize members within that class. Lifeline or discounted
9 rates, which are sometimes used to assist low-income customers in areas with high utility
10 costs, are prime examples of subsidization of a class of customers by other customers. If
11 possible, lifeline rates (low-income rates or customer assistance rates) should not apply to
12 an entire customer class. If lifeline rates are needed, they should be offered only to
13 customers meeting some income test. Another example is the goal of keeping the rate
14 design simple and easier to understand. There may also be goals on promoting conservation
15 (in the case of water utilities) or other social or economic goals. Thus, public policy may
16 have a significant impact on rate design. In the end, though, the goal in setting new rates
17 remains that the utility be able to recover its revenue requirement.

18 **Q. WHAT METHOD OF COST ALLOCATION WAS USED IN YOUR COSS IN THIS**
19 **CASE?**

20 A. The Commodity Demand Method which is described in AWWA Manual M1, “Principles
21 of Water Rates, Fees and Charges”, Seventh Edition published in 2017 and prior additions
22 of the manual was used in this case. It is the method prescribed by Schedule G of the
23 Commission filing requirements. The commodity demand method allocates each item of
24 the cost of providing water service to the several cost functions - commodity, and demand,
25 which is further separated into customer, meter and services functions. These functional
26 costs are then allocated to the several customer classifications served by the system.

27 **Q. HOW IS THE COST OF SERVICE STUDY ORGANIZED?**
28

1 A. The COSS used the test year revenue requirements developed in Schedules A through F and
2 H. Costs were allocated to each of the cost functions described earlier and then to the
3 customer classifications.

4 The cost of service study contains schedules G-1 through G-7. The standard filing
5 requirements call for Schedules G-1 through G-7 and these schedules are included with my
6 testimony.

7 G Schedules with higher numbers (i.e., 5, 6 and 7) contain the allocation factors and
8 actual allocations to functions. These functions are then carried forward to the summary G
9 schedules 1, 2, 3 and 4, which allocate expenses and plant (by function) to classes of
10 customers. I will start my analysis using Schedule G-7 and end with Schedules G-2 and G-
11 1.

12 **Q. WHAT IS A “FUNCTION”?**

13 A. Functions refer to the plant and the expenses needed to provide the basic utility service. For
14 example, for water, the functions associated with supply, treatment, and delivery water are
15 typically commodity, demand, and customer (and/or services). For wastewater, the
16 functions associated with collection, treatment, and disposal of wastewater are typically
17 commodity, demand, and customer (and/or services).

18 Commodity refers to the volume of the commodity sold. The commodity function
19 is used to derive the commodity rate, or the rate charged per unit of measurement, gallons.
20 Demand refers to how the system is sized to meet customer demand. Hence, the system is
21 built to be able to provide the utility service (the commodity), as well as the demand placed
22 on the system when peak demand occurs. The customer (and/or service) function can also
23 be used to develop the monthly minimum rates charged to each class of customer. Demand
24 and customer functions refer to the transmission/collection and treatment of
25 water/wastewater. The costs associated with demand, and customer functions are incurred
26 whether the customer uses 0 gallons of water or 50,000 gallons of water, or, in case of
27 wastewater service, generates 0 gallons for wastewater flows or 50,000 gallons of
28 wastewater flows.

1 **Q. AFTER COSTS ARE ALLOCATED TO FUNCTIONS, HOW ARE EXPENSES**
2 **AND ASSETS THEN ALLOCATED TO THE INDIVIDUAL CLASSES OF**
3 **CUSTOMERS?**

4 A. After the expenses and assets are allocated to the commodity, demand, and customer
5 functions, the values for the functions are then allocated to various customer classes.
6 Customer classes are typically broken down into residential, commercial, industrial,
7 irrigation, and public authority.

8 **B. Explanation of Cost of Service Study Schedules**

9 **Q. BRIEFLY SUMMARIZE THE G SCHEDULES.**

10 A. The G schedules are summarized as follows:

11 Schedule G-1 is the cost of service summary showing the results by customer class
12 at present rates.

13 Schedule G-2 is the cost of service summary showing the results by customer class
14 at proposed rates.

15 Schedule G-3 shows the rate base allocation details by customer class.

16 Schedule G-4a shows the revenues and expense allocation by customer class at
17 present revenues.

18 Schedule G-4b shows the revenues and expense allocations by customer class at
19 proposed revenues.

20 Schedule G-5 shows the functionalization of rate base into the functions commodity,
21 demand, customer accounts, customer meters, and customer services.

22 Schedule G-6a shows the functionalization of expenses into the functions
23 commodity, demand, customer accounts, customer meters, and customer services, at present
24 revenues.

25 Schedule G-6b shows the functionalization of expenses into the functions -
26 commodity, demand, customer accounts, customer meters, and customer services at
27 proposed revenues.

28 Schedule G-7a shows the development of the allocation factors by function.

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Schedule G-7b shows the development of the allocation factors by customer class.

Q. PLEASE DESCRIBE AND EXPLAIN IN MORE DETAIL THE SCHEDULES THAT COMPRISE THE COST OF SERVICE STUDY, NOTING HOW THE VARIOUS FUNCTIONS WERE DEVELOPED AS YOU DO.

A. The allocations for the development of the class allocation factors are shown on Schedule G-7b, pages 1 and 2. Allocation factors for expenses were determined by examining the causal relationships of each expense to the various functions, which may include an examination of the recorded amounts during the test year and the use of professional judgment.

The operation and maintenance expense allocation to functions (commodity, demand, customer accounts, meters and services) are shown on Schedule G-6a, page 1 (adjusted test year at present rates) and Schedule G-6b, page 2 (adjusted test year at proposed rates).

The depreciation expense allocations are shown on Schedule G-6a, pages 3 and 4 (adjusted test year at present rates) and Schedule 6b pages 3 and 4, which apply the function allocation factors shown on Schedule G-7b, page 1 and 2 (adjusted test year at proposed rates). Depreciation expense was computed using the Company's proposed depreciation rates in this rate case.

On Schedule G-5, pages 1 and 2, net plant and other rate base items are allocated to each customer class using the function allocation factors set forth in Schedule G-7a, pages 1 and 2.

Schedule G-4 allocates the commodity, demand, and customer expenses developed on Schedule G-6a and Schedule G-6b to customer classes using the allocation factors developed on Schedule G-7b, pages 1 and 2. Schedule G-4a shows the allocated costs at present rates. Schedule G-4b shows the allocated costs at proposed rates.

Schedule G-3 allocates the rate bases for commodity, demand, and customer functions to the customer classes.

Schedules G-1 and G-2 derive the return on rate base by customer classes at present and proposed rates, respectively. The returns on rate base are computed by dividing the operating income for the customer class by the rate base for that customer class.

C. Cost of Service Study Results

Q. WHAT ARE THE RETURNS FOR THE CUSTOMER CLASSES AT PRESENT RATES AND PROPOSED RATES?

A. As shown on schedules G-1 and G-2, the returns vary between the customer classes at the present and proposed rates. Table 1 below summarizes the returns.

Table 1

COSS Returns

Customer Class	Rate of Return Under Current Rates	Rate of Return Under Proposed Rates
RESIDENTIAL	-2.57%	4.90%
COMMERCIAL	7.93%	17.88%
IRRIGATION	-24.45%	-23.89%
STANDPIPE/CONSTR.	42.38%	47.93%
PRIVATE FIRE	18.01%	32.08%

Q. WHAT IS THE INDICATED COSS DISTRIBUTION OF REVENUES BY CLASS AND THE REVENUE DISTRIBUTION AS A RESULT OF THE PROPOSED RATES?

A. Table 2 below presents the distribution of revenues by class suggested by the COSS and the revenue distribution at the proposed rates.

Table 2

Comparison of Revenue Distributions

Customer Class	Indicated COSS Revenues	% of COSS Revenues	Revenues as Proposed	% of Proposed Revenues
RESIDENTIAL	\$5,073,157	66.43%	\$4,511,646	59.08%
COMMERCIAL	2,411,930	31.59%	3,031,083	39.69%
IRRIGATION	104,054	1.36%	9,650	0.13%
STANDPIPE/CONSTR.	21,779	0.29%	47,368	0.62%
PRIVATE FIRE	25,391	0.33%	36,564	0.48%
TOTAL	\$7,636,311	100.00%	\$7,636,311	100.00%

1 **Q. DOES THE INFORMATION CONTAINED IN TABLES 1-4 INDICATE THAT**
2 **THE PROPOSED RATE DESIGNS DO NOT PRODUCE THE RECOVERY OF**
3 **REVENUES EXACTLY AS SUGGESTED BY THE COST OF SERVICE STUDY?**
4 **PLEASE COMMENT.**

5 A. No. As already suggested, while the cost of service study is a useful tool in designing rates,
6 other considerations are factored into the design of rates, as I discussed previously.

7 **VII. RATE DESIGN (“H” SCHEDULES)**

8 **Q. PLEASE SUMMARIZE THE H SCHEDULES.**

9 A. Schedule H-1 shows a summary of revenues at present and proposed rates by meter size
10 and customer class. Schedule H-2, pages 1 and 2, shows the present and proposed customer
11 bills at the average monthly and median monthly water usages, respectively. Schedule H-
12 3 shows the present and proposed rates. Schedule H-4 shows the bill comparisons at present
13 and proposed rates at various usage levels for all meter sizes and customer classifications.
14 Schedule H-5 shows the test year bill counts.

15 **Q. WHAT ARE LIBERTY BELLA VISTA’S PRESENT RATES FOR WATER**
16 **SERVICE?**

17 A. The present rates for all customer classes are set forth on Schedule H-3, pages 1 through 2.

18 **Q. WHAT ARE THE PROPOSED RATES FOR WATER SERVICE FOR LIBERTY**
19 **BELLA VISTA?**

20 A. The proposed rates for all customer classes are set forth on Schedule H-3, pages 1 through
21 3.

22 **Q. ARE YOU PROPOSING CHANGES TO THE BASIC RATE DESIGN?**

23 A. Yes. The Company’s current rate design is a conservation oriented design with an inclining
24 3-tier rate design for the 5/8x3/4-inch and 3/4 inch metered residential customers and an
25 inclining 2-tier rate design the 5/8x3/4 inch and 3/4 inch metered commercial customers
26 and the 1 inch and larger metered customers (all classes, except standpipe). The Company
27 proposes a conservation-oriented inclining 3-tier rate design for the 5/8x3/4-inch and 3/4-

28

1 inch metered customers (all classes, except standpipe) and an inclining 2-tier rate design for
2 the 1 inch and larger metered customers (all classes, except standpipe).

3 With respect to the break-over points, the Company proposes the 1 inch and larger
4 meter breakover points be scaled using the AWWA flow factors applied the second tier
5 break-over points of the 5/8x3/4 inch and 3/4 inch meter sizes. *See* H-3, pages 1 through 3
6 for the changes.

7 **Q. WHAT IS THE IMPACT OF THE PROPOSED RATES ON AN AVERAGE 5/8 X**
8 **3/4 INCH METERED RESIDENTIAL CUSTOMER?**

9 A. The present monthly bill for a 5/8x3/4-inch metered residential customer, the largest
10 customer class, using an average of 5,274 gallons is \$27.87. The proposed monthly bill for
11 a 5/8x3/4-inch metered residential customer using an average of 5,274 gallons is \$36.24, an
12 increase of \$8.37 or 30.04% over the present bill.

13 **Q. ARE THERE ANY PROPOSED CHANGES TO THE MISCELLANEOUS**
14 **SERVICE CHARGES FOR THE WATER SERVICE OF LIBERTY BELLA**
15 **VISTA?**

16 A. Yes. Liberty Bella Vista is proposing increases to the establishment, NSF check charge,
17 meter re-read charge, and after-hours service call charge. *See* Schedule H-3, page 4. There
18 are no other proposed changes.

19 **Q. ARE THERE ANY PROPOSED CHANGES TO THE METER AND SERVICE**
20 **LINE INSTALLATION CHARGES?**

21 A. No. *See* Schedule H-3, page 5.

22 **Q. ARE THERE ANY PROPOSED CHANGES TO THE OFF-SITE FACILITIES**
23 **HOOK-UP FEES?**

24 A. No. *See* Schedule H-3, page 6.

25 **Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?**

26 A. Yes.

27

28

SCHEDULE A

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Computation of Increase in Gross Revenue
 Requirements As Adjusted

Exhibit
 Schedule A-1
 Page 1
 Witness: Bourassa

Line								
<u>No.</u>								
1	Fair Value Rate Base				\$	15,750,144		
2								
3	Adjusted Operating Income					118,971		
4								
5	Current Rate of Return					0.76%		
6								
7	Required Operating Income				\$	1,409,480		
8								
9	Required Rate of Return on Fair Value Rate Base					8.95%		
10								
11	Operating Income Deficiency				\$	1,290,509		
12								
13	Gross Revenue Conversion Factor					1.3552		
14								
15	Increase in Gross Revenue Requirement				\$	1,748,942		
16								
17								
18	Adjusted Test Year Revenues				\$	5,887,369		
19	Increase in Gross Revenue Revenue Requirement				\$	1,748,942		
20	Proposed Revenue Requirement				\$	7,636,311		
21	% Increase					29.71%		
22								
23								
24	<u>Customer Classification</u>							
25	5/8X3/4 Inch	Residential	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>		
26	3/4 Inch	Residential	\$ 3,353,558	\$ 4,382,611	\$ 1,029,054	30.69%		
27	1 Inch	Residential	49,595	64,003	14,408	29.05%		
28			6,109	7,702	1,592	26.06%		
29		Subtotal	\$ 3,409,262	\$ 4,454,316	\$ 1,045,054	30.65%		
30								
31	5/8X3/4 Inch	Commercial	\$ 143,762	\$ 173,146	\$ 29,385	20.44%		
32	3/4 Inch	Commercial	4,162	4,886	723	17.38%		
33	1 Inch	Commercial	175,896	226,762	50,866	28.92%		
34	1 1/2 Inch	Commercial	251,963	326,835	74,872	29.72%		
35	2 Inch	Commercial	1,354,075	1,777,071	422,996	31.24%		
36	3 Inch	Commercial	239,076	311,829	72,753	30.43%		
37	4 Inch	Commercial	71,543	92,282	20,739	28.99%		
38	6 Inch	Commercial	31,403	40,602	9,199	29.29%		
39	8 Inch	Commercial	21,085	26,771	5,686	26.96%		
40		Subtotal	\$ 2,292,965	\$ 2,980,184	\$ 687,219	29.97%		
41								
42	1 Inch	Irrigation	\$ 5,271	\$ 7,114	\$ 1,843	34.97%		
43	3 Inch	Hydrant	43,502	47,157	3,655	8.40%		
44		Fire Lines 4 Inch	17,150	21,095	3,945	23.00%		
45		Fire Lines 6 Inch	9,188	11,301	2,113	23.00%		
46		Fire Lines 8 Inch	3,243	3,989	746	23.00%		
47	Revenue Annualization					16,916	21,398	4,482
48	Subtotal				\$	5,797,497	\$	7,546,554
49					\$	1,749,057	\$	30.17%
50	Misc. Water Revenues					89,657	89,657	-
51	Reconciling Amount					215	100	(115)
52	Rounding					-	-	-
53	Total of Water Revenues				\$	5,887,368	\$	7,636,311
54					\$	1,748,942	\$	29.71%
55								
56	<u>SUPPORTING SCHEDULES:</u>							
57	B-1							
58	C-1							
59	C-3							
60	H-1							

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended April 30, 2023
Summary of Results of Operations

Exhibit
Schedule A-2
Page 1
Witness: Bourassa

Line No.	Description	Prior Years Ended		Test Year		Projected Year	
		4/30/2021	4/30/2022	Actual 4/30/2023	Adjusted 4/30/2023	Present Rates 4/30/2024	Proposed Rates 4/30/2024
1	Gross Revenues	\$ 6,050,889	\$ 5,786,032	\$ 5,599,680	\$ 5,887,369	\$ 5,887,369	\$ 7,636,311
2							
3	Revenue Deductions and	4,950,045	5,151,826	5,511,173	5,768,398	5,768,398	6,226,830
4	Operating Expenses						
5							
6	Operating Income	\$ 1,100,844	\$ 634,206	\$ 88,508	\$ 118,971	\$ 118,971	\$ 1,409,480
7							
8	Other Income and	(36,223)	(26,811)	4,629	4,629	4,629	4,629
9	Deductions						
10							
11	Interest Expense	-	-	-	(478,174)	(478,174)	(478,174)
12							
13	Net Income	\$ 1,064,622	\$ 607,395	\$ 93,137	\$ (354,574)	\$ (354,574)	\$ 935,935
14							
15	Common Shares	152,008	152,008	152,008	152,008	152,008	152,008
16							
17	Earned Per Average						
18	Common Share	7.00	4.00	0.61	(2.33)	(2.33)	6.16
19							
20	Dividends Paid	-	-	-	-	580,000	580,000
21							
22	Dividends Per						
23	Common Share	-	-	-	-	3.82	3.82
24							
25	Payout Ratio	-	-	-	-	(1.64)	0.62
26							
27	Return on Average						
28	Invested Capital	3.89%	2.28%	0.35%	-1.32%	-1.17%	3.02%
29							
30	Return on Year End						
31	Capital	3.89%	2.34%	0.34%	-1.28%	-1.07%	2.73%
32							
33	Return on Average						
34	Common Equity	11.90%	6.21%	0.92%	-3.58%	-3.84%	12.48%
35							
36	Return on Year End						
37	Common Equity	11.23%	6.02%	0.92%	-3.64%	-4.27%	19.42%
38							
39	Times Bond Interest Earned						
40	Before Income Taxes	-	-	-	0.00	0.00	3.59
41							
42	Times Total Interest and						
43	Preferred Dividends Earned						
44	After Income Taxes	-	-	-	0.26	0.26	2.96
45							
46							
47							
48							
49							
50	<u>SUPPORTING SCHEDULES</u>						
51	C-1						
52	E-2						
53	F-1						
54							

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Summary of Capital Structure

Exhibit
 Schedule A-3
 Page 1
 Witness: Bourassa

Line No.	Description:	Prior Years Ended		Test Year	Projected Year
		<u>4/30/2021</u>	<u>4/30/2022</u>	<u>4/30/2023</u>	<u>4/30/2024</u>
1					
2					
3	Short-Term Debt	-	-	-	-
4	Long-Term Debt	-	-	-	7,066,160
5		<hr/>			
6	Total Debt	\$ -	\$ -	\$ -	\$ 7,066,160
7					
8					
9	Preferred Stock	-	-	-	-
10					
11	Common Equity	9,476,741	10,084,136	10,177,273	8,295,058
12		<hr/>			
13					
14	Total Capital & Debt	\$ 9,476,741	\$ 10,084,136	\$ 10,177,273	\$ 15,361,218
15		<hr/>			
16					
17	Capitalization Ratios:				
18					
19	Long-Term Debt	0.00%	0.00%	0.00%	46.00%
20		<hr/>			
21	Total Debt	0.00%	0.00%	0.00%	46.00%
22					
23					
24	Preferred Stock	-	-	-	-
25					
26	Common Equity	100.00%	100.00%	100.00%	54.00%
27		<hr/>			
28					
29	Total Capital	100.00%	100.00%	100.00%	100.00%
30					
31					
32	Weighted Cost of				
33	Senior Capital	0.00%	0.00%	0.00%	3.04%
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45	<u>SUPPORTING SCHEDULES:</u>				
46	E-1				
47	D-1				
48					
49					
50					

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended April 30, 2023
Construction Expenditures
and Gross Utility Plant in Service

Exhibit
Schedule A-4
Page 1
Witness: Bourassa

<u>Line No.</u>		<u>Construction Expenditures</u>	<u>Net Plant Placed in Service</u>	<u>Gross Utility Plant in Service</u>
1				
2				
3				
4	Prior Year Ended 04/30/2021	1,287,735	1,287,735	45,073,914
5				
6	Prior Year Ended 04/30/2022	1,251,573	1,191,533	46,265,447
7				
8	Test Year Ended 04/30/2023	1,922,669	2,274,797	48,540,244
9				
10	Projected Year Ended 04/30/2024	2,309,812	2,309,812	50,850,056
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34	<u>SUPPORTING SCHEDULES:</u>			
35	B-2			
36	E-5			
37	F-3			
38				
39				
40				

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended April 30, 2023
Summary Statements of Cash Flows

Exhibit
Schedule A-5
Page 1
Witness: Bourassa

Line No.	Prior Year Ended 4/30/2021	Prior Year Ended 4/30/2022	Test Year Ended 4/30/2023	Projected Year	
				Present Rates 4/30/2024	Proposed Rates 4/30/2024
5	Cash Flows from Operating Activities				
6	\$ 1,064,622	\$ 607,395	\$ 93,137	\$ (354,574)	\$ 935,935
7	Adjustments to reconcile net income to net cash provided by operating activities:				
9	1,212,273	1,268,040	1,320,038	1,518,431	1,518,431
10	(23,422)	(148,717)	(140,103)	303,783	303,783
11	Changes in Certain Assets and Liabilities:				
12	(127,316)	(42,275)	18,403	-	-
13	(54,853)	(108)	(59,565)	-	-
14	-	-	-	-	-
15	4,211	3,601	-	-	-
16	342,588	237,552	97,545	-	-
17	(1,146,638)	(1,959,177)	1,853,017	-	-
18	(1,978)	805	6,794	-	-
19	(59)	(13,072)	-	-	-
20	22,405	34,998	27,314	-	-
21	31,510	(33,984)	(68,363)	-	-
22	(158,513)	(27,623)	203,925	(996,451)	(996,451)
23	2	(3)	-	-	-
24	<u>\$ 1,164,832</u>	<u>\$ (72,568)</u>	<u>\$ 3,352,142</u>	<u>\$ 471,189</u>	<u>\$ 1,761,699</u>
25	Cash Flow From Investing Activities:				
26	(1,287,735)	(1,251,573)	(1,922,669)	(6,683,190)	(6,683,190)
27	-	-	-	-	-
28	-	-	-	-	-
29	<u>\$ (1,287,735)</u>	<u>\$ (1,251,573)</u>	<u>\$ (1,922,669)</u>	<u>\$ (6,683,190)</u>	<u>\$ (6,683,190)</u>
30	Cash Flow From Financing Activities				
31	-	-	-	-	-
32	-	-	-	-	-
33	1,340,531	312,361	6,615	1,110,756	1,110,756
34	(1,292,605)	(309,490)	-	9,778	9,778
35	-	-	-	7,066,160	11,832,914
36	-	-	-	(580,000)	(580,000)
37	-	-	-	(1,120,649)	(5,887,403)
38	-	-	-	-	-
39	-	-	-	-	-
40	<u>\$ 47,926</u>	<u>\$ 2,871</u>	<u>\$ 6,615</u>	<u>\$ 6,486,046</u>	<u>\$ 6,486,046</u>
41	(74,977)	(1,321,270)	1,436,088	274,045	1,564,555
42	(626)	(75,603)	(1,396,873)	39,214	39,214
43	<u>\$ (75,603)</u>	<u>\$ (1,396,873)</u>	<u>\$ 39,214</u>	<u>\$ 313,260</u>	<u>\$ 1,603,769</u>

48 SUPPORTING SCHEDULES:

49 E-3

50 F-2

51

52

SCHEDULE B

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Summary of Rate Base

Exhibit
 Schedule B-1
 Page 1
 Witness: Bourassa

Line No.	<u>Original Cost</u> <u>Rate base</u>	<u>Fair Value</u> <u>Rate Base</u>
1		
2	\$ 54,358,188	\$ 54,358,188
3	24,831,130	24,831,130
4		
5	\$ 29,527,057	\$ 29,527,057
6		
7	<u>Less:</u>	
8	Advances in Aid of Construction 4,342,794	4,342,794
9		
10	Contributions in Aid of Construction 10,040,848	10,040,848
11		
12	Accumulated Amortization of CIAC (1,832,664)	(1,832,664)
13		
14	Customer Meter Deposits -	-
15	Custmer Security Deposits 488,464	488,464
16	Accumulated Deferred Income Tax 614,116	614,116
17	Accumulated Deferred Income Tax Credits 17,107	17,107
18	Excess Accumulated Deferred Income Tax (EADIT) 284,077	284,077
19	<u>Plus:</u>	
20		
21	Deferred Regulatory Assets TCE Plume -	-
22	Prepayments -	-
23	Materials and Supplies 177,828	177,828
24	Working capital -	-
25		
26	\$ 16,034,220	\$ 15,750,144
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41	<u>SUPPORTING SCHEDULES:</u>	
42	B-2	
43	B-3	
44	B-5	
45	E-1	
46		
47		
48		
49		
50		

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Original Cost Rate Base Proforma Adjustments

Exhibit
 Schedule B-2
 Page 1
 Witness: Bourassa

Line No.		Actual at End of <u>Test Year</u>	Proforma <u>Adjustment</u>	Adjusted at end of <u>Test Year</u>
1	Gross Utility			
2	Plant in Service	\$ 48,540,244	5,817,944	\$ 54,358,188
3				
4	Less:			
5	Accumulated			
6	Depreciation	24,813,749	17,382	24,831,130
7				
8				
9	Net Utility Plant			
10	in Service	\$ 23,726,495		\$ 29,527,057
11				
12	Less:			
13	Advances in Aid of			
14	Construction	4,333,016	9,778	4,342,794
15				
16	Contributions in Aid of			
17	Construction - Gross	8,930,092	1,110,756	10,040,848
18				
19	Accumulated Amortization of CIAC	(2,119,066)	286,401	(1,832,664)
20				
21	Customer Meter Deposits	-	-	-
22	Customer Security Deposits	488,464	-	488,464
23	Accumulated Deferred Income Tax	1,894,644	(1,280,527)	614,116
24	Accumulated Deferred Income Tax Credits	17,107	-	17,107
25	Excess Accumulated Deferred Income Tax (EADIT)	-	284,077	284,077
26				
27	Plus:			
28				
29	Deferred Regulatory Assets	-	-	-
30	Prepayments	-	-	-
31	Materials and Supplies	-	177,828	177,828
32	Working capital	-	-	-
33				
34				
35	Total	\$ 10,182,239		\$ 15,750,144

46 SUPPORTING SCHEDULES:

47 B-2, pages 2

48 E-1

49

50

51

RECAP SCHEDULES:

B-1

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1

Exhibit
 Schedule B-2
 Page 3
 Witness: Bourassa

Line No.	Acct. No.	Description	<u>Plant-in-Service</u>			<u>Adjustments</u>		Adjusted Original Cost
			Actual Original Cost	Allocated Corporate Plant	PTY Plant	C		
						Adjustments to Reconcile Plant to Reconstruction		
6	106	Construction Completed - Not Classified	\$ 945,351			\$ (945,351)	\$ -	
7	301	Organization Cost	-			-	-	
8	302	Franchise Cost	171,487			-	171,487	
9	303	Land and Land Rights	695,704			(0)	695,704	
10	304	Structures and Improvements	4,226,055			27,303	4,253,358	
11	305	Collecting and Impounding Res.	46,813			0	46,813	
12	306	Lake River and Other Intakes	-			-	-	
13	307	Wells and Springs	1,775,474			(512)	1,774,962	
14	308	Infiltration Galleries and Tunnels	-			-	-	
15	309	Supply Mains	421,528			1	421,529	
16	310	Power Generation Equipment	198,083		132,051	-	330,135	
17	311	Electric Pumping Equipment	4,963,611		431,316	153,812	5,548,739	
18	320	Water Treatment Equipment	-			-	-	
19	320.1	Water Treatment Plant	89,474			(221)	89,253	
20	320.2	Chemical Solution Feeders	157,898			7,827	165,725	
21	330	Dist. Reservoirs & Standpipe	4,401			(1)	4,400	
22	330.1	Storage tanks	3,058,411		371,780	204,211	3,634,403	
23	330.2	Pressure Tanks	523,660			-	523,660	
24	331	Trans. and Dist. Mains	18,816,797		350,368	183,496	19,350,661	
25	333	Services	3,561,035		229,225	255,738	4,045,997	
26	334	Meters	3,339,237		350,000	104,274	3,793,511	
27	335	Hydrants	1,623,588		100,261	30,522	1,754,371	
28	336	Backflow Prevention Devices	-			-	-	
29	339	Other Plant and Misc. Equip.	191,417			(2,136)	189,281	
30	340	Office Furniture and Fixtures	184,374			905	185,279	
31	340.1	Computers and Software	446,795			12,387	459,182	
32	341	Transportation Equipment	491,724		201,886	(1,058)	692,552	
33	342	Stores Equipment	-			-	-	
34	343	Tools and Work Equipment	510,602		48,433	45,799	604,834	
35	344	Laboratory Equipment	3,285			(0)	3,285	
36	345	Power Operated Equipment	101,698			(347)	101,350	
37	346	Communications Equipment	1,158,286			(0)	1,158,286	
38	347	Miscellaneous Equipment	112,389			(0)	112,389	
39	347.1	Miscellaneous Equipment - CNG	456,709			0	456,709	
40	348	Other Tangible Plant	264,358			(0)	264,358	
41		SUBTOTAL	\$ 48,540,244	\$ -	\$ 2,215,320	\$ 76,647	\$ 50,832,211	
43	903	Land and Land Rights		\$ 12,972	\$ -		\$ 12,972	
44	904	Structures and Improvements		428,987	-		428,987	
45	940	Office Furniture and Fixtures		58,688	-		58,688	
46	940.1	Computers and Software		59,700	100,704		160,404	
47	940.2	Customer First		2,812,488	-		2,812,488	
48	955	Power Generation		315	-		315	
49	995	Power Operated Equipment		52,123	-		52,123	
51		TOTALS	\$ 48,540,244	\$ 3,425,272	\$ 2,316,024	\$ 76,647	\$ 54,358,188	
53		Plant-in-Service per Books					<u>\$ 48,540,244</u>	
55		Increase (decrease) in Plant-in-Service					<u>\$ 5,817,944</u>	
57		Adjustment to Plant-in-Service					<u>\$ 5,817,944</u>	
59		<u>SUPPORTING SCHEDULES</u>						
60		B-2, pages 3.1 to 3.3						
61								

RECAP SCHEDULES:
 B-2, page 2

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - A

Exhibit
 Schedule B-2
 Page 3.1
 Witness: Bourassa

Line
No.

1	<u>Corporate Plant</u>			[1]	[2]	[3]	[4] = [1]x[2]x[3]
2					Liberty		Allocated
3	Acct.			Original	Utilities	Water	Original
4	<u>No.</u>	<u>Description</u>		<u>Cost</u>	<u>Factor</u>	<u>Factor</u>	<u>Cost</u>
5	903	Land and Land Rights	\$	1,364,008	6.6567%	10.7479%	\$ 9,759
6	904	Structures and Improvements		11,557,420	6.6567%	10.7479%	82,688
7							
8							
9							
10							
11							
12	<u>LU Sub-Corp. Plant (8020)</u>						
13							
14	903	Land and Land Rights	\$	58,167	51.39%	10.7479%	\$ 3,213
15	904	Structures and Improvements		6,269,845	51.39%	10.7479%	346,299
16	940	Office Furniture and Equipment		1,062,563	51.39%	10.7479%	58,688
17	940.1	Computers and Software		555,453	100.00%	10.7479%	59,700
18	940.2	Customer First		22,609,111	100.00%	12.4396%	2,812,488
19	955	Power Generation		5,710	51.39%	10.7479%	315
20	995	Power Operated Equipment		943,696	51.39%	10.7479%	52,123
21							
22							
23	TOTALS						
24	903	Land and Land Rights	\$	1,422,174			\$ 12,972
25	904	Structures and Improvements		17,827,266			428,987
26	940	Office Furniture and Equipment		1,062,563			58,688
27	940.1	Computers and Software		555,453			59,700
28	940.2	Customer First		22,609,111			2,812,488
29	955	Power Generation		5,710			315
30	995	Power Operated Equipment		943,696			52,123
31		Total	\$	<u>44,425,973</u>			<u>\$ 3,425,272</u>

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 44 SUPPORTING SCHEDULE
 45 Work papers
 46 Testimony

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - B

Exhibit
 Schedule B-2
 Page 3.2
 Witness: Bourassa

Line No.	Acct. No.	Description	Original Cost
1		<u>Post-Test Year Plant</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	132,051
17	311	Electric Pumping Equipment	431,316
18	320	Water Treatment Equipment	-
19	320.1	Water Treatment Plant	-
20	320.2	Chemical Solution Feeders	-
21	330	Dist. Reservoirs & Standpipe	-
22	330.1	Storage tanks	371,780
23	330.2	Pressure Tanks	-
24	331	Trans. and Dist. Mains	350,368
25	333	Services	229,225
26	334	Meters	350,000
27	335	Hydrants	100,261
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	201,886
33	342	Stores Equipment	-
34	343	Tools and Work Equipment	48,433
35	344	Laboratory Equipment	-
36	345	Power Operated Equipment	-
37	346	Communications Equipment	-
38	347	Miscellaneous Equipment	-
39	347.1	Miscellaneous Equipment CNG	-
40	348	Other Tangible Plant	-
41			
42		Subtotal	<u>\$ 2,215,320</u>
43			
44	903	Land and Land Rights	\$ -
45	904	Structures and Improvements	-
46	940	Office Furniture and Fixtures	-
47	940.1	Computers and Software	100,704
48	940.2	Customer First	-
49	955	Power Generation	-
50	995	Power Operated Equipment	-
51		Subtotal	<u>\$ 100,704</u>
52			
53		Total	<u><u>\$ 2,316,024</u></u>
54			
55		<u>SUPPORTING SCHEDULE</u>	
56		Work papers	
57		Testimony	

RECAP SCHEDULES:
 B-2, page 3

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - C

Exhibit
 Schedule B-2
 Page 3.3
 Witness: Bourassa

Line
No.

		<u>Original</u>		<u>B-2</u>		<u>Adjusted</u>		<u>Plant</u>			
		<u>Cost</u>		<u>Adjustments</u>		<u>Original</u>		<u>Per</u>		<u>Difference</u>	
		<u>\$</u>		<u>\$</u>		<u>\$</u>		<u>\$</u>		<u>\$</u>	
1	<u>Reconciliation of Plant to Plant Reconstruction</u>										
2											
3											
4	Acct.										
5	No.	Description	Cost	Adjustments	Cost	Reconstruction	Difference				
6	106	Construction Completed - Not Classified	\$ 945,351	\$ -	\$ 945,351	\$ -	\$ (945,351)				
7	301	Organization Cost	-	-	-	-	-				
8	302	Franchise Cost	171,487	-	171,487	171,487	-				
9	303	Land and Land Rights	695,704	-	695,704	695,704	(0)				
10	304	Structures and Improvements	4,226,055	-	4,226,055	4,253,358	27,303				
11	305	Collecting and Impounding Res.	46,813	-	46,813	46,813	0				
12	306	Lake River and Other Intakes	-	-	-	-	-				
13	307	Wells and Springs	1,775,474	-	1,775,474	1,774,962	(512)				
14	308	Infiltration Galleries and Tunnels	-	-	-	-	-				
15	309	Supply Mains	421,528	-	421,528	421,529	1				
16	310	Power Generation Equipment	198,083	132,051	330,135	330,135	-				
17	311	Electric Pumping Equipment	4,963,611	431,316	5,394,927	5,548,739	153,812				
18	320	Water Treatment Equipment	-	-	-	-	-				
19	320.1	Water Treatment Plant	89,474	-	89,474	89,253	(221)				
20	320.2	Chemical Solution Feeders	157,898	-	157,898	165,725	7,827				
21	330	Dist. Reservoirs & Standpipe	4,401	-	4,401	4,400	(1)				
22	330.1	Storage tanks	3,058,411	371,780	3,430,191	3,634,403	204,211				
23	330.2	Pressure Tanks	523,660	-	523,660	523,660	-				
24	331	Trans. and Dist. Mains	18,816,797	350,368	19,167,165	19,350,661	183,496				
25	333	Services	3,561,035	229,225	3,790,259	4,045,997	255,738				
26	334	Meters	3,339,237	350,000	3,689,237	3,793,511	104,274				
27	335	Hydrants	1,623,588	100,261	1,723,849	1,754,371	30,522				
28	336	Backflow Prevention Devices	-	-	-	-	-				
29	339	Other Plant and Misc. Equip.	191,417	-	191,417	189,281	(2,136)				
30	340	Office Furniture and Fixtures	184,374	-	184,374	185,279	905				
31	340.1	Computers and Software	446,795	-	446,795	459,182	12,387				
32	341	Transportation Equipment	491,724	201,886	693,610	692,552	(1,058)				
33	342	Stores Equipment	-	-	-	-	-				
34	343	Tools and Work Equipment	510,602	48,433	559,035	604,834	45,799				
35	344	Laboratory Equipment	3,285	-	3,285	3,285	(0)				
36	345	Power Operated Equipment	101,698	-	101,698	101,350	(347)				
37	346	Communications Equipment	1,158,286	-	1,158,286	1,158,286	(0)				
38	347	Miscellaneous Equipment	112,389	-	112,389	112,389	(0)				
39	347.1	Miscellaneous Equipment CNG	456,709	-	456,709	456,709	0				
40	348	Other Tangible Plant	264,358	-	264,358	264,358	(0)				
41											
42	TOTALS		\$ 48,540,244	\$ 2,215,320	\$ 50,755,564	\$ 50,832,211	\$ 76,647				

45 SUPPORTING SCHEDULE
 46 B-2, pages 3.1 through 3.2
 47 B-2, pages 3.4 through 3.14

RECAP SCHEDULES:
 B-2, page 3

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2

Exhibit
 Schedule B-2
 Page 4
 Witness: Bourassa

Accumulated Depreciation

Line No.			<u>Adjustments</u>			
		A	B	D		
	Per Books	Allocated	PTY Plant	Adjustments	Adjusted	
	Accum.	Corporate	A/D	to Reconcile	Accum.	
	Depr.	Plant		<u>A/D to Reconstruction</u>	Depr.	
6	108 Accumulated Depr. Unclassified	\$ 996,725		\$ (996,725)	\$ -	
7	301 Organization Cost	-		-	-	
8	302 Franchise Cost	-		-	-	
9	303 Land and Land Rights	-		-	-	
10	304 Structures and Improvements	1,641,919		281,670	1,923,589	
11	305 Collecting and Impounding Res.	19,017		(480)	18,537	
12	306 Lake River and Other Intakes	-		-	-	
13	307 Wells and Springs	1,168,113		108,178	1,276,291	
14	308 Infiltration Galleries and Tunnels	-		-	-	
15	309 Supply Mains	69,529		5,558	75,087	
16	310 Power Generation Equipment	82,535		(1,131)	81,404	
17	311 Electric Pumping Equipment	3,911,642	8,253	131,001	4,050,896	
18	320 Water Treatment Equipment	-	7,181	(7,181)	-	
19	320.1 Water Treatment Plant	3,527		36,732	40,259	
20	320.2 Chemical Solution Feeders	129,620		(36,660)	92,959	
21	330 Dist. Reservoirs & Standpipe	-		374	374	
22	330.1 Storage tanks	1,547,119		(30,127)	1,516,992	
23	330.2 Pressure Tanks	375,924	9,295	32,300	417,519	
24	331 Trans. and Dist. Mains	8,102,061		(72,843)	8,029,218	
25	333 Services	1,195,053	5,834	426,270	1,627,156	
26	334 Meters	2,008,781	9,547	42,471	2,060,800	
27	335 Hydrants	635,764	3,500	(2,159)	637,105	
28	336 Backflow Prevention Devices	-	3,344	(3,344)	-	
29	339 Other Plant and Misc. Equip.	157,547		3,571	161,118	
30	340 Office Furniture and Fixtures	165,744		(7,731)	158,013	
31	340.1 Computers and Software	477,358		(61,279)	416,079	
32	341 Transportation Equipment	508,819		2,036	510,855	
33	342 Stores Equipment	-	4,038	(4,038)	-	
34	343 Tools and Work Equipment	206,880		(20,519)	186,361	
35	344 Laboratory Equipment	2,818	2,422	(2,339)	2,900	
36	345 Power Operated Equipment	53,681		3,709	57,390	
37	346 Communications Equipment	887,451		27,976	915,427	
38	347 Miscellaneous Equipment	108,398		3,764	112,162	
39	347.1 Miscellaneous Equipment CNG	111,528		7,553	119,082	
40	348 Other Tangible Plant	246,195		5,413	251,608	
41		\$ 24,813,749	\$ -	\$ 53,413	\$ (127,981)	\$ 24,739,181
42						
43	903 Land and Land Rights		\$ -	\$ -	\$ -	
44	904 Structures and Improvements		26,618	-	26,618	
45	940 Office Furniture and Fixtures		7,177	-	7,177	
46	940.1 Computers and Software		11,940	10,070	22,010	
47	940.2 Customer First		31,338	-	31,338	
48	955 Power Generation		29	-	29	
49	995 Power Operated Equipment		4,778	-	4,778	
50						
51	TOTALS	\$ 24,813,749	\$ 81,879	\$ 63,483	\$ (127,981)	\$ 24,831,130
52						
53	Accumulated Depreciation per Books				\$ 24,813,749	
54						
55	Increase (decrease) in Accumulated Depreciation				\$ 17,382	
56						
57	Adjustment to Accumulated Depreciation				\$ 17,382	
58						
59	<u>SUPPORTING SCHEDULES</u>					<u>RECAP SCHEDULES:</u>
60	B-2, pages 4.1 to 4.3					B-2, page 2

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - A

Exhibit
 Schedule B-2
 Page 4.1
 Witness: Bourassa

Line
No.

<u>No.</u>	<u>Description</u>	[1] Original Cost	[2] Liberty Utilities Factor	[3] BV Water Factor	[4] = [1]x[2]x[3] Allocated Original Cost A/D
1	<u>Corporate Plant A/D</u>				
2					
3					
4	Acct. No. Description				
5	903 Land and Land Rights	\$ -	6.6567%	10.7479%	\$ -
6	904 Structures and Improvements	769,338	6.6567%	10.7479%	5,504
7					
8					
9					
10					
11					
12	<u>LU Sub-Corp. Plant (8020) A/D</u>				
13					
14	903 Land and Land Rights	\$ -	51.39%	10.7479%	\$ -
15	904 Structures and Improvements	382,268	51.39%	10.7479%	21,114
16	940 Office Furniture and Equipment	129,934	51.39%	10.7479%	7,177
17	940.1 Computers and Software	111,091	100.00%	10.7479%	11,940
18	940.2 Customer First	251,922	100.00%	12.4396%	31,338
19	955 Power Generation	523	51.39%	10.7479%	29
20	995 Power Operated Equipment	86,505	51.39%	10.7479%	4,778
21					
22	Totals				
23					
24	903 Land and Land Rights	\$ -			\$ -
25	904 Structures and Improvements	1,151,606			26,618
26	940 Office Furniture and Equipment	129,934			7,177
27	940.1 Computers and Software	111,091			11,940
28	940.2 Customer First	251,922			31,338
29	955 Power Generation	523			29
30	995 Power Operated Equipment	86,505			4,778
31		<u>\$ 1,731,582</u>			<u>\$ 81,879</u>
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44	<u>SUPPORTING SCHEDULE</u>				
45	Work papers				
46	Testimony				

RECAP SCHEDULES:
 B-2, page 4

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - B

Exhibit
 Schedule B-2
 Page 4.2
 Witness: Bourassa

Line
 No.

1	<u>PTY PLant A/D</u>			
2				
3				
4	Acct.	Depr	PTY	
5	<u>No.</u> <u>Description</u>	<u>Rate</u>	<u>Plant</u>	<u>Depreciation</u>
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	311 Electric Pumping Equipment	12.50%	132,051	8,253
17	320 Water Treatment Equipment	3.33%	431,316	7,181
18	320.1 Water Treatment Plant	3.33%	-	-
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%	371,780	9,295
23	331 Trans. and Dist. Mains	2.00%	-	-
24	333 Services	3.33%	350,368	5,834
25	334 Meters	8.33%	229,225	9,547
26	335 Hydrants	2.00%	350,000	3,500
27	336 Backflow Prevention Devices	6.67%	100,261	3,344
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	342 Stores Equipment	4.00%	201,886	4,038
33	343 Tools and Work Equipment	5.00%	-	-
34	344 Laboratory Equipment	10.00%	48,433	2,422
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	Subtotal		\$ 2,215,320	\$ 53,413
42				
43	903 Land and Land Rights	0.00%	\$ -	\$ -
44	904 Structures and Improvments	0.00%	-	-
45	940 Office Furniture and Fixtures	0.00%	-	-
46	940.1 Computers and Software	20.00%	100,704	10,070
47	940.2 Customer First	0.00%	-	-
48	955 Power Generation	0.00%	-	-
49	995 Power Operated Equipment	0.00%	-	-
50	Subtotal		\$ 100,704	\$ 10,070
51				
52	Total		\$ 2,316,024	\$ 63,483
53				
54				
55				
56	<u>SUPPORTING SCHEDULE</u>		<u>RECAP SCHEDULES:</u>	
57	Work papers		B-2, page 4	
58				

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - C

Exhibit
 Schedule B-2
 Page 4.3
 Witness: Bourassa

Line
No.

1 Reconciliation of A/D to A/D Reconstruction

Acct. No.	Description	Original Cost	B-2 Adjustments	Adjusted Original Cost	Plant Per Reconstruction	Difference
108	Accumulated Depr. Unclassified	\$ 996,725	\$ -	\$ 996,725	\$ -	\$ (996,725)
301	Organization Cost	-	-	-	-	-
302	Franchise Cost	-	-	-	-	-
303	Land and Land Rights	-	-	-	-	-
304	Structures and Improvements	1,641,919	-	1,641,919	1,923,589	281,670
305	Collecting and Impounding Res.	19,017	-	19,017	18,537	(480)
306	Lake River and Other Intakes	-	-	-	-	-
307	Wells and Springs	1,168,113	-	1,168,113	1,276,291	108,178
308	Infiltration Galleries and Tunnels	-	-	-	-	-
309	Supply Mains	69,529	-	69,529	75,087	5,558
310	Power Generation Equipment	82,535	-	82,535	81,404	(1,131)
311	Electric Pumping Equipment	3,911,642	8,253	3,919,895	4,050,896	131,001
320	Water Treatment Equipment	-	7,181	7,181	-	(7,181)
320.1	Water Treatment Plant	3,527	-	3,527	40,259	36,732
320.2	Chemical Solution Feeders	129,620	-	129,620	92,959	(36,660)
330	Dist. Reservoirs & Standpipe	-	-	-	374	374
330.1	Storage tanks	1,547,119	-	1,547,119	1,516,992	(30,127)
330.2	Pressure Tanks	375,924	9,295	385,219	417,519	32,300
331	Trans. and Dist. Mains	8,102,061	-	8,102,061	8,029,218	(72,843)
333	Services	1,195,053	5,834	1,200,887	1,627,156	426,270
334	Meters	2,008,781	9,547	2,018,329	2,060,800	42,471
335	Hydrants	635,764	3,500	639,264	637,105	(2,159)
336	Backflow Prevention Devices	-	3,344	3,344	-	(3,344)
339	Other Plant and Misc. Equip.	157,547	-	157,547	161,118	3,571
340	Office Furniture and Fixtures	165,744	-	165,744	158,013	(7,731)
340.1	Computers and Software	477,358	-	477,358	416,079	(61,279)
341	Transportation Equipment	508,819	-	508,819	510,855	2,036
342	Stores Equipment	-	4,038	4,038	-	(4,038)
343	Tools and Work Equipment	206,880	-	206,880	186,361	(20,519)
344	Laboratory Equipment	2,818	2,422	5,239	2,900	(2,339)
345	Power Operated Equipment	53,681	-	53,681	57,390	3,709
346	Communications Equipment	887,451	-	887,451	915,427	27,976
347	Miscellaneous Equipment	108,398	-	108,398	112,162	3,764
347.2	Miscellaneous Equipment - CNG	111,528	-	111,528	119,082	7,553
348	Other Tangible Plant	246,195	-	246,195	251,608	5,413
	TOTALS	\$ 24,813,749	\$ 53,413	\$ 24,867,162	\$ 24,739,181	\$ (127,981)

45 SUPPORTING SCHEDULE

46 B-2, pages 4.1
 47 B-2, pages 3.4 through 3.14

RECAP SCHEDULES:

B-2, page 4

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Original Cost Rate Base Proforma Adjustments
 Adjustment 3

Exhibit
 Schedule B-2
 Page 5
 Witness: Bourassa

Contributions-in-Aid of Construction (CIAC) and Accumulated Amortization

Line
No.
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	<u>Gross CIAC</u>	<u>Accumulated Amortization</u>
Computed balance at End of Test Year	\$ 10,040,848	\$ 1,832,664
Book balance at End of Test Year	<u>\$ 8,930,092</u>	<u>\$ 2,119,066</u>
Increase (decrease)	\$ 1,110,756	\$ (286,401)
Adjustment to CIAC/AA CIAC	<u>\$ 1,110,756</u>	<u>\$ 286,401</u>
Label	3a	3b

SUPPORTING SCHEDULES
 E-1
 B-2, page 5.1 to 5.4

RECAP SCHEDULES:
 B-2, page 2

Line No.	2018		2019		2020		2021	
	Additions	Balance 4/30/2023	Additions	Balance 12/31/2019	Additions	Balance 12/31/2020	Additions	Balance 12/31/2021
1								
2								
3								
4								
5	-	6,335,345	941,855	7,277,200	1,340,531	8,617,731	312,361	8,930,091
6								
7								
8			941,855		1,340,531		312,361	
9								
10								
11								
12								
13								
14	\$ -		\$ 941,855		\$ 1,340,531		\$ 312,361	
15								
16								
17								
18								
19								
20								
21								
22								
23								
Amortization Decision								
Amortization Rate		3.56%		3.59%		3.63%		3.62%
Amortization		225,501		72,670		312,733		323,154
Accumulated Amortization		995,168		410,660		723,393		1,046,546
Net CIAC	-	5,340,177	941,855	6,866,540	1,340,531	7,894,338	312,361	7,883,545

Line No.	2022		2023		PTY	
	Additions	Balance 12/31/2022	Additions	Balance 4/30/2023	Additions	PTY
1						
2						
3						
4						
5	-	8,930,091	-	8,930,091	1,110,757	10,040,848
6						
7						
8						
9						
10						
11						
12						
13					1,110,757	
14	\$ -		\$ -		\$ 1,110,757	
15						
16						
17						
18		3.59%		1.17%		3.59%
19		320,956		104,284		360,878
20		1,367,502		1,471,787		1,832,664
21						
22	-	7,562,589	-	7,458,304	1,110,757	8,208,183
23						

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended April 30, 2023
Original Cost Rate Base Proforma Adjustments
Adjustment 4
Advances-in-Aid of Construction (AIAC)

Exhibit
Schedule B-2
Page 6
Witness: Bourassa

Line
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Computed balance at End of Test Year	\$ 4,342,794
Book balance at End of Test Year	<u>\$ 4,333,016</u>
Increase (decrease)	\$ 9,778

SUPPORTING SCHEDULES
E-1
B-2, page 6.1

RECAP SCHEDULES:
B-2, page 2

- Line
- No.
- 1
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- 4
- 5 AIAC
- 6 Details
- 7
- 8 Additions
- 9 Refunds
- 10 AIAC to CIAC
- 11 Expired AIAC
- 12 RC True Up
- 13
- 14 Total AIAC
- 15
- 16
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Decision (1) Balance 12/31/2014	2015		2016		2017		2018	
	Activity	Balance 12/31/2015	Activity	Balance 12/31/2016	Activity	Balance 12/31/2017	Activity	Balance 12/31/2018
8,595,621	-	8,571,636	-	7,944,783	-	6,814,236	-	6,837,293
	78,793		3,039,571		460,790		58,855	
	(102,778)		(97,653)		(36,913)		(35,799)	
			(3,568,772)		(1,554,422)			
8,595,621	(23,985)	8,571,636	(626,854)	7,944,783	(1,130,546)	6,814,236	23,056	6,837,293

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Advances-in-Aid of Construction (AIAC)

Exhibit
 Schedule B-2
 Page 6.2
 Witness: Bourassa

Line
 No.
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	2019		2020		2021		2022	
	Balance		Balance		Balance		Balance	
	Activity	12/31/2019	Activity	12/31/2020	Activity	12/31/2021	Activity	12/31/2022
5 AIAC	-	5,997,258	-	4,635,508	-	4,358,382	-	4,342,794
6 Details								
8 Additions	134,814		-		52,363			
9 Refunds	(32,994)		(21,220)		(17,129)		(15,587)	
10 AIAC to CIAC	(941,855)		(1,340,531)		(312,361)			
11 Expired AIAC								
12 RC True Up								
14 Total AIAC	(840,034)	5,997,258	(1,361,751)	4,635,508	(277,126)	4,358,382	(15,587)	4,342,794

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Original Cost Rate Base Proforma Adjustments
 Adjustment 5

Exhibit
 Schedule B-2
 Page 7.0
 Witness: Bourassa

Line

No.
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Deferred Income Tax as of April 30, 2023

		Water & Sewer Adjusted Book Value	Water & Sewer Tax Value	Probability of Realization of Future Tax Benefit	Deductible TD (Taxable TD) Expected to be Realized	Effective Tax Rate	Future Tax Asset Current	Non Current	Future Tax Liability Current	Non Current
	Plant-in-Service	\$ 49,881,932 ¹								
	Accum. Deprec.	(24,739,181) ¹								
	CIAC	(11,248,139) ³								
	Fed. Fixed Assets	\$ 13,894,612	\$ 10,170,472 ²	100.0%	\$ (3,724,140)	19.97%				(743,748)
	State Fixed Assets	\$ 13,894,612	\$ 14,462,670 ²	100.0%	\$ 568,058	4.900%		27,835		-
	Fed & State AIAC		1,302,838 ⁴	100.0%	\$ 1,302,838 ⁴	24.871%		\$ 324,029		
							\$ -	\$ 351,864	\$ -	\$ (743,748)
	Net Asset (Liability)						\$ (391,884)			
	Allocation Factor							1.0000		
	Net Asset (Liability) Water Division						\$ (391,884)			
	Allocated Corporate ADIT ⁵						\$ (222,232)			
	Total Asset (Liability) Water Division						\$ (614,116)			
	DIT Asset (Liability) per Books						\$ (1,894,644)			
	Adjustment to DIT						\$ (1,280,527)			

Footnotes - See page 7.1

RECAP SCHEDULES:
 B-2, page 2

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Original Cost Rate Base Proforma Adjustments
 Adjustment 5

Exhibit
 Schedule B-2
 Page 7.1
 Witness: Bourassa

Line
No.

¹ Per adjusted book balances, land not included and corporate plant not included

PIS per Schedule B-2, page 2	\$ 50,832,211
Land and Land Rights	(695,704)
Organizational and Franchise	(171,487)
Historical AFUDC Equity	<u>(83,088)</u>
Total	<u>\$ 49,881,932</u>

² Computation of Net Tax Value April 30, 2023

Tax Basis

Adjusted Cost at December 31, 2022 per federal and state tax depr. report
 Reconciling Items not on tax report:
 Land on Tax and not on included in adjusted plant balance
 Plant adds from 1/1/2023 to 4/30/2023
 PTY Plant
 Acct 105/106 - 2022 Plant not Included on Tax as of 2022

Net Unadjusted Cost tax Basis at April 30, 2023

Reductions

Adjusted A/D at December 31, 2022 per federal and state tax depr. report
 Depreciation from 1/1/2023 to 4/30/2023 on 2022 and prior plant
 Depreciation from 1/1/2023 to 4/30/2023 on 2023 plant
 PTY Plant Depreciation

Net Reductions through April 30, 2023

Net tax value of plant-in-service at April 30, 2023

	FEDERAL	STATE
Adjusted Cost at December 31, 2022 per federal and state tax depr. report	\$ 24,575,149	\$ 32,521,962
Land on Tax and not on included in adjusted plant balance		
Plant adds from 1/1/2023 to 4/30/2023	-	-
PTY Plant	2,215,320	2,215,320
Acct 105/106 - 2022 Plant not Included on Tax as of 2022	1,030,501	1,030,501
Net Unadjusted Cost tax Basis at April 30, 2023	\$ 27,820,970	\$ 35,767,783
<u>Reductions</u>		
Adjusted A/D at December 31, 2022 per federal and state tax depr. report	\$ (17,358,092)	\$ (20,922,033)
Depreciation from 1/1/2023 to 4/30/2023 on 2022 and prior plant	(225,997)	(316,671)
Depreciation from 1/1/2023 to 4/30/2023 on 2023 plant	-	-
PTY Plant Depreciation	(66,410)	(66,410)
Net Reductions through April 30, 2023	(17,650,499)	(21,305,113)
Net tax value of plant-in-service at April 30, 2023	\$ 10,170,472	\$ 14,462,670

³ CIAC (including impact of change to probability of realization)

Gross CIAC per adjusted book balances
 CIAC reductions/additions
 A.A per adjusted book balances

Net CIAC before unrealized AIAC

Unrealized AIAC Component

AIAC per adjusted book balances
 Adjusted Net AIAC (see footnote 5 below)
 Unrealized AIAC Component % (1-Realized AIAC Component)

Total realizable CIAC

⁴ AIAC (including impact of change in probability of realization)

AIAC per adjusted book balances
 Less: Unrealized AIAC (from Note 3, above)

Subtotal
 Meter and Service Line Installation Charges per adjusted book balances
 Total realizable AIAC

⁵ See work papers

Gross CIAC per adjusted book balances	\$ 10,040,848
CIAC reductions/additions	-
A.A per adjusted book balances	<u>(1,832,664)</u>
Net CIAC before unrealized AIAC	\$ 8,208,183
Unrealized AIAC Component	
AIAC per adjusted book balances	\$ 4,342,794
Adjusted Net AIAC (see footnote 5 below)	70.0%
Unrealized AIAC Component % (1-Realized AIAC Component)	<u>\$ 3,039,956</u>
Total realizable CIAC	\$ 11,248,139
AIAC (including impact of change in probability of realization)	
AIAC per adjusted book balances	\$ 4,342,794
Less: Unrealized AIAC (from Note 3, above)	<u>\$ (3,039,956)</u>
Subtotal	\$ 1,302,838
Meter and Service Line Installation Charges per adjusted book balances	-
Total realizable AIAC	\$ 1,302,838

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Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Original Cost Rate Base Proforma Adjustments
 Adjustment 6
Excess Accumulated Deferred Income Tax EADIT

Exhibit
 Schedule B-2
 Page 8
 Witness: Bourassa

Line				
<u>No.</u>				
1				
2				
3				
4	Accumulated Deferred Income Tax Under Prior Tax Rates - Asset (Liability)			\$ (830,900)
5				
6	Accumulated Deferred Income Tax Under New Tax Rates - Asset (Liability)			<u>\$ (455,012)</u>
7				
8	Excess Accumulated Deferred Income Tax EADIT			\$ (375,888)
9				
10	TY EADIT Balance			<u>\$ -</u>
11				
12	Adjustment to EADIT Asset (Liability)			\$ (375,888)
13				
14		Rate	<u>Years</u>	
15	EADIT Amortization	4.58%	5.333	\$ <u>91,811</u>
16				
17	Net Adjustment to EADIT Asset (Liability)			<u>\$ (284,077)</u>
18				
19				
20	Adjustment to EADIT on Schedule B-2, page 2			<u>\$ 284,077</u>
21				
22				
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 (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Cash Working Capital

Exhibit
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	Lead/Lag Factor	Cash Working Capital Required
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
			Col. C	Col. D	Col. C - Col. D	Col. E/365	Col. B * Col. F
7	OPERATING EXPENSES						
8	Salaries and Wages	\$ -	51.76	-	51.76	0.14180368	\$ -
9	Purchased Water	1,154	51.76	59.31	(7.55)	(0.02068947)	(24)
10	Purchased Power	682,796	51.76	14.98	36.78	0.10076259	68,800
11	Chemicals	33,369	51.76	(0.69)	52.45	0.14369409	4,795
12	Fuel for Power Production	-	51.76	-	51.76	0.14180368	-
13	Materials and Supplies	62,220	51.76	40.03	11.73	0.03213245	1,999
14	Contractual Services - Engineering	-	51.76	37.22	14.54	0.03983108	-
15	Contractual Services - Accounting	43,224	51.76	37.22	14.54	0.03983108	1,722
16	Contractual Services - Legal	3,977	51.76	67.03	(15.27)	(0.04184015)	(166)
17	Contractual Services - Management	1,376,292	51.76	35.00	16.76	0.04591327	63,190
18	Contractual Services - Testing	24,566	51.76	29.38	22.38	0.06131053	1,506
19	Contractual Services - Other	1,436,620	51.76	36.34	15.42	0.04224204	60,686
20	Rental of Building/Real Property	16,551	51.76	35.00	16.76	0.04591327	760
21	Rental of Equipment	3,313	51.76	4.08	47.68	0.13062560	433
22	Transportation	107,791	51.76	55.70	(3.94)	(0.01079906)	(1,164)
23	Insurance - Vehicle	-	51.76	(182.50)	234.26	0.64180368	-
24	Insurance - General Liability	88,630	51.76	(182.50)	234.26	0.64180368	56,883
25	Advertising Expense	6,705	51.76	25.65	26.11	0.07152971	480
26	Water Conservation Expense	72,250	51.76	3.78	47.98	0.13144752	9,497
27	Miscellaneous	147,757	51.76	33.23	18.53	0.05076259	7,501
28	Customer Deposit Interest	14,728	51.76	184.36	(132.60)	(0.36329221)	(5,350)
31	TAXES						
32	General Taxes-Property ¹	238,947	51.76	213.96	(162.20)	(0.44438353)	\$ (106,184)
33	General Taxes-Other	-	51.76	-	51.76	0.14180368	-
34	Income Tax ¹	308,303	51.76	37.00	14.76	0.04043382	12,466
36	OTHER						
39	TOTAL	<u>\$ 4,669,192</u>			WORKING CASH REQUIREMENT		<u>\$ 177,828</u>

¹At proposed rates.

SUPPORTING SCHEDULES

Work papers

RECAP SCHEDULES:

B-2, page 2

SCHEDULE C

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended April 30, 2023
Income Statement

Exhibit
Schedule C-1
Page 1
Witness: Bourassa

Line No.		Test Year Book Results	Adjustment	Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	Revenues					
2	Water Revenues	\$ 5,510,024	\$ 287,688	\$ 5,797,712	\$ 1,748,942	\$ 7,546,654
3	Other Water Revenues	89,657	-	89,657	-	89,657
4	Total Operating Revenues	<u>\$ 5,599,680</u>	<u>\$ 287,688</u>	<u>\$ 5,887,369</u>	<u>\$ 1,748,942</u>	<u>\$ 7,636,311</u>
5	Operating Expenses					
6	Salaries and Wages	\$ -	-	\$ -	-	\$ -
7	Purchased Water	1,154	-	1,154	-	1,154
8	Purchased Power	680,863	1,933	682,796	-	682,796
9	Chemicals	33,390	(21)	33,369	-	33,369
10	Fuel for Power Production	-	-	-	-	-
11	Materials and Supplies	62,220	-	62,220	-	62,220
12	Contractual Services - Engineering	-	-	-	-	-
13	Contractual Services - Accounting	43,224	-	43,224	-	43,224
14	Contractual Services - Legal	22,142	(18,164)	3,977	-	3,977
15	Contractual Services - Management	1,135,567	240,725	1,376,292	-	1,376,292
16	Contractual Services - Testing	24,566	-	24,566	-	24,566
17	Contractual Services - Other	1,446,301	(9,681)	1,436,620	-	1,436,620
18	Rental of Building/Real Property	16,551	-	16,551	-	16,551
19	Rental of Equipment	3,313	-	3,313	-	3,313
20	Transportation Expense	107,791	-	107,791	-	107,791
21	Insurance - Vehicle	-	-	-	-	-
22	Insurance - General Liability	88,630	-	88,630	-	88,630
23	Advertising Expense	6,705	-	6,705	-	6,705
24	Reg. Commission Exp. - Rate Case	3,048	(3,048)	-	-	-
25	Reg. Commission Exp. - Other	-	-	-	-	-
26	Water Conservation Expense	47,309	24,941	72,250	-	72,250
27	Bad Debt Expense	8,010	23,572	31,581	9,382	40,963
28	Miscellaneous	147,757	158	147,915	-	147,915
29	Depreciation & Amortization	1,320,038	198,394	1,518,431	-	1,518,431
30	Taxes Other Than Income	-	-	-	-	-
31	Property Taxes	285,680	(68,569)	217,111	21,836	238,947
32	Income Tax	14,102	(133,014)	(118,912)	427,215	308,303
33	Customer Deposit Interest	12,813	-	12,813	-	12,813
34	Total Operating Expenses	<u>\$ 5,511,173</u>	<u>\$ 257,225</u>	<u>\$ 5,768,398</u>	<u>\$ 458,433</u>	<u>\$ 6,226,830</u>
35	Operating Income	<u>\$ 88,508</u>	<u>\$ 30,464</u>	<u>\$ 118,971</u>	<u>\$ 1,290,509</u>	<u>\$ 1,409,480</u>
36	Other Income (Expense)					
37	Interest and Dividend Income	11,658	-	11,658	-	11,658
38	AFUDC Income	38,702	-	38,702	-	38,702
39	Miscellaneous Non-Utility Expenses	(45,731)	-	(45,731)	-	(45,731)
40	Interest Expense	-	(478,174)	(478,174)	-	(478,174)
41		-	-	-	-	-
42	Total Other Income (Expense)	<u>\$ 4,629</u>	<u>\$ (478,174)</u>	<u>\$ (473,545)</u>	<u>\$ -</u>	<u>\$ (473,545)</u>
43	Net Profit (Loss)	<u>\$ 93,137</u>	<u>\$ (447,711)</u>	<u>\$ (354,574)</u>	<u>\$ 1,290,509</u>	<u>\$ 935,935</u>

44
45 SUPPORTING SCHEDULES:

46 C-1, page 2

47 E-2

48

RECAP SCHEDULES:

A-1

Liberty Utilities (Bella Vista Water) Corp.
 dba Liberty Utilities
 Test Year Ended April 30, 2023
 Income Statement

Exhibit
 Schedule C-1
 Page 2.1
 Witness: Bourassa

Line No.	LABEL>>>>> Test Year Book Results	1 Depreciation	2 Property Taxes	3 Rate Case Expense	4 Revenue Annualization	5 Tax Reform Credit Reversal	6 Revenue Accrual Correction	7 Bad Debt Expense	8 Customer First Operating Expense	
1	Revenues									
2	Water Revenues	\$ 5,510,024			\$ 16,916	214,773	\$ 56,000			
3	Other Water Revenues	89,657								
4	Total Operating Revenues	\$ 5,599,680	\$ -	\$ -	\$ -	\$ 16,916	\$ 214,773	\$ 56,000	\$ -	
5	Operating Expenses									
6	Salaries and Wages	\$ -								
7	Purchased Water	1,154								
8	Purchased Power	680,863			2,165					
9	Chemicals	33,390			106					
10	Fuel for Power Production	-								
11	Materials and Supplies	62,220								
12	Contractual Services - Engineering	-								
13	Contractual Services - Accounting	43,224								
14	Contractual Services - Legal	22,142								
15	Contractual Services - Management	1,135,567							128,743	
16	Contractual Services - Testing	24,566								
17	Contractual Services - Other	1,446,301								
18	Rental of Building/Real Property	16,551								
19	Rental of Equipment	3,313								
20	Transportation Expense	107,791								
21	Insurance - Vehicle	-								
22	Insurance - General Liability	88,630								
23	Advertising Expense	6,705								
24	Reg. Commission Exp. - Rate Case	3,048		(3,048)						
25	Reg. Commission Exp. - Other	-								
26	Water Conservation Expense	47,309								
27	Bad Debt Expense	8,010						23,572		
28	Miscellaneous	147,757				158				
29	Depreciation & Amortization	1,320,038	198,394							
30	Taxes Other Than Income	-								
31	Property Taxes	285,680	(68,569)							
32	Income Tax	14,102								
33	Customer Deposit Interest	12,813								
34	Total Operating Expenses	\$ 5,511,173	\$ 198,394	\$ (68,569)	\$ (3,048)	\$ 2,429	\$ -	\$ -	\$ 23,572	\$ 128,743
35	Operating Income	\$ 88,508	\$ (198,394)	\$ 68,569	\$ 3,048	\$ 14,487	\$ 214,773	\$ 56,000	\$ (23,572)	\$ (128,743)
36	Other Income (Expense)									
37	Interest and Dividend Income	11,658								
38	AFUDC Income	38,702								
39	Miscellaneous Non-Utility Expenses	(45,731)								
40	Interest Expense	-								
41		-								
42	Total Other Income (Expense)	\$ 4,629	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
43	Net Profit (Loss)	\$ 93,137	\$ (198,394)	\$ 68,569	\$ 3,048	\$ 14,487	\$ 214,773	\$ 56,000	\$ (23,572)	\$ (128,743)

44
 45 SUPPORTING SCHEDULES:
 46 C-2
 47 E-2

Liberty Utilities (Bella Vista Water) Corp.
 dba Liberty Utilities
 Test Year Ended April 30, 2023
 Income Statement

Exhibit
 Schedule C-1
 Page 2.2
 Witness: Bourassa

Line No.		<u>9</u> Cyber Security Operating Expense	<u>10</u> Conservation Programs	<u>11</u> Other Expense	<u>12</u> Labor Adjustment	<u>13</u> Interest Synch.	<u>14</u> Income Taxes	Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	Revenues									
2	Water Revenues							\$ 5,797,712	\$ 1,748,942	\$ 7,546,654
3	Other Water Revenues							89,657		89,657
4	Total Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,887,369	\$ 1,748,942	\$ 7,636,311
5	Operating Expenses									
6	Salaries and Wages							\$ -		\$ -
7	Purchased Water							1,154		1,154
8	Purchased Power			(231)				682,796		682,796
9	Chemicals			(128)				33,369		33,369
10	Fuel for Power Production							-		-
11	Materials and Supplies							62,220		62,220
12	Contractual Services - Engineering							-		-
13	Contractual Services - Accounting							43,224		43,224
14	Contractual Services - Legal			(18,164)				3,977		3,977
15	Contractual Services - Management	37,625			74,358			1,376,292		1,376,292
16	Contractual Services - Testing							24,566		24,566
17	Contractual Services - Other			(9,681)				1,436,620		1,436,620
18	Rental of Building/Real Property							16,551		16,551
19	Rental of Equipment							3,313		3,313
20	Transportation Expense							107,791		107,791
21	Insurance - Vehicle							-		-
22	Insurance - General Liability							88,630		88,630
23	Advertising Expense							6,705		6,705
24	Reg. Commission Exp. - Rate Case							-		-
25	Reg. Commission Exp. - Other							-		-
26	Water Conservation Expense		24,941					72,250		72,250
27	Bad Debt Expense							31,581	9,382	40,963
28	Miscellaneous							147,915		147,915
29	Depreciation & Amortization							1,518,431		1,518,431
30	Taxes Other Than Income							-		-
31	Property Taxes							217,111	21,836	238,947
32	Income Tax						(133,014)	(118,912)	427,215	308,303
33	Customer Deposit Interest							12,813		12,813
34	Total Operating Expenses	\$ 37,625	\$ 24,941	\$ (28,205)	\$ 74,358	\$ -	\$ (133,014)	\$ 5,768,398	\$ 458,433	\$ 6,226,830
35	Operating Income	\$ (37,625)	\$ (24,941)	\$ 28,205	\$ (74,358)	\$ -	\$ 133,014	\$ 118,971	\$ 1,290,509	\$ 1,409,480
36	Other Income (Expense)									
37	Interest and Dividend Income							11,658		11,658
38	AFUDC Income							38,702		38,702
39	Miscellaneous Non-Utility Expenses							(45,731)		(45,731)
40	Interest Expense					(478,174)		(478,174)		(478,174)
41								-		-
42	Total Other Income (Expense)	\$ -	\$ -	\$ -	\$ -	\$ (478,174)	\$ -	\$ (473,545)	\$ -	\$ (473,545)
43	Net Profit (Loss)	\$ (37,625)	\$ (24,941)	\$ 28,205	\$ (74,358)	\$ (478,174)	\$ 133,014	\$ (354,574)	\$ 1,290,509	\$ 935,935

45 SUPPORTING SCHEDULES:
 46 C-2
 47 E-2

RECAP SCHEDULES:
 C-1, page 1

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 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>	
1							
2							
3							
4	<u>Depreciation</u>	<u>Property Taxes</u>	<u>Rate Case Expense</u>	<u>Revenue Annualization</u>	<u>Tax Reform Credit Reversal</u>	<u>Revenue Accrual Correction</u>	
5	Revenues	-	-	16,916	214,773	56,000	287,688
6	Expenses	198,394	(68,569)	(3,048)	2,429	-	129,205
7							
8	Operating Income	(198,394)	68,569	3,048	14,487	214,773	158,483
9							
10							
11	Interest Expense						-
12	Other Income / Expense						-
13							
14							
15							
16							
17	Net Income	(198,394)	68,569	3,048	14,487	214,773	158,483
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38	Net Income	(23,572)	(128,743)	(37,625)	(24,941)	28,205	(102,550)
39							
40							
41							
42							
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55							
56							
57							
58							
59	Net Income	-	-	(478,174)	133,014	-	(447,711)

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Adjustments to Revenues and Expenses
 Adjustment Number 1

Exhibit
 Schedule C-2
 Page 2
 Witness: Bourassa

Depreciation Expense

Line No.	Acct. No.	Description	Adjusted Original Cost	Non-Depr. and Fully Depr. Plant	Depreciable Original Cost	Proposed Rates	Depreciation Expense
1	106	Construction Completed Not Classified	\$ -	\$ -	\$ -	0.00%	\$ -
2	301	Organization Cost	-	-	-	0.00%	-
2	302	Franchise Cost	171,487	(171,487)	-	0.00%	-
3	303	Land and Land Rights	695,704	(695,704)	-	0.00%	-
4	304	Structures and Improvements	4,253,358		4,253,358	3.33%	141,637
5	305	Collecting and Impounding Res.	46,813		46,813	2.50%	1,170
6	306	Lake River and Other Intakes	-		-	2.50%	-
7	307	Wells and Springs	1,774,962		1,774,962	3.33%	59,106
8	308	Infiltration Galleries and Tunnels	-		-	6.67%	-
9	309	Supply Mains	421,529		421,529	2.00%	8,431
10	310	Power Generation Equipment	330,135		330,135	5.00%	16,507
11	311	Electric Pumping Equipment	5,548,739	(2,871,970)	2,676,769	12.50%	334,596
12	320	Water Treatment Equipment	-		-	3.33%	-
13	320.1	Water Treatment Plant	89,253		89,253	3.33%	2,972
14	320.2	Chemical Solution Feeders	165,725	(51,307)	114,418	20.00%	22,884
15	330	Dist. Reservoirs & Standpipe	4,400		4,400	2.22%	98
16	330.1	Storage tanks	3,634,403		3,634,403	2.22%	80,684
17	330.2	Pressure Tanks	523,660		523,660	5.00%	26,183
18	331	Trans. and Dist. Mains	19,350,661		19,350,661	2.00%	387,013
19	333	Services	4,045,997		4,045,997	3.33%	134,732
20	334	Meters	3,793,511	(910,301)	2,883,210	8.33%	240,171
21	335	Hydrants	1,754,371		1,754,371	2.00%	35,087
22	336	Backflow Prevention Devices	-		-	6.67%	-
23	339	Other Plant and Misc. Equip.	189,281		189,281	6.67%	12,625
24	340	Office Furniture and Fixtures	185,279	(135,155)	50,123	6.67%	3,343
25	340.1	Computers and Software	459,182	(198,008)	261,174	20.00%	52,235
26	341	Transportation Equipment	692,552	(490,666)	201,886	20.00%	40,377
27	342	Stores Equipment	-		-	4.00%	-
28	343	Tools and Work Equipment	604,834	(9,411)	595,422	5.00%	29,771
29	344	Laboratory Equipment	3,285		3,285	10.00%	329
30	345	Power Operated Equipment	101,350		101,350	5.00%	5,068
31	346	Communications Equipment	1,158,286	(409,895)	748,390	10.00%	74,839
32	347	Miscellaneous Equipment	112,389	(111,235)	1,154	10.00%	115
33	347	Miscellaneous Equipment -CNG	456,709		456,709	3.33%	15,208
34	348	Other Tangible Plant	264,358	(155,378)	108,980	10.00%	10,898
35		SUBTOTAL	\$ 50,832,211	\$ (6,210,518)	\$ 44,621,693		\$ 1,736,079
36							
37							
38	903	Land and Land Rights	\$ 12,972	\$ (12,972)	\$ -	0.00%	\$ -
39	904	Structures and Improvments	428,987		428,987	2.56%	10,982
40	940	Office Furniture and Fixtures	58,688		58,688	6.67%	3,914
41	940.1	Computers and Software	160,404		160,404	20.00%	32,081
42	940.2	Customer First	2,812,488		2,812,488	5.00%	140,624
43	955	Power Generation	315		315	5.00%	16
44	995	Power Operated Equipment	52,123		52,123	5.00%	2,606
45			-		-		
46		TOTALS	\$ 54,358,188	\$ (6,223,490)	\$ 48,134,698		\$ 1,926,302
47							
48							
49		Less: Amortization of Contributions			\$ 10,040,848	3.8907%	\$ (390,655)
50		Amortization of CIAC Gross-up			-	3.8907%	-
51		Amortization of EADIT			375,888	4.5800%	(17,216)
52							
53							\$ (407,871)
54		Total Depreciation Expense					\$ 1,518,431
55							
56		Adjusted Test Year Depreciation Expense					1,320,038
57							
58		Increase (decrease) in Depreciation Expense					198,394
59							
60		Adjustment to Revenues and/or Expenses					\$ 198,394
61							
62		<u>SUPPORTING SCHEDULE</u>					
63		B-2, page 3					

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 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	\$ 5,887,369	\$ 5,887,369
2	Weight Factor	<u>2</u>	<u>2</u>
3	Subtotal (Line 1 * Line 2)	11,774,738	11,774,738
4	Company Recommended Revenue	5,887,369	7,636,311
5	Subtotal (Line 4 + Line 5)	17,662,107	19,411,049
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	5,887,369	6,470,350
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	11,774,738	12,940,699
10	Plus: 10% of CWIP (intentionally excluded)	-	-
11	Less: Net Book Value of Licensed Vehicles	181,697	181,697
12	Full Cash Value (Line 9 + Line 10 - Line 11)	11,593,041	12,759,002
13	Assessment Ratio	17.0%	17.0%
14	Assessment Value (Line 12 * Line 13)	1,970,817	2,169,030
15	Composite Property Tax Rate - Obtained from ADOR	11.0163%	11.0163%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$ 217,111	\$ 238,947
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	<u>\$ 217,111</u>	
19	Test Year Property Taxes	<u>\$ 285,680</u>	
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	<u><u>\$ (68,569)</u></u>	
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		<u>\$ 238,947</u>
23	Company Test Year Adjusted Property Tax Expense (Line 18)		<u>\$ 217,111</u>
24	Increase in Property Tax Due to Increase in Revenue Requirement		<u><u>\$ 21,836</u></u>
25			
26	Increase in Property Tax Due to Increase in Revenue Requirement (Line 24)		\$ 21,836
27	Increase in Revenue Requirement		\$ 1,748,942
28	Increase in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		1.24851%
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended April 30, 2023
Adjustment to Revenues and Expenses
Adjustment Number 3

Exhibit
Schedule C-2
Page 4
Witness: Bourassa

Rate Case Expense

Line

No.

1			
2	Remove TY Rate Case expense	\$	(3,048)
3			
4	Adjustment to Revenue and/or Expense	\$	<u>(3,048)</u>
5			
6			
7	<u>Proposed Rate Case Expense Surcharge</u>		
8			
9	Estimated Rate Case Expense	\$	311,241
10			
11	Estimated Amortization Period in Years		3
12			
13	Annual Rate Case Expense	\$	103,747
14			
15	YE number of customers (excluding private fire)		10,549
16			
17	Monthly Surcharge	\$	0.82
18			
19			
20			
21			
22	<u>Reference</u>		
23	Testimony		
24			
25			

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Adjustment to Revenues and Expenses
 Adjustment Number 4

Exhibit
 Schedule C-2
 Page 5
 Witness: Bourassa

Revenue Annualization

Line			
<u>No.</u>			
1			
2			
3			
4	Revenue Annualization	\$	16,916
5			
6			
7			
8	Total Revenue from Annualization	<u>\$</u>	<u>16,916</u>
9			
10	Purchased Power Expense	\$	680,863
11	Gallons Sold During Test Year (in 1,000s)		1,056,432
12	Cost per 1,000 gallons	\$	0.6445
13			
14	Additional Gallons Sold from Annualization (in 1,000s)		3,359
15			
16	Increase (decrease) in Purchased Power	<u>\$</u>	<u>2,165</u>
17			
18	TY Chemicals Expense	\$	33,390
19	Gallons Sold During Test Year (in 1,000s)		1,056,432
20	Cost per 1,000 gallons	\$	0.0316
21			
22	Additional Gallons Sold from Annualization (in 1,000s)		3,359
23			
24	Increase (decrease) in Chemicals Expense	<u>\$</u>	<u>106</u>
25			
26	Additional billings from annualization		239
27	Postage rate	\$	0.66
28			
29	Increase (decrease) in Miscellaneous Expense	<u>\$</u>	<u>158</u>
30			
31			
32	Adjustment to Revenue and/or Expense	<u>\$</u>	<u>14,487</u>
33			
34	<u>SUPPORTING SCHEDULES</u>		
35	Work papers		
36	H-1		
37			

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended April 30, 2023
Adjustment to Revenues and Expenses
Adjustment Number 5

Exhibit
Schedule C-2
Page 6
Witness: Bourassa

Tax Reform Credit

Line
No.
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23
24

Reverse Tax Reform Credit

\$ 214,773

Adjustment to Revenues

\$ 214,773

Adjustment to Revenue and/or Expense

\$ 214,773

Reference

Testimony

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended April 30, 2023
Adjustment to Revenues and Expenses
Adjustment Number 6

Exhibit
Schedule C-2
Page 7
Witness: Bourassa

Revenue Accrual Correction

Line

No.

1	Correct Revenue Accrual Adjustment	\$	56,000
2			
3			
4			
5	Adjustment to Revenues	<u>\$</u>	<u>56,000</u>
6			
7			
8	Adjustment to Revenue and/or Expense	<u>\$</u>	<u>56,000</u>
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20	<u>Reference</u>		
21	Testimony		
22	H-1		
23			
24			

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Adjustment to Revenues and Expenses
 Adjustment Number 7

Exhibit
 Schedule C-2
 Page 8
 Witness: Bourassa

Bad Debt Expense

Line No.	<u>Revenues</u>	<u>Bad Debt Expense</u>	<u>Rate</u>	<u>Proposed Rate</u>
1	\$ 6,050,889	\$ 47,803	0.790%	
2	\$ 5,786,032	\$ 39,127	0.676%	
3	\$ 5,599,680	\$ 8,010	0.143%	
4				
5	Average of three year's of bad debt expense rate		0.536%	0.536%
6				
7			<u>Adjusted TY</u>	<u>Proposed</u>
8				
9	Revenues		\$ 5,887,369	\$ 7,636,311
10				
11	Computed Bad Debt Expense		\$ 31,581	\$ 40,963
12				
13				
14	Computed Bad Debt Expense		\$ 31,581	
15	Test Year Bad Debt Expense		8,010	
16	Change in Bad Debt Expense		<u>\$ 23,572</u>	
17				
18	Bad Debt Expense on Company recommended revenue			\$ 40,963
19	Company Test Year Adjusted Bad Debt Expense			<u>\$ 31,581</u>
20	Increase in Bad Debt due to Increase in Revenue Requirement			<u>\$ 9,382</u>
21				
22	Increase in Bad Debt Expense Due to Increase in Revenue Requirement			\$ 9,382
23	Increase in Revenue Requirement			\$ 1,748,942
24	Increase in Bad Debt Expense Per Dollar Increase in Revenue			0.53643%

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended April 30, 2023
Adjustment to Revenues and Expenses
Adjustment Number 8

Exhibit
Schedule C-2
Page 9
Witness: Bourassa

Corporate Customer First Operating Expense

Line
No.

1		
2	<u>Corporate Allocation Adjustment</u>	
3		
4	Increase (decrease) in Contractual Services - Management	\$ 128,743
5		
6		
7		
8		
9		
10	Adjustment to Revenue and/or Expense	<u>\$ 128,743</u>
11		
12		
13		
14		
15		
16		
17		
18	<u>Reference</u>	
19	Testimony	
20	Work Papers	

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended April 30, 2023
Adjustment to Revenues and Expenses
Adjustment Number 9

Exhibit
Schedule C-2
Page 10
Witness: Bourassa

Cyber Security Operating Expense

Line
No.
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Corporate Allocation Adjustment

Increase (decrease) in Contractual Services - Management

\$ 37,625

Adjustment to Revenue and/or Expense

\$ 37,625

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended April 30, 2023
Adjustment to Revenues and Expenses
Adjustment Number 10

Exhibit
Schedule C-2
Page 11
Witness: Bourassa

Conservation Programs

Line

No.

1	<u>Corporate Allocation Adjustment</u>		
2			
3			
4	Increase (decrease) in Water Conservation Expense	\$	24,941
5			
6			
7			
8			
9			
10	Adjustment to Revenue and/or Expense	\$	<u>24,941</u>
11			
12			
13			
14			
15			
16			
17			
18	<u>Reference</u>		
19	Testimony		
20	Work Papers		
21			
22			
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25			

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended April 30, 2023
Adjustment to Revenues and Expenses
Adjustment Number 11

Exhibit
Schedule C-2
Page 12
Witness: Bourassa

Other Expense Adjustments

Line

No.

1	<u>Corporate Allocation Adjustment</u>		
2			
3	Increase (decrease) in Purchased Power	\$	(231)
4	Increase (decrease) in Chemicals		(128)
5	Increase (decrease) in Materials & Supplies		-
6	Increase (decrease) in Contractual Services - Legal		(18,164)
7	Increase (decrease) in Contractual Services - Other		(9,681)
8	Increase (decrease) in Equipment Rental		-
9	Increase (decrease) in Transportation Expense		-
10	Increase (decrease) in Advertising Expense		-
11	Increase (decrease) in Miscellaneous Expense		-
12	Total	\$	<u>(28,205)</u>
13			
14			
15	Adjustment to Revenue and/or Expense	\$	<u>(28,205)</u>
16			
17			
18			
19			
20			
21			
22			
23	<u>Reference</u>		
24	Testimony		
25	Work Papers		
26			

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended April 30, 2023
Adjustment to Revenues and Expenses
Adjustment Number 12

Exhibit
Schedule C-2
Page 13
Witness: Bourassa

Labor Expense Adjustments

Line

No.

1	<u>Corporate Allocation Adjustment</u>		
2			
3			
4	Increase (decrease) in Contractual Services - Management	\$	74,358
5	Increase (decrease) in Contractual Services - Other		-
6			
7			
8			
9			
10	Total	<u>\$</u>	<u>74,358</u>
11			
12			
13	Adjustment to Revenue and/or Expense	<u>\$</u>	<u>74,358</u>
14			
15			
16			
17			
18			
19			
20			
21	<u>Reference</u>		
22	Testimony		
23	Work Papers		
24			
25			

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Adjustment to Revenues and Expenses
 Adjustment Number 13

Exhibit
 Schedule C-2
 Page 14
 Witness: Bourassa

Interest Synchronization

Line
No.

1			
2			
3			
4	Fair Value Rate Base	\$ 15,750,144	
5	Weighted Cost of Debt	3.04%	
6	Interest Expense		\$ 478,174
7			
8	Test Year Interest Expense		<u>\$ -</u>
9			
10	Increase (decrease) in Interest Expense		478,174
11			
12			
13			
14	Adjustment to Revenue and/or Expense		<u><u>\$ (478,174)</u></u>

15
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Weighted Cost of Debt Computation

	<u>Percent</u>	<u>Cost</u>	Weighted <u>Cost</u>
Debt	46.00%	6.60%	3.04%
Equity	<u>54.00%</u>	10.95%	<u>5.91%</u>
Total	100.00%		8.95%

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Adjustment to Revenues and/or Expenses
 Adjustment Number 14

Exhibit
 Schedule C-2
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 Witness: Bourassa

Line
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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
	\$ (118,912)	\$ 308,303
	-	(118,912)
	<u>\$ (118,912)</u>	<u>\$ 427,215</u>

SUPPORTING SCHEDULE

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Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Computation of Gross Revenue Conversion Factor

Exhibit
 Schedule C-3
 Page 1
 Witness: Bourassa

Line No.	<u>Description</u>	Percentage of Incremental Gross <u>Revenues</u>
1	Combined Federal and State Effective Income Tax Rate	24.871%
2		
3	Uncollectible Factor	0.403%
4		
5	Property Tax Factor	<u>0.938%</u>
6		
7		
8	Total Tax Percentage	26.212%
9		
10	Operating Income % = 100% - Tax Percentage	73.788%
11		
12		
13		
14		
15	<u>1</u> = Gross Revenue Conversion Factor	
16	Operating Income %	1.3552
17		
18		
19		
20		
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25		
26		
27	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>
28	C-3, page 2	A-1
29		
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GROSS REVENUE CONVERSION FACTOR

Line No.	Description	(A)	(B)	(C)	(D)	(E)	(F)																																																																																											
<i>Calculation of Gross Revenue Conversion Factor:</i>																																																																																																		
1	Revenue	100.0000%																																																																																																
2	Uncollectible Factor (Line 11)	0.4030%																																																																																																
3	Revenues (L1 - L2)	99.5970%																																																																																																
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	25.8090%																																																																																																
5	Subtotal (L3 - L4)	73.7880%																																																																																																
6	Revenue Conversion Factor (L1 / L5)	1.355234																																																																																																
<i>Calculation of Uncollectible Factor:</i>																																																																																																		
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	0.5364%																																																																																																
11	Uncollectible Factor (L9 * L10)		0.4030%																																																																																															
<i>Calculation of Effective Tax Rate:</i>																																																																																																		
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 x L15)	19.9710%																																																																																																
17	Combined Federal and State Income Tax Rate (L13 +L16)		24.8710%																																																																																															
<i>Calculation of Effective Property Tax Factor</i>																																																																																																		
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	1.2485%																																																																																																
22	Effective Property Tax Factor (L20*L21)		0.9380%																																																																																															
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			25.8090%																																																																																														
24	Required Operating Income (from A-1)	\$ 1,409,480																																																																																																
25	Adjusted Test Year Operating Income (Loss) (from A-1)	\$ 118,971																																																																																																
26	Required Increase in Operating Income (L24 - L25)		\$ 1,290,509																																																																																															
27	Income Taxes on Recommended Revenue (Col. (F), L52)	\$ 308,303																																																																																																
28	Income Taxes on Test Year Revenue (Col. (C), L52)	\$ (118,912)																																																																																																
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 427,215																																																																																															
30	Recommended Revenue Requirement	\$ 7,636,311																																																																																																
31	Uncollectible Rate (Line 10)	0.5364%																																																																																																
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ 40,963																																																																																																
33	Adjusted Test Year Uncollectible Expense	\$ 31,581																																																																																																
34	Required Increase in Revenue to Provide for Uncollectible Exp.		\$ 9,382																																																																																															
35	Property Tax with Recommended Revenue	\$ 238,947																																																																																																
36	Property Tax on Test Year Revenue	\$ 217,111																																																																																																
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		\$ 21,836																																																																																															
38	Total Required Increase in Revenue (L26 + L29 + L37)		\$ 1,748,942																																																																																															
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>(A)</th> <th>(B)</th> <th>(C)</th> <th>(D)</th> <th>(E)</th> <th>(F)</th> </tr> <tr> <th></th> <th colspan="3">Test Year</th> <th colspan="3">Company Recommended</th> </tr> <tr> <th></th> <th>Total</th> <th></th> <th>Water</th> <th>Total</th> <th></th> <th>Water</th> </tr> </thead> <tbody> <tr> <td>39</td> <td>Revenue</td> <td>\$ 5,887,369</td> <td>\$ 5,887,369</td> <td>\$ 7,636,311</td> <td></td> <td>\$ 7,636,311</td> </tr> <tr> <td>40</td> <td>Operating Expenses Excluding Income Taxes</td> <td>5,887,310</td> <td>5,887,310</td> <td>5,918,527</td> <td></td> <td>5,918,527</td> </tr> <tr> <td>41</td> <td>Synchronized Interest (L54)</td> <td>478,174</td> <td>478,174</td> <td>478,174</td> <td></td> <td>478,174</td> </tr> <tr> <td>42</td> <td>Arizona Taxable Income (L39 - L40 - L41)</td> <td>\$ (478,115)</td> <td>\$ (478,115)</td> <td>\$ 1,239,610</td> <td></td> <td>\$ 1,239,609</td> </tr> <tr> <td>43</td> <td>Arizona State Effective Income Tax Rate</td> <td>4.9000%</td> <td>4.9000%</td> <td>4.9000%</td> <td></td> <td>4.9000%</td> </tr> <tr> <td>44</td> <td>Arizona Income Tax (L42 x L43)</td> <td>\$ (23,428)</td> <td>\$ (23,428)</td> <td>\$ 60,741</td> <td></td> <td>\$ 60,741</td> </tr> <tr> <td>45</td> <td>Federal Taxable Income (L42- L44)</td> <td>\$ (454,687)</td> <td>\$ (454,687)</td> <td>\$ 1,178,869</td> <td></td> <td>\$ 1,178,868</td> </tr> <tr> <td>46</td> <td>Federal Income Tax Rate</td> <td>21.00%</td> <td>21.00%</td> <td>21.00%</td> <td></td> <td>21.00%</td> </tr> <tr> <td>47</td> <td>Federal Income Tax (L45xL46)</td> <td>\$ (95,484)</td> <td>\$ (95,484)</td> <td>\$ 247,563</td> <td></td> <td>\$ 247,562</td> </tr> <tr> <td>48</td> <td>Combined Federal and State Income Tax (L44 + L47)</td> <td>\$ (118,912)</td> <td>\$ (118,912)</td> <td>\$ 308,303</td> <td></td> <td>\$ 308,303</td> </tr> </tbody> </table>									(A)	(B)	(C)	(D)	(E)	(F)		Test Year			Company Recommended				Total		Water	Total		Water	39	Revenue	\$ 5,887,369	\$ 5,887,369	\$ 7,636,311		\$ 7,636,311	40	Operating Expenses Excluding Income Taxes	5,887,310	5,887,310	5,918,527		5,918,527	41	Synchronized Interest (L54)	478,174	478,174	478,174		478,174	42	Arizona Taxable Income (L39 - L40 - L41)	\$ (478,115)	\$ (478,115)	\$ 1,239,610		\$ 1,239,609	43	Arizona State Effective Income Tax Rate	4.9000%	4.9000%	4.9000%		4.9000%	44	Arizona Income Tax (L42 x L43)	\$ (23,428)	\$ (23,428)	\$ 60,741		\$ 60,741	45	Federal Taxable Income (L42- L44)	\$ (454,687)	\$ (454,687)	\$ 1,178,869		\$ 1,178,868	46	Federal Income Tax Rate	21.00%	21.00%	21.00%		21.00%	47	Federal Income Tax (L45xL46)	\$ (95,484)	\$ (95,484)	\$ 247,563		\$ 247,562	48	Combined Federal and State Income Tax (L44 + L47)	\$ (118,912)	\$ (118,912)	\$ 308,303		\$ 308,303
	(A)	(B)	(C)	(D)	(E)	(F)																																																																																												
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44	Arizona Income Tax (L42 x L43)	\$ (23,428)	\$ (23,428)	\$ 60,741		\$ 60,741																																																																																												
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48	Combined Federal and State Income Tax (L44 + L47)	\$ (118,912)	\$ (118,912)	\$ 308,303		\$ 308,303																																																																																												
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%																																																																																												
<i>Calculation of Interest Synchronization:</i>																																																																																																		
52	Rate Base		Water																																																																																															
53	Weighted Average Cost of Debt		\$ 15,750,144																																																																																															
54	Synchronized Interest (L59 X L60)		3.0360%																																																																																															
			\$ 478,174																																																																																															

SCHEDULE D

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Cost of Long Term Debt

Exhibit
 Schedule D-2
 Page 1
 Witness: Bourassa

Line No.	Description of Debt	End of Test Year			End of Projected Year				
		Amount Outstanding	Annual Interest	Effective Interest Rate	Weighted Cost	Amount Outstanding	Annual Interest	Effective Interest Rate	Weighted Cost
1	Liberty Utilities - Proforma	-	-	0.00%	0.00%	7,066,160	466,367	6.60%	6.60%
2		-	-	0.00%	0.00%	-	-	0.00%	0.00%
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									
12									
13	Totals	<u>\$ -</u>	<u>\$ -</u>		<u>0.00%</u>	<u>\$ 7,066,160</u>	<u>\$ 466,367</u>		<u>6.60%</u>

16 Supporting Schedules:
 17 E-1
 18 E-2

RECAP SCHEDULES:
 D-1

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Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended April 30, 2023
Cost of Preferred Stock

Exhibit
Schedule D-3
Page 1
Witness: Bourassa

Line
No.

	<u>End of Test Year</u>			<u>End of Projected Year</u>		
	Shares	Dividend		Shares	Dividend	
Description	Outstanding	Amount	Requirement	Outstanding	Amount	Requirement
of Issue						
1						
2						
3						
4						
5						
6						
7	NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING					
8						
9						
10						
11						
12						
13						
14						
15						
16						
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19						
20						
21	<u>SUPPORTING SCHEDULES:</u>			<u>RECAP SCHEDULES:</u>		
22	E-1			D-1		
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Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended April 30, 2023
Cost of Common Equity

Exhibit
Schedule D-4
Page 1
Witness: Bourassa

Line
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The Company is proposing a cost of common equity of 10.95% .

SUPPORTING SCHEDULES:
E-1
D-4.1 to D-4.16

RECAP SCHEDULES:
D-1

SCHEDULE E

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended April 30, 2023
Comparative Balance Sheets

Exhibit
Schedule E-1
Page 1
Witness: Bourassa

Line No.		Test Year Ended 4/30/2023	Year Ended 4/30/2022	Year Ended 4/30/2021
1	ASSETS			
2	PLANT			
3	Plant In Service	\$ 48,540,244	\$ 46,265,447	\$ 45,073,914
4	Non-Utility Plant	-	-	-
5	Construction Work in Progress	1,444,566	1,796,694	1,694,440
6	Property Held for Future Use	-	-	-
7	Accumulated Depreciation	(24,813,749)	(23,318,936)	(21,888,484)
8	Utility Plant Acquisition Adjustment	(84,425)	(84,425)	(42,213)
9	Net Plant	<u>\$ 25,086,636</u>	<u>\$ 24,658,780</u>	<u>\$ 24,837,658</u>
10				
11	CURRENT ASSETS			
12	Cash and Equivalents	\$ 39,214	\$ (1,396,873)	\$ (75,603)
13	Restricted Cash	1,154,526	1,094,961	1,094,853
14	Net Accounts Receivable	555,386	573,789	531,514
15	Inter-Company Receivable	-	-	-
16	Notes Receivable	-	-	-
17	Materials	-	-	-
18	Prepayments	-	-	3,601
19	Accrued Revenues	326,364	376,365	361,973
20	Other Current Assets	-	-	-
21	Total Current Assets	<u>\$ 2,075,491</u>	<u>\$ 648,243</u>	<u>\$ 1,916,338</u>
22				
23	OTHER ASSETS			
24	Debt Reserve	\$ -	\$ -	\$ -
25	Other Deferred Debits	619,681	608,717	628,097
26	Other Non-Current Assets	-	-	-
27	Deferred Debits	<u>\$ 619,681</u>	<u>\$ 608,717</u>	<u>\$ 628,097</u>
28				
29	TOTAL ASSETS	<u>\$ 27,781,808</u>	<u>\$ 25,915,739</u>	<u>\$ 27,382,092</u>
30				
31				
32	LIABILITIES AND STOCKHOLDER EQUITY			
33				
34	Stockholder's Equity	\$ 10,177,273	\$ 10,084,136	\$ 9,476,741
35				
36	Long-Term Debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
37				
38	CURRENT AND LONG TERM LIABILITIES			
39	Accounts Payable	\$ -	\$ (6,794)	\$ (7,599)
40	Current Portion of Long-Term Debt	-	-	-
41	Payables to Associated Companies	(369,814)	(2,222,831)	(263,654)
42	Customer Meter Deposits, Current	-	-	-
43	Customer Security Deposits	488,464	461,150	426,152
44	Current Portion of AIAC	9,429	25,000	25,000
45	Accrued Taxes	51,630	119,993	153,977
46	Accrued Interest	-	-	13,072
47	Accumulated Deferred Income Taxes, Current	2,755,586	2,630,507	2,369,673
48	Other Liabilities	308,894	154,970	168,201
49	Total Current Liabilities	<u>\$ 3,244,187</u>	<u>\$ 1,161,995</u>	<u>\$ 2,884,822</u>
50				
51	DEFERRED CREDITS			
52	Customer Meter Deposits, less current	\$ -	\$ -	\$ -
53	Advances in Aid of Construction	4,323,587	4,323,587	4,653,048
54	AIAC, in progress	168,080	145,877	125,877
55	AIAC, gross-up	13,566	13,582	13,611
56	Accumulated Deferred Income Tax Credit	17,107	25,661	32,076
57	Contributions In Aid of Construction	8,930,092	8,930,092	8,617,731
58	CIAC, in progress	1,110,757	(1,600)	(1,600)
59	Accumulated Amortization	(2,119,066)	(1,804,188)	(1,493,059)
60	Accumulated Deferred Income Taxes	1,894,644	1,983,263	2,030,575
61	Other Deferred Credits	21,580	1,053,333	1,042,268
62	Total Deferred Credits	<u>\$ 14,360,347</u>	<u>\$ 14,669,608</u>	<u>\$ 15,020,529</u>
63				
64	Total Liabilities & Common Equity	<u>\$ 27,781,808</u>	<u>\$ 25,915,739</u>	<u>\$ 27,382,092</u>

SUPPORTING SCHEDULES:

RECAP SCHEDULES:

A-3

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Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended April 30, 2023
Comparative Income Statements

Exhibit
Schedule E-2
Page 1
Witness: Bourassa

Line No.		Test Year Ended <u>4/30/2023</u>	Prior Year Ended <u>4/30/2022</u>	Prior Year Ended <u>4/30/2021</u>
1	Revenues			
2	Metered Water Revenue	\$ 5,510,024	\$ 5,711,921	\$ 5,994,284
3	Other Water Revenue	89,657	74,110	56,606
4	Total Revenues	<u>\$ 5,599,680</u>	<u>\$ 5,786,032</u>	<u>\$ 6,050,889</u>
5	Operating Expenses			
6	Salaries and Wages	\$ -	\$ -	\$ -
7	Purchased Water	1,154	1,204	1,025
8	Purchased Power	680,863	588,595	553,997
9	Chemicals	33,390	9,152	5,718
10	Fuel for Power Production	-	-	-
11	Materials and Supplies	62,220	33,168	69,932
12	Contractual Services - Engineering	-	-	-
13	Contractual Services - Accounting	43,224	28,492	24,666
14	Contractual Services - Legal	22,142	8,594	9,943
15	Contractual Services - Management	1,135,567	1,060,488	1,052,332
16	Contractual Services - Testing	24,566	13,927	15,756
17	Contractual Services - Other	1,446,301	1,298,224	1,189,765
18	Rental of Building/Real Property	16,551	5,429	34,295
19	Rental of Equipment	3,313	6,006	5,629
20	Transportation Expense	107,791	71,080	55,952
21	Insurance - Vehicle	-	-	-
22	Insurance - General Liability	88,630	57,782	38,095
23	Advertising Expense	6,705	6,749	4,043
24	Reg. Commission Exp. - Rate Case	3,048	21,341	36,584
25	Reg. Commission Exp. - Other	-	-	-
26	Water Conservation Expense	47,309	12,670	2,349
27	Bad Debt Expense	8,010	39,127	47,803
28	Miscellaneous	147,757	163,992	114,754
29	Depreciation & Amortization	1,320,038	1,268,040	1,212,273
30	Taxes Other Than Income	-	-	-
31	Property Taxes	285,680	240,769	231,055
32	Income Tax	14,102	206,045	236,620
33	Customer Deposit Interest	12,813	10,952	7,458
34	Total Operating Expenses	<u>\$ 5,511,173</u>	<u>\$ 5,151,826</u>	<u>\$ 4,950,045</u>
35	Operating Income	<u>\$ 88,508</u>	<u>\$ 634,206</u>	<u>\$ 1,100,844</u>
36	Other Income (Expense)			
37	Interest and Dividend Income	11,658	12	51
38	AFUDC Income	38,702	-	-
39	Miscellaneous Non-Utility Expenses	(45,731)	(26,822)	(36,273)
40	Interest Expense	-	-	-
41				
42	Total Other Income (Expense)	<u>\$ 4,629</u>	<u>\$ (26,811)</u>	<u>\$ (36,223)</u>
43	Net Profit (Loss)	<u>\$ 93,137</u>	<u>\$ 607,395</u>	<u>\$ 1,064,622</u>

SUPPORTING SCHEDULES:

RECAP SCHEDULES:
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Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended April 30, 2023
Comparative Statements of Cash Flows

Exhibit
Schedule E-3
Page 1
Witness: Bourassa

Line <u>No.</u>	Test Year Ended <u>4/30/2023</u>	Prior Year Ended <u>4/30/2022</u>	Prior Year Ended <u>4/30/2021</u>
3	Cash Flows from Operating Activities		
4	\$ 93,137	\$ 607,395	\$ 1,064,622
5	Adjustments to reconcile net income to net cash		
6	provided by operating activities:		
7	1,320,038	1,268,040	1,212,273
8	(140,103)	(148,717)	(23,422)
9	Changes in Certain Assets and Liabilities:		
10	18,403	(42,275)	(127,316)
11	(59,565)	(108)	(54,853)
12	Materials and Supplies Inventory		
13	Prepaid Expenses		
14	97,545	3,601	4,211
15	1,853,017	237,552	342,588
16	Receivables/Payables to Associated Co.		
17	6,794	(1,959,177)	(1,146,638)
18	Accounts Payable		
19	Interest Payable		
20	27,314	805	(1,978)
21	(68,363)	(13,072)	(59)
22	203,925	34,998	22,405
23	(27,623)	(33,984)	31,510
24	Other assets and liabilities		
25	-	(27,623)	(158,513)
26	Rounding		
27	-	(3)	2
28	<u>\$ 3,352,142</u>	<u>\$ (72,568)</u>	<u>\$ 1,164,832</u>
29	Cash Flow From Investing Activities:		
30	Capital Expenditures		
31	(1,922,669)	(1,251,573)	(1,287,735)
32	Plant Held for Future Use		
33	Changes in Special Funds		
34	<u>\$ (1,922,669)</u>	<u>\$ (1,251,573)</u>	<u>\$ (1,287,735)</u>
35	Net Cash Flows from Investing Activities		
36	Cash Flow From Financing Activities		
37	Change in Restricted Cash		
38	Proceeds from Long-Term Debt		
39	6,615	312,361	1,340,531
40	Net receipt of contributions in aid of construction		
41	Net receipts of advances in aid of construction		
42	Repayments of Long-Term Debt		
43	Distributions		
44	Deferred Financing Costs		
45	Paid in Capital		
46	<u>\$ 6,615</u>	<u>\$ 2,871</u>	<u>\$ 47,926</u>
47	Net Cash Flows Provided by Financing Activities		
48	1,436,088	(1,321,270)	(74,977)
49	Increase(decrease) in Cash and Cash Equivalents		
50	(1,396,873)	(75,603)	(626)
51	Cash and Cash Equivalents at Beginning of Year		
52	<u>\$ 39,214</u>	<u>\$ (1,396,873)</u>	<u>\$ (75,603)</u>
53	Cash and Cash Equivalents at End of Year		

43 SUPPORTING SCHEDULES:

44 Workpapers

RECAP SCHEDULES:

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Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Statement of Changes in Stockholder's Equity

Exhibit
 Schedule E-4
 Page 1
 Witness: Bourassa

Line No.	Stockholder's Equity	Retained Earnings	Total
1			
2			
3			
4	\$ 1,898,028	\$ 6,514,091	\$ 8,412,119
5	-		-
6		-	-
7			-
8		1,064,622	1,064,622
9			
10	\$ 1,898,028	\$ 7,578,713	\$ 9,476,741
11	-		-
12		-	-
13			-
14		607,395	607,395
15			
16	\$ 1,898,028	\$ 8,186,108	\$ 10,084,136
17	-		-
18		-	-
19		-	-
20		93,137	93,137
21			
22	<u>\$ 1,898,028</u>	<u>\$ 8,279,245</u>	<u>\$ 10,177,272</u>
23			
24			
25			
26			
27			
28			
29	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>	
30		E-1	
31			
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Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Detail of Plant in Service

Exhibit
 Schedule E-5
 Page 1
 Witness: Bourassa

Line No.	Acct. No.	Plant Description	Plant Balance at 4/30/2022	Plant Additions, Reclassifications or Retirements	Plant Balance at 4/30/2023
1	106	Construction Completed - Not Classified	\$ 1,781	\$ 943,570	\$ 945,351
2	301	Organization Cost	-	-	-
3	302	Franchise Cost	171,487	-	171,487
4	303	Land and Land Rights	695,704	-	695,704
5	304	Structures & Improvements	4,218,127	7,927	4,226,055
6	305	Collecting & Impounding Reservoirs	46,813	-	46,813
7	306	Lake, River, Canal Intakes	-	-	-
8	307	Wells & Springs	1,775,474	-	1,775,474
9	308	Infiltration Galleries	-	-	-
10	309	Raw Water Supply Mains	421,528	-	421,528
11	310	Power Generation Equipment	198,083	-	198,083
12	311	Pumping Equipment	4,532,295	431,316	4,963,611
13	320	Water Treatment Equipment	-	-	-
14	320.1	Water Treatment Plants	89,474	-	89,474
15	320.2	Solution Chemical Feeders	148,228	9,670	157,898
16	330.0	Distribution Reservoirs & Standpipes	4,401	-	4,401
17	330.1	Storage Tanks	3,058,411	-	3,058,411
18	330.2	Pressure Tanks	523,660	-	523,660
19	331	Transmission & Distribution Mains	18,466,429	350,368	18,816,797
20	333	Services	3,331,810	229,225	3,561,035
21	334	Meters	3,187,846	151,391	3,339,237
22	335	Hydrants	1,523,326	100,261	1,623,588
23	336	Backflow Prevention Devices	-	-	-
24	339	Other Plant & Misc Equipment	191,417	-	191,417
25	340	Office Furniture & Equipment	181,737	2,636	184,374
26	340.1	Computers & Software	446,795	-	446,795
27	341	Transportation Equipment	491,724	-	491,724
28	342	Stores Equipment	-	-	-
29	343	Tools, Shop & Garage Equipment	462,169	48,433	510,602
30	344	Laboratory Equipment	3,285	-	3,285
31	345	Power Operated Equipment	101,698	-	101,698
32	346	Communication Equipment	1,158,286	-	1,158,286
33	347	Miscellaneous Equipment	112,389	-	112,389
34	347.2	Miscellaneous Equipment CNG	456,709	-	456,709
35	348	Other Tangible Plant	264,358	-	264,358
36					
37					
38					
39		Rounding			
40		TOTAL WATER PLANT	<u>\$ 46,265,447</u>	<u>\$ 2,274,797</u>	<u>\$ 48,540,244</u>

41
 42 SUPPORTING SCHEDULES

43 Work Papers

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RECAP SCHEDULES:

A-4

E-1

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Operating Statistics

Exhibit
 Schedule E-7
 Page 1
 Witness: Bourassa

Line No.		Test Year Ended <u>4/30/2023</u>	Prior Year Ended <u>4/30/2022</u>	Prior Year Ended <u>4/30/2021</u>
1	<u>WATER STATISTICS:</u>			
2				
3				
4				
5	Total Gallons Sold (in Thousands)	1,056,432	1,037,499	1,111,548
6				
7				
8				
9	Water Revenues from Customers:	\$ 5,599,680	\$ 5,786,032	\$ 6,050,889
10				
11				
12				
13				
14	Year End Number of Customers	10,748	10,702	10,634
15				
16				
17	Annual Gallons (in Thousands)			
18	Sold Per Year End Customer	98	97	105
19				
20				
21				
22	Annual Revenue per Year End Customer	\$ 521.00	\$ 540.65	\$ 569.01
23				
24	Pumping Cost Per 1,000 Gallons	\$ 0.644493	\$ 0.567322	\$ 0.498401
25	Purchased Water Cost per 1,000 Gallons	\$ 0.107400	\$ 0.112504	\$ 0.096390

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Taxes Charged to Operations

Exhibit
 Schedule E-8
 Page 1
 Witness: Bourassa

Line No.	Description	Test Year Ended <u>4/30/2023</u>	Prior Year Ended <u>4/30/2022</u>	Prior Year Ended <u>4/30/2021</u>
1				
2				
3	State Income Taxes	\$ -	\$ -	\$ -
4	Federal Income Taxes	14,102	206,045	236,620
5	Payroll Taxes	-	-	-
6	Property Taxes	285,680	240,769	231,055
7				
8	Totals	<u>\$ 299,782</u>	<u>\$ 446,814</u>	<u>\$ 467,675</u>
9				
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Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended April 30, 2023
Notes To Financial Statements

Exhibit
Schedule E-9
Page 1
Witness: Bourassa

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The Company does not conduct independent audits, reviews and/or compilations. Accordingly, there are no notes which are typically associated with these financial statements. Management makes the following notations to the financial statements contained herein:

Significant Accounting Policies - The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States of America and the accounting records of the are maintained in accordance with the uniform system of accounts as prescribed by the National Association of Regulatory Utility Commissioners (USOA 1996). Significant accounting policies are as follows:

Utility Plant - Property, plant and equipment is stated at cost less accumulated depreciation provided on a straight-line basis.

Depreciation rates for asset classes of utility property, plant and equipment are established by the Commission. The cost of additions, including betterments and replacements of units of utility fixed assets are charged to utility property, plant and equipment. When units of utility property are replaced, renewed or retired, their cost plus removal or disposal costs, less salvage proceeds, is charged to accumulated depreciation.

Revenue Recognition - Revenues are recognized on the accrual method. Under this method, revenue is recognized when earned rather than when collected, and expenses are recognized when incurred rather than when paid.

Contributions in Aid of Construction - Contributions in aid of construction (CIAC) are nonrefundable contributions by developers and customers for plant expansion. In addition, this amount includes the remaining balance, if any, of advances in aid of construction at the end of the repayment period. The contributions in aid of construction are being amortized at a rate equal to the rate allowed for depreciation, as a reduction of depreciation expense

Advances in Aid of Construction - Customer advances for construction are subject to refund in accordance with agreements approved by the Arizona Corporation Commission. Agreements provide for refunds which are typically equal to 10 percent of annual water revenue generated from the expansion. The repayments are for a maximum agreed upon period or until repaid in full. Any balance remaining at the end of the agreed-upon period for repayment becomes a contribution in aid of construction.

SCHEDULE F

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Projected Income Statements - Present & Proposed Rates

Exhibit
 Schedule F-1
 Page 1
 Witness: Bourassa

Line No.		Test Year Actual Results	At Present Rates Year Ended 4/30/2024	At Proposed Rates Year Ended 4/30/2024
1	Revenues			
2	Water Revenues	\$ 5,510,024	\$ 5,797,712	\$ 7,546,654
3	Other Water Revenues	89,657	89,657	89,657
4	Total Revenues	<u>\$ 5,599,680</u>	<u>\$ 5,887,369</u>	<u>\$ 7,636,311</u>
5	Operating Expenses			
6	Salaries and Wages	\$ -	\$ -	\$ -
7	Purchased Water	1,154	1,154	1,154
8	Purchased Power	680,863	682,796	682,796
9	Chemicals	33,390	33,369	33,369
10	Fuel for Power Production	-	-	-
11	Materials and Supplies	62,220	62,220	62,220
12	Contractual Services - Engineering	-	-	-
13	Contractual Services - Accounting	43,224	43,224	43,224
14	Contractual Services - Legal	22,142	3,977	3,977
15	Contractual Services - Management	1,135,567	1,376,292	1,376,292
16	Contractual Services - Testing	24,566	24,566	24,566
17	Contractual Services - Other	1,446,301	1,436,620	1,436,620
18	Rental of Building/Real Property	16,551	16,551	16,551
19	Rental of Equipment	3,313	3,313	3,313
20	Transportation Expense	107,791	107,791	107,791
21	Insurance - Vehicle	-	-	-
22	Insurance - General Liability	88,630	88,630	88,630
23	Advertising Expense	6,705	6,705	6,705
24	Reg. Commission Exp. - Rate Case	3,048	-	-
25	Reg. Commission Exp. - Other	-	-	-
26	Water Conservation Expense	47,309	72,250	72,250
27	Bad Debt Expense	8,010	31,581	40,963
28	Miscellaneous	147,757	147,915	147,915
29	Depreciation & Amortization	1,320,038	1,518,431	1,518,431
30	Taxes Other Than Income	-	-	-
31	Property Taxes	285,680	217,111	238,947
32	Income Tax	14,102	(118,912)	308,303
33	Customer Deposit Interest	12,813	12,813	12,813
34	Total Operating Expenses	<u>\$ 5,511,173</u>	<u>\$ 5,768,398</u>	<u>\$ 6,226,830</u>
35	Operating Income	<u>\$ 88,508</u>	<u>\$ 118,971</u>	<u>\$ 1,409,480</u>
36	Other Income (Expense)			
37	Interest Income	11,658	11,658	11,658
38	Other income	38,702	38,702	38,702
39	Interest Expense	(45,731)	(45,731)	(45,731)
40	Other Expense	-	(478,174)	(478,174)
41	Gain/Loss Sale of Fixed Assets	-	-	-
42	Total Other Income (Expense)	<u>\$ 4,629</u>	<u>\$ (473,545)</u>	<u>\$ (473,545)</u>
43	Net Profit (Loss)	<u><u>\$ 93,137</u></u>	<u><u>\$ (354,574)</u></u>	<u><u>\$ 935,935</u></u>

46 SUPPORTING SCHEDULES:

47 C-1

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Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended April 30, 2023
Projected Statements of Changes in Financial Position
Present and Proposed Rates

Exhibit
Schedule F-2
Page 1
Witness: Bourassa

Line No.		Test Year Ended <u>4/30/2023</u>	At Present Rates Year Ended <u>4/30/2024</u>	At Proposed Rates Year Ended <u>4/30/2024</u>
5	Cash Flows from Operating Activities			
6	Net Income	\$ 93,137	\$ (354,574)	\$ 935,935
7	Adjustments to reconcile net income to net cash			
8	provided by operating activities:			
9	Depreciation and Amortization	1,320,038	1,518,431	1,518,431
10	Depreciation Adjustments	(140,103)	303,783	303,783
11	Changes in Certain Assets and Liabilities:			
12	Accounts Receivable	18,403		
13	Unbilled Revenues	(59,565)		
14	Materials and Supplies Inventory	-		
15	Prepaid Expenses	-		
16	Deferred Charges	97,545		
17	Notes Receivable	1,853,017		
18	Accounts Payable	6,794		
19	Intercompany payable	-		
20	Customer Meter Deposits	27,314		
21	Taxes Payable	(68,363)		
22	Other assets and liabilities	203,925	(996,451)	(996,451)
23	Rounding	-		
24	Net Cash Flow provided by Operating Activities	<u>\$ 3,352,142</u>	<u>\$ 471,189</u>	<u>\$ 1,761,699</u>
25	Cash Flow From Investing Activities:			
26	Capital Expenditures	(1,922,669)	(6,683,190)	(6,683,190)
27	Plant Held for Future Use	-		
28	Changes in debt reserve fund	-		
29	Net Cash Flows from Investing Activities	<u>\$ (1,922,669)</u>	<u>\$ (6,683,190)</u>	<u>\$ (6,683,190)</u>
30	Cash Flow From Financing Activities			
31	Change in Restricted Cash	-		
32	Change in net amounts due to parent and affiliates	-		
33	Net Receipt contributions in aid of construction	6,615	1,110,756	1,110,756
34	Net receipts of advances in aid of construction	-	9,778	9,778
35	Net Proceeds of of Long-Term Debt	-	7,066,160	11,832,914
36	Dividends Paid	-	(580,000)	(580,000)
37	Net distributions to Rebalance Capital Structure	-	(1,120,649)	(5,887,403)
38	Deferred Financing Costs	-		
39	Paid in Capital	-		
40	Net Cash Flows Provided by Financing Activities	<u>\$ 6,615</u>	<u>\$ 6,486,046</u>	<u>\$ 6,486,046</u>
41	Increase(decrease) in Cash and Cash Equivalents	1,436,088	274,045	1,564,555
42	Cash and Cash Equivalents at Beginning of Year	(1,396,873)	39,214	39,214
43	Cash and Cash Equivalents at End of Year	<u>\$ 39,214</u>	<u>\$ 313,260</u>	<u>\$ 1,603,769</u>

SUPPORTING SCHEDULES:

E-3

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Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Projected Construction Requirements

Exhibit
 Schedule F-3
 Page 1
 Witness: Bourassa

Line No.	Account				
1					
2					
3	<u>Number</u>	<u>Plant Asset:</u>	<u>Test Year</u>	<u>2024</u>	<u>2025</u>
4	301	Organization Cost	\$ -		
5	302	Franchise Cost	-		
6	303	Land and Land Rights	-		
7	304	Structures and Improvements	7,927	248,066	62,548
8	305	Collecting and Impounding Res.	-		
9	306	Lake River and Other Intakes	-		
10	307	Wells and Springs	-	195,031	49,176
11	308	Infiltration Galleries and Tunnels	-		84,435
12	309	Supply Mains	-		
13	310	Power Generation Equipment	-	171,080	43,137
14	311	Electric Pumping Equipment	431,316	159,960	40,333
15	320	Water Treatment Equipment	-	3,422	863
16	320.1	Water Treatment Plant	-	5,988	44,646
17	320.2	Chemical Solution Feeders	9,670		
18	330	Dist. Reservoirs & Standpipe	-		
19	330.1	Storage tanks	-		312,723
20	330.2	Pressure Tanks	-		
21	331	Trans. and Dist. Mains	350,368	758,201	52,086
22	333	Services	229,225	499,554	106,787
23	334	Meters	151,391	96,660	175,350
24	335	Hydrants	100,261	47,047	11,863
25	336	Backflow Prevention Devices	-		
26	339	Other Plant and Misc. Equip.	-		
27	340	Office Furniture and Fixtures	2,636	5,817	1,467
28	340.1	Computers and Software	-	6,843	1,725
29	341	Transportation Equipment	-	-	2,396
30	342	Stores Equipment	-		
31	343	Tools and Work Equipment	48,433	69,373	17,492
32	344	Laboratory Equipment	-		
33	345	Power Operated Equipment	-	42,770	10,784
34	346	Communications Equipment	-		
35	347	Miscellaneous Equipment	-		
36	348	Other Tangible Plant	-		
37	Total		<u>\$ 1,331,227</u>	<u>\$ 2,309,812</u>	<u>\$ 620,652</u>
38					<u>\$ 1,293,256</u>
39					
40					

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended April 30, 2023
Assumptions Used in Rate Filing

Exhibit
Schedule F-4
Page 1
Witness: Bourassa

Line

No.

- 1 Property Taxes were computed using the method used by the Arizona Department
- 2 of Revenue modified for ratemaking.
- 3
- 4 Projected construction expenditures are shown on Schedule A-4.
- 5
- 6 Expense adjustments are shown on Schedule C2, and are explained in the testimony.
- 7
- 8 Income taxes were computed using statutory state and federal income tax rates.
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SCHEDULE G

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Cost of Service Summary
At Present Rates

LINE NO.	DESCRIPTION	Total Company	Jurisdictional Total	Residential	Commercial	Irrigation	Standpipe/ Construction	Private Fire
1	<u>RATE BASE (a)</u>							
2	Gross Plant in Service	\$ 54,358,188	\$ 54,358,188	\$ 35,275,255	\$ 18,058,652	\$ 747,239	\$ 172,007	\$ 105,035
3	Accumulated Depreciation	<u>24,831,130</u>	<u>24,831,130</u>	<u>15,958,945</u>	<u>8,403,726</u>	<u>348,411</u>	<u>81,230</u>	<u>38,818</u>
4	Net Plant	\$ 29,527,057	\$ 29,527,057	\$ 19,316,310	\$ 9,654,926	\$ 398,828	\$ 90,777	\$ 66,217
5	Construction Work in Progress	-	-	-	-	-	-	-
6	Working Capital Assets & Misc. Other	(1,225,936)	(1,225,936)	(801,995)	(400,863)	(16,559)	(3,769)	(2,749)
7	Contributions & Advances in Aid of Construction	<u>(12,550,978)</u>	<u>(12,550,978)</u>	<u>(8,210,726)</u>	<u>(4,103,990)</u>	<u>(169,528)</u>	<u>(38,586)</u>	<u>(28,147)</u>
8	TOTAL RATE BASE [A]	\$ 15,750,144	\$ 15,750,144	\$ 10,303,589	\$ 5,150,072	\$ 212,740	\$ 48,422	\$ 35,321
9	<u>OPERATING REVENUES (c)</u>							
10	Present Rate Schedules(b)	\$ 5,797,712	\$ 5,797,712	\$ 3,413,886	\$ 2,305,162	\$ 5,433	\$ 43,503	\$ 29,727
11	Other Revenues	<u>89,657</u>	<u>89,657</u>	<u>51,403</u>	<u>35,713</u>	<u>2,330</u>	<u>211</u>	<u>-</u>
12	TOTAL OPERATING REVENUES (d)	\$ 5,887,368	\$ 5,887,368	\$ 3,465,289	\$ 2,340,875	\$ 7,764	\$ 43,714	\$ 29,727
13	<u>OPERATING EXPENSES (c)</u>							
14	Operations and Maintenance							
15	Production	\$ 2,046,043	\$ 2,046,043	\$ 1,202,010	\$ 797,534	\$ 40,604	\$ 5,895	\$ -
16	Transmission and Distribution	899,962	899,962	582,341	301,726	11,902	3,115	876
17	Customer Accounts	538,618	538,618	479,761	48,274	96	535	9,951
18	Administrative and General	<u>667,146</u>	<u>667,146</u>	<u>495,129</u>	<u>158,712</u>	<u>5,983</u>	<u>1,433</u>	<u>5,889</u>
19	Total Operating and Maintenance Expense	\$ 4,151,767	\$ 4,151,767	\$ 2,759,241	\$ 1,306,246	\$ 58,586	\$ 10,979	\$ 16,716
20	Depreciation and Amortization	1,518,431	1,518,431	1,019,427	471,733	17,615	5,242	4,413
21	Taxes Other Than Income	217,111	217,111	142,032	70,992	2,933	667	487
22	Income Taxes	<u>(118,912)</u>	<u>(118,912)</u>	<u>(191,066)</u>	<u>83,454</u>	<u>(19,357)</u>	<u>6,306</u>	<u>1,751</u>
23	TOTAL EXPENSES	\$ 5,768,398	\$ 5,768,398	\$ 3,729,634	\$ 1,932,425	\$ 59,777	\$ 23,195	\$ 23,367
24	OPERATING INCOME [A]	\$ 118,971	\$ 118,971	\$ (264,345)	\$ 408,450	\$ (52,013)	\$ 20,519	\$ 6,361
25	RATE OF RETURN	0.76%	0.76%	-2.57%	7.93%	-24.45%	42.38%	18.01%
26	<u>COST OF SERVICE REQUIREMENT SUMMARY</u>							
27	REQUIRED RATE OF RETURN	8.95%	8.95%	8.95%	8.95%	8.95%	8.95%	8.95%
28	REQUIRED OPERATING INCOME (L8*L27)	\$ 1,409,480	\$ 1,409,480	\$ 922,068	\$ 460,880	\$ 19,038	\$ 4,333	\$ 3,161
29	OPERATING INCOME DEFICIENCY/(SURPLUS) (L28-L24)	\$ 1,290,509	\$ 1,290,509	\$ 1,186,414	\$ 52,430	\$ 71,051	\$ (16,186)	\$ (3,200)
30	REVENUE CONVERSION FACTOR(d)[A]	1.3552	1.3552	1.3552	1.3552	1.3552	1.3552	1.3552
31	REVENUE DEFICIENCY/(SURPLUS) (L29*L30)	\$ 1,748,942	\$ 1,748,942	\$ 1,607,868	\$ 71,055	\$ 96,291	\$ (21,935)	\$ (4,336)
32	RATE SCHEDULE REVENUE REQUIREMENT (L10+L31)	\$ 7,546,654	\$ 7,546,654	\$ 5,021,754	\$ 2,376,217	\$ 101,724	\$ 21,568	\$ 25,391
33	INDICATED % INCREASE ON PRESENT RATE SCHEDULE (L31/L10)	29.71%	29.71%	46.40%	3.04%	1240.25%	-50.18%	-14.59%
34	TOTAL REVENUE REQUIREMENT (L12 + L31)	\$ 7,636,311	\$ 7,636,311	\$ 5,073,157	\$ 2,411,930	\$ 104,054	\$ 21,779	\$ 25,391
35	<u>PROPOSED RATE SCHEDULE REVENUE REQUIREMENTS</u>							
36	REVENUE DEFICIENCY / (SURPLUS)	\$ 1,748,942	\$ 1,748,942	\$ 1,046,357	\$ 690,209	\$ 1,886	\$ 3,654	\$ 6,836
37	% INCREASE (L36/L10)	30.17%	30.17%	30.65%	29.94%	34.72%	8.40%	23.00%
38	PROPOSED RATE SCHEDULE (L10 + L36)	\$ 7,546,654	\$ 7,546,654	\$ 4,460,243	\$ 2,995,371	\$ 7,320	\$ 47,157	\$ 36,564
39	PROPOSED REV. REQUIREMENT (L11 + L38)	\$ 7,636,311	\$ 7,636,311	\$ 4,511,646	\$ 3,031,083	\$ 9,650	\$ 47,368	\$ 36,564
40	% INCREASE IN TOTAL REVENUES (L36/L12)	29.71%	29.71%	30.20%	29.49%	24.30%	8.36%	23.00%
41	RATE OF RETURN ON RATE BASE AT PROPOSED RATES(e)	8.95%	8.95%	4.90%	17.88%	-23.89%	47.93%	32.08%

Supporting Schedules

- (a) G-3
- (b) H-1
- (c) G-4a
- (d) C-5
- (e) G-2

Recap Schedules

- [A] A-1

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Cost of Service Summary
At Proposed Rates

LINE NO.	DESCRIPTION	Total Company	Jurisdictional Total	Residential	Commercial	Irrigation	Standpipe/ Construction	Private Fire
1	<u>RATE BASE (a)</u>							
2	Gross Plant in Service	\$ 54,358,188	\$ 54,358,188	\$ 35,275,255	\$ 18,058,652	\$ 747,239	\$ 172,007	\$ 105,035
3	Accumulated Depreciation	<u>24,831,130</u>	<u>24,831,130</u>	<u>15,958,945</u>	<u>8,403,726</u>	<u>348,411</u>	<u>81,230</u>	<u>38,818</u>
4	Net Plant	\$ 29,527,057	\$ 29,527,057	\$ 19,316,310	\$ 9,654,926	\$ 398,828	\$ 90,777	\$ 66,217
5	Construction Work in Progress	-	-	-	-	-	-	-
6	Working Capital Assets & Misc. Other	(1,225,936)	(1,225,936)	(801,995)	(400,863)	(16,559)	(3,769)	(2,749)
7	Contributions & Advances in Aid of Construction	<u>(12,550,978)</u>	<u>(12,550,978)</u>	<u>(8,210,726)</u>	<u>(4,103,990)</u>	<u>(169,528)</u>	<u>(38,586)</u>	<u>(28,147)</u>
8	TOTAL RATE BASE [A]	\$ 15,750,144	\$ 15,750,144	\$ 10,303,589	\$ 5,150,072	\$ 212,740	\$ 48,422	\$ 35,321
9	<u>OPERATING REVENUES (c)</u>							
10	Proposed Rate Schedules(b)	\$ 7,546,654	\$ 7,546,654	\$ 4,460,243	\$ 2,995,371	\$ 7,320	\$ 47,157	\$ 36,564
11	Other Revenues	<u>89,657</u>	<u>89,657</u>	<u>51,403</u>	<u>35,713</u>	<u>2,330</u>	<u>211</u>	<u>-</u>
12	TOTAL OPERATING REVENUES [A]	\$ 7,636,311	\$ 7,636,311	\$ 4,511,646	\$ 3,031,083	\$ 9,650	\$ 47,368	\$ 36,564
13	<u>OPERATING EXPENSES (c)</u>							
14	Operations and Maintenance							
15	Production	\$ 2,046,043	\$ 2,046,043	\$ 1,202,010	\$ 797,534	\$ 40,604	\$ 5,895	\$ -
16	Transmission and Distribution	899,962	899,962	582,341	301,726	11,902	3,115	876
17	Customer Accounts	547,999	547,999	488,118	49,115	98	545	10,124
18	Administrative and General	<u>667,146</u>	<u>667,146</u>	<u>495,129</u>	<u>158,712</u>	<u>5,983</u>	<u>1,433</u>	<u>5,889</u>
19	Total Operating and Maintenance Expense	\$ 4,161,149	\$ 4,161,149	\$ 2,767,598	\$ 1,307,087	\$ 58,587	\$ 10,988	\$ 16,889
20	Depreciation and Amortization	1,518,431	1,518,431	1,019,427	471,733	17,615	5,242	4,413
21	Taxes Other Than Income	238,947	238,947	156,317	78,132	3,227	735	536
22	Income Taxes	<u>308,303</u>	<u>308,303</u>	<u>63,542</u>	<u>253,131</u>	<u>(18,961)</u>	<u>7,196</u>	<u>3,396</u>
23	TOTAL EXPENSES [A]	\$ 6,226,830	\$ 6,226,830	\$ 4,006,884	\$ 2,110,083	\$ 60,468	\$ 24,161	\$ 25,234
24	OPERATING INCOME	\$ 1,409,480	\$ 1,409,480	\$ 504,762	\$ 921,001	\$ (50,818)	\$ 23,207	\$ 11,330
25	RATE OF RETURN AT PROPOSED RATES	8.95%	8.95%	4.90%	17.88%	-23.89%	47.93%	32.08%
26								
27								
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37								
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39								

Supporting Schedules

- (a) G-3
- (b) H-1
- (c) G-4b
- (d) C-5

Recap Schedules

- [A] A-1
- [B] G-1

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Rate Base Allocation to Rate Schedules/Classes

Line No.	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Commercial	Irrigation	Standpipe/ Construction	Private Fire	Alloc. Factor (b)
RATE BASE									
GROSS PLANT IN SERVICE									
<u>Source of Supply Plant</u>									
1	Commodity	\$ 2,085,730	\$ 2,085,730	\$ 1,195,809	\$ 830,806	\$ 54,215	\$ 4,901	\$ -	CBC
2	Demand	5,106,636	5,106,636	3,050,208	1,960,281	79,551	16,596	-	CMD
3	Customer Accounts	-	-	-	-	-	-	-	CB
4	Customer Meters	-	-	-	-	-	-	-	CM
5	Customer Services	-	-	-	-	-	-	-	CS
6	Fire Hydrants	-	-	-	-	-	-	-	CH
7	Total Source of Supply Plant	\$ 7,192,366	\$ 7,192,366	\$ 4,246,017	\$ 2,791,086	\$ 133,766	\$ 21,497	\$ -	
<u>Pumping Plant</u>									
8	Commodity	\$ 1,704,827	\$ 1,704,827	\$ 977,427	\$ 679,081	\$ 44,314	\$ 4,006	\$ -	CBC
9	Demand	4,174,046	4,174,046	2,493,169	1,602,288	65,023	13,565	-	CMD
10	Customer Accounts	-	-	-	-	-	-	-	CB
11	Customer Meters	-	-	-	-	-	-	-	CM
12	Customer Services	-	-	-	-	-	-	-	CS
13	Fire Hydrants	-	-	-	-	-	-	-	CH
14	Total Pumping Plant	\$ 5,878,873	\$ 5,878,873	\$ 3,470,596	\$ 2,281,369	\$ 109,337	\$ 17,571	\$ -	
<u>Water Treatment Plant</u>									
15	Commodity	\$ 73,942	\$ 73,942	\$ 42,393	\$ 29,453	\$ 1,922	\$ 174	\$ -	CBC
16	Demand	181,036	181,036	108,133	69,494	2,820	588	-	CMD
17	Customer Accounts	-	-	-	-	-	-	-	CB
18	Customer Meters	-	-	-	-	-	-	-	CM
19	Customer Services	-	-	-	-	-	-	-	CS
20	Fire Hydrants	-	-	-	-	-	-	-	CH
21	Total Water Treatment Plant	\$ 254,978	\$ 254,978	\$ 150,526	\$ 98,947	\$ 4,742	\$ 762	\$ -	
<u>Transmission and Distribution Plant</u>									
22	Commodity	\$ 6,818,622	\$ 6,818,622	\$ 3,909,312	\$ 2,716,052	\$ 177,237	\$ 16,021	\$ -	CBC
23	Demand	16,694,502	16,694,502	9,971,673	6,408,506	260,066	54,257	-	CMD
24	Demand - Extra Cap Max Hour	-	-	-	-	-	-	-	CMH
25	Customer Accounts	-	-	-	-	-	-	-	CB
26	Customer Meters	3,793,511	3,793,511	2,674,114	1,086,105	1,332	31,960	-	CM
27	Customer Services	4,235,278	4,235,278	3,427,373	795,210	1,411	11,285	-	CS
28	Fire Hydrants	1,754,371	1,754,371	1,562,665	157,237	313	1,744	32,412	CH
29	Total Transmission and Distribution Plant	\$ 33,296,284	\$ 33,296,284	\$ 21,545,138	\$ 11,163,110	\$ 440,359	\$ 115,266	\$ 32,412	
<u>Gross Plant In Service before Intangible and General Plant</u>									
30	Commodity	\$ 10,683,120	\$ 10,683,120	\$ 6,124,940	\$ 4,255,392	\$ 277,688	\$ 25,100	\$ -	
31	Demand	26,156,220	26,156,220	15,623,183	10,040,569	407,460	85,007	-	
32	Customer Accounts	-	-	-	-	-	-	-	
33	Customer Meters	3,793,511	3,793,511	2,674,114	1,086,105	1,332	31,960	-	
34	Customer Services	4,235,278	4,235,278	3,427,373	795,210	1,411	11,285	-	
35	Fire Hydrants	1,754,371	1,754,371	1,562,665	157,237	313	1,744	32,412	
36	Gross Plant In Service	\$ 46,622,500	\$ 46,622,500	\$ 29,412,277	\$ 16,334,513	\$ 688,204	\$ 155,096	\$ 32,412	
<u>General Plant</u>									
37	Commodity	\$ 462,661	\$ 462,661	\$ 265,257	\$ 184,291	\$ 12,026	\$ 1,087	\$ -	CBC
38	Demand	1,132,765	1,132,765	676,604	434,834	17,646	3,681	-	CMD
39	Customer Accounts	2,019,112	2,019,112	1,798,477	180,964	361	2,007	37,303	CB
40	Customer Meters	164,288	164,288	115,810	47,037	58	1,384	-	CM
41	Customer Services	183,420	183,420	148,432	34,439	61	489	-	CS
42	Fire Hydrants	75,978	75,978	67,675	6,810	14	76	1,404	CH
43	Total General Plant	\$ 4,038,224	\$ 4,038,224	\$ 3,072,254	\$ 888,374	\$ 30,165	\$ 8,724	\$ 38,707	

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Rate Base Allocation to Rate Schedules/Classes

Line No.	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Commercial	Irrigation	Standpipe/Construction	Private Fire	Alloc. Factor (b)
<u>Intangible Plant</u>									
44	Commodity	\$ 39,295	\$ 39,295	\$ 22,529	\$ 15,652	\$ 1,021	\$ 92	\$ -	CBC
45	Demand	96,208	96,208	57,465	36,931	1,499	313	-	CMD
46	Customer Accounts	-	-	-	-	-	-	-	CB
47	Customer Meters	13,953	13,953	9,836	3,995	5	118	-	CM
48	Customer Services	15,578	15,578	12,607	2,925	5	42	-	CS
49	Fire Hydrants	6,453	6,453	5,748	578	1	6	119	CH
50	Total Intangible Plant	\$ 171,487	\$ 171,487	\$ 108,185	\$ 60,082	\$ 2,531	\$ 570	\$ 119	
<u>Allocated Corporate Plant</u>									
51	Commodity	\$ 403,973	\$ 403,973	\$ 231,609	\$ 160,914	\$ 10,501	\$ 949	\$ -	CBC
52	Demand	989,074	989,074	590,777	379,675	15,408	3,214	-	CMD
53	Customer Accounts	1,762,988	1,762,988	1,570,341	158,009	315	1,752	32,571	CB
54	Customer Meters	143,448	143,448	101,119	41,070	50	1,209	-	CM
55	Customer Services	160,153	160,153	129,603	30,070	53	427	-	CS
56	Fire Hydrants	66,340	66,340	59,091	5,946	12	66	1,226	CH
57	Total Allocated Corporate Plant	\$ 3,525,976	\$ 3,525,976	\$ 2,682,540	\$ 775,684	\$ 26,339	\$ 7,617	\$ 33,797	
<u>Reconciling Amount</u>									
58	Commodity		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	CBC
59	Demand		-	-	-	-	-	-	CMD
60	Customer Accounts		-	-	-	-	-	-	CB
61	Customer Meters		-	-	-	-	-	-	CM
62	Customer Services		-	-	-	-	-	-	CS
63	Fire Hydrants		-	-	-	-	-	-	CH
64	Total Reconciling Amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<u>Gross Plant In Service</u>									
65	Commodity	\$ 11,589,049	\$ 11,589,049	\$ 6,644,335	\$ 4,616,249	\$ 301,236	\$ 27,229	\$ -	
66	Demand	28,374,267	28,374,267	16,948,029	10,892,009	442,013	92,215	-	
67	Customer Accounts	3,782,100	3,782,100	3,368,818	338,973	676	3,760	69,874	
68	Customer Meters	4,115,201	4,115,201	2,900,879	1,178,207	1,445	34,670	-	
69	Customer Services	4,594,430	4,594,430	3,718,014	862,644	1,530	12,242	-	
70	Fire Hydrants	1,903,142	1,903,142	1,695,179	170,570	340	1,892	35,160	
71	Total Gross Plant In Service (a)(c)	\$ 54,358,188	\$ 54,358,188	\$ 35,275,255	\$ 18,058,652	\$ 747,239	\$ 172,007	\$ 105,035	

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Rate Base Allocation to Rate Schedules/Classes

Line No.	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Commercial	Irrigation	Standpipe/ Construction	Private Fire	Alloc. Factor (b)
ACCUMULATED DEPRECIATION AND AMORTIZATION									
<u>Source of Supply Plant</u>									
72	Commodity	\$ 955,090	\$ 955,090	\$ 547,581	\$ 380,440	\$ 24,826	\$ 2,244	\$ -	CBC
73	Demand	2,338,413	2,338,413	1,396,741	897,645	36,428	7,600	-	CMD
74	Customer Accounts	-	-	-	-	-	-	-	CB
75	Customer Meters	-	-	-	-	-	-	-	CM
76	Customer Services	-	-	-	-	-	-	-	CS
77	Fire Hydrants	-	-	-	-	-	-	-	CH
78	Total Source of Supply Plant	\$ 3,293,504	\$ 3,293,504	\$ 1,944,322	\$ 1,278,085	\$ 61,253	\$ 9,844	\$ -	
<u>Pumping Plant</u>									
79	Commodity	\$ 1,198,335	\$ 1,198,335	\$ 687,040	\$ 477,331	\$ 31,148	\$ 2,816	\$ -	CBC
80	Demand	2,933,965	2,933,965	1,752,466	1,126,259	45,705	9,535	-	CMD
81	Customer Accounts	-	-	-	-	-	-	-	CB
82	Customer Meters	-	-	-	-	-	-	-	CM
83	Customer Services	-	-	-	-	-	-	-	CS
84	Fire Hydrants	-	-	-	-	-	-	-	CH
85	Total Pumping Plant	\$ 4,132,300	\$ 4,132,300	\$ 2,439,506	\$ 1,603,590	\$ 76,854	\$ 12,351	\$ -	
<u>Water Treatment Plant</u>									
86	Commodity	\$ 38,632	\$ 38,632	\$ 22,149	\$ 15,388	\$ 1,004	\$ 91	\$ -	CBC
87	Demand	94,586	94,586	56,497	36,309	1,473	307	-	CMD
88	Demand - Extra Cap Max Hour	-	-	-	-	-	-	-	CMH
89	Customer Accounts	-	-	-	-	-	-	-	CB
90	Customer Meters	-	-	-	-	-	-	-	CM
91	Customer Services	-	-	-	-	-	-	-	CS
92	Fire Hydrants	-	-	-	-	-	-	-	CH
93	Total Water Treatment Plant	\$ 133,218	\$ 133,218	\$ 78,646	\$ 51,697	\$ 2,478	\$ 398	\$ -	
<u>Transmission and Distribution Plant</u>									
94	Commodity	\$ 2,889,512	\$ 2,889,512	\$ 1,656,640	\$ 1,150,975	\$ 75,107	\$ 6,789	\$ -	CBC
95	Demand	7,074,591	7,074,591	4,225,673	2,715,718	110,208	22,992	-	CMD
96	Customer Accounts	-	-	-	-	-	-	-	CB
97	Customer Meters	2,060,800	2,060,800	1,452,695	590,019	723	17,362	-	CM
98	Customer Services	1,788,275	1,788,275	1,447,150	335,764	596	4,765	-	CS
99	Fire Hydrants	637,105	637,105	567,486	57,101	114	633	11,770	CH
100	Total Transmission and Distribution Plant	\$ 14,450,282	\$ 14,450,282	\$ 9,349,645	\$ 4,849,577	\$ 186,748	\$ 52,541	\$ 11,770	
<u>General Plant</u>									
101	Commodity	\$ 312,763	\$ 312,763	\$ 179,316	\$ 124,582	\$ 8,130	\$ 735	\$ -	CBC
102	Demand	765,760	765,760	457,390	293,952	11,929	2,489	-	CMD
103	Customer Accounts	1,364,938	1,364,938	1,215,787	122,333	244	1,357	25,217	CB
104	Customer Meters	111,060	111,060	78,288	31,797	39	936	-	CM
105	Customer Services	123,994	123,994	100,341	23,281	41	330	-	CS
106	Fire Hydrants	51,362	51,362	45,749	4,603	9	51	949	CH
107	Fire Hydrants	51,362	51,362	45,749	4,603	9	51	949	CH
108	Total General Plant	\$ 2,729,877	\$ 2,729,877	\$ 2,076,872	\$ 600,549	\$ 20,392	\$ 5,897	\$ 26,166	

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Rate Base Allocation to Rate Schedules/Classes

Line No.	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Commercial	Irrigation	Standpipe/Construction	Private Fire	Alloc. Factor (b)
<u>Allocated Corporate Plant</u>									
109	Commodity	\$ 10,535	\$ 10,535	\$ 6,040	\$ 4,196	\$ 274	\$ 25	\$ -	CBC
110	Demand	25,793	25,793	15,406	9,901	402	84	-	CMD
111	Customer Accounts	45,975	45,975	40,951	4,121	8	46	849	CB
112	Customer Meters	3,741	3,741	2,637	1,071	1	32	-	CM
113	Customer Services	4,176	4,176	3,380	784	1	11	-	CS
114	Fire Hydrants	1,730	1,730	1,541	155	0	2	32	CH
115	Total Allocated Corporate Plant	\$ 91,950	\$ 91,950	\$ 69,955	\$ 20,228	\$ 687	\$ 199	\$ 881	
<u>Retirement Work in Progress</u>									
116	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	CBC
117	Demand	-	-	-	-	-	-	-	CMD
118	Customer Accounts	-	-	-	-	-	-	-	CB
119	Customer Meters	-	-	-	-	-	-	-	CM
120	Customer Services	-	-	-	-	-	-	-	CS
121	Fire Hydrants	-	-	-	-	-	-	-	CH
122	Total Retirement Work in Progress	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<u>Advances in Aid of Construction</u>									
123	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	CBC
124	Demand	-	-	-	-	-	-	-	CMD
125	Customer Accounts	-	-	-	-	-	-	-	CB
126	Customer Meters	-	-	-	-	-	-	-	CM
127	Customer Services	-	-	-	-	-	-	-	CS
128	Fire Hydrants	-	-	-	-	-	-	-	CH
129	Total Advances in Aid of Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<u>Accumulated Depreciation/Amortization</u>									
130	Commodity	\$ 5,404,867	\$ 5,404,867	\$ 3,098,766	\$ 2,152,913	\$ 140,489	\$ 12,699	\$ -	
131	Demand	13,233,108	13,233,108	7,904,172	5,079,784	206,145	43,007	-	
132	Customer Accounts	1,410,913	1,410,913	1,256,738	126,454	252	1,402	26,067	
133	Customer Meters	2,175,601	2,175,601	1,533,620	622,888	764	18,329	-	
134	Customer Services	1,916,445	1,916,445	1,550,871	359,829	638	5,106	-	
135	Fire Hydrants	690,197	690,197	614,777	61,859	123	686	12,751	
136	Total Accumulated Depreciation/Amortization (a)(c)	\$ 24,831,130	\$ 24,831,130	\$ 15,958,945	\$ 8,403,726	\$ 348,411	\$ 81,230	\$ 38,818	

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Rate Base Allocation to Rate Schedules/Classes

Line No.	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Commercial	Irrigation	Standpipe/Construction	Private Fire	Alloc. Factor (b)
NET UTILITY PLANT IN SERVICE									
	Net Plant								
137	Commodity	\$ 6,184,182	\$ 6,184,182	\$ 3,545,570	\$ 2,463,336	\$ 160,746	\$ 14,530	\$ -	
138	Demand	15,141,159	15,141,159	9,043,857	5,812,226	235,868	49,208	-	
139	Customer Accounts	2,371,187	2,371,187	2,112,080	212,519	424	2,357	43,808	
140	Customer Meters	1,939,599	1,939,599	1,367,259	555,319	681	16,341	-	
141	Customer Services	2,677,985	2,677,985	2,167,143	502,815	892	7,135	-	
142	Fire Hydrants	1,212,945	1,212,945	1,080,403	108,711	217	1,206	22,409	
143	Net Utility Plant in Service (a)	\$ 29,527,057	\$ 29,527,057	\$ 19,316,310	\$ 9,654,926	\$ 398,828	\$ 90,777	\$ 66,217	
CONSTRUCTION WORK IN PROGRESS									
	Construction Work in Progress								
144	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	CBC
145	Demand	-	-	-	-	-	-	-	CMD
146	Customer Accounts	-	-	-	-	-	-	-	CB
147	Customer Meters	-	-	-	-	-	-	-	CM
148	Customer Services	-	-	-	-	-	-	-	CS
149	Fire Hydrants	-	-	-	-	-	-	-	CH
150	Total Construction Work in Progress (a)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
WORKING CAPITAL ASSETS									
	Working Capital Assets								
151	Commodity	\$ (256,761)	\$ (256,761)	\$ (147,209)	\$ (102,275)	\$ (6,674)	\$ (603)	\$ -	CBC
152	Demand	(628,647)	(628,647)	(375,492)	(241,318)	(9,793)	(2,043)	-	CMD
153	Customer Accounts	(98,449)	(98,449)	(87,692)	(8,824)	(18)	(98)	(1,819)	CB
154	Customer Meters	(80,530)	(80,530)	(56,767)	(23,056)	(28)	(678)	-	CM
155	Customer Services	(111,187)	(111,187)	(89,978)	(20,876)	(37)	(296)	-	CS
156	Fire Hydrants	(50,360)	(50,360)	(44,857)	(4,514)	(9)	(50)	(930)	CH
157	Total Working Capital Assets (a)	\$ (1,225,936)	\$ (1,225,936)	\$ (801,995)	\$ (400,863)	\$ (16,559)	\$ (3,769)	\$ (2,749)	
CONTRIBUTIONS & ADVANCES IN AID OF CONSTRUCTION									
	Contributions & Advances in Aid of Construction								
158	Commodity	\$ (2,628,692)	\$ (2,628,692)	\$ (1,507,105)	\$ (1,047,083)	\$ (68,328)	\$ (6,176)	\$ -	CBC
159	Demand	(6,436,007)	(6,436,007)	(3,844,245)	(2,470,585)	(100,260)	(20,917)	-	CMD
160	Customer Accounts	(1,007,913)	(1,007,913)	(897,775)	(90,335)	(180)	(1,002)	(18,621)	CB
161	Customer Meters	(824,460)	(824,460)	(581,177)	(236,048)	(289)	(6,946)	-	CM
162	Customer Services	(1,138,323)	(1,138,323)	(921,181)	(213,730)	(379)	(3,033)	-	CS
163	Fire Hydrants	(515,583)	(515,583)	(459,244)	(46,209)	(92)	(513)	(9,525)	CH
164	Total Contributions & Advances in Aid of Construction (a)	\$ (12,550,978)	\$ (12,550,978)	\$ (8,210,726)	\$ (4,103,990)	\$ (169,528)	\$ (38,586)	\$ (28,147)	

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Rate Base Allocation to Rate Schedules/Classes

Line No.	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Commercial	Irrigation	Standpipe/ Construction	Private Fire	Alloc. Factor (b)
RATE BASE									
<u>Rate Base</u>									
165	Commodity	\$ 3,298,729	\$ 3,298,729	\$ 1,891,256	\$ 1,313,978	\$ 85,744	\$ 7,750	\$ -	
166	Demand	8,076,505	8,076,505	4,824,119	3,100,322	125,815	26,248	-	
167	Customer Accounts	1,264,824	1,264,824	1,126,613	113,361	226	1,257	23,368	
168	Customer Meters	1,034,609	1,034,609	729,315	296,215	363	8,716	-	
169	Customer Services	1,428,475	1,428,475	1,155,984	268,208	476	3,806	-	
170	Fire Hydrants	647,002	647,002	576,302	57,988	116	643	11,953	
171	Total Rate Base [A]	\$ 15,750,144	\$ 15,750,144	\$ 10,303,589	\$ 5,150,072	\$ 212,740	\$ 48,422	\$ 35,321	

Supporting Schedules
(a) G-5, (b) G-7a, (c) F-1.3

Recap Schedules
[A] G-1

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Revenue and Expense Allocation to Rate Schedules at Present Revenues

Line No.s	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Commercial	Irrigation	Standpipe/ Construction	Private Fire	Alloc. Code (b)
REVENUES									
1	Revenue Water Service (c)	\$ 5,797,712	\$ 5,797,712	\$ 3,413,886	\$ 2,305,162	\$ 5,433	\$ 43,503	\$ 29,727	Direct
2	Other Revenue	89,657	89,657	51,403	35,713	2,330	211	-	CBC
3	Total Revenue	<u>\$ 5,887,368</u>	<u>\$ 5,887,368</u>	<u>\$ 3,465,289</u>	<u>\$ 2,340,875</u>	<u>\$ 7,764</u>	<u>\$ 43,714</u>	<u>\$ 29,727</u>	
EXPENSES (A)									
<u>Source of Supply Expenses</u>									
<u>Operation</u>									
4	Commodity	\$ 534,123	\$ 534,123	\$ 306,228	\$ 212,756	\$ 13,884	\$ 1,255	\$ -	CBC
5	Demand	636,248	636,248	380,032	244,236	9,911	2,068	-	CMD
6	Customer Accounts	-	-	-	-	-	-	-	CB
7	Customer Meters	-	-	-	-	-	-	-	CM
8	Customer Services	-	-	-	-	-	-	-	CS
9	Fire Hydrants	-	-	-	-	-	-	-	CH
10	Total Operation	<u>\$1,170,371</u>	<u>1,170,371</u>	<u>686,261</u>	<u>456,992</u>	<u>23,795</u>	<u>3,323</u>	<u>0</u>	
<u>Maintenance</u>									
11	Commodity	\$ 23,466	\$ 23,466	\$ 13,453	\$ 9,347	\$ 610	\$ 55	\$ -	CBC
12	Demand	11,751	11,751	7,019	4,511	183	38	-	CMD
13	Customer Accounts	-	-	-	-	-	-	-	CB
14	Customer Meters	-	-	-	-	-	-	-	CM
15	Customer Services	-	-	-	-	-	-	-	CS
16	Fire Hydrants	-	-	-	-	-	-	-	CH
17	Total Maintenance	<u>\$ 35,217</u>	<u>\$ 35,217</u>	<u>\$ 20,472</u>	<u>\$ 13,858</u>	<u>\$ 793</u>	<u>\$ 93</u>	<u>\$ -</u>	
<u>Total Source of Supply Expenses</u>									
18	Commodity	\$ 557,589	\$ 557,589	\$ 319,682	\$ 222,103	\$ 14,493	\$ 1,310	\$ -	
19	Demand	647,999	647,999	387,051	248,747	10,094	2,106	-	
20	Customer Accounts	-	-	-	-	-	-	-	
21	Customer Meters	-	-	-	-	-	-	-	
22	Customer Services	-	-	-	-	-	-	-	
23	Fire Hydrants	-	-	-	-	-	-	-	
24	Total Source of Supply Expenses	<u>\$ 1,205,587</u>	<u>\$ 1,205,587</u>	<u>\$ 706,733</u>	<u>\$ 470,850</u>	<u>\$ 24,588</u>	<u>\$ 3,416</u>	<u>\$ -</u>	

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Revenue and Expense Allocation to Rate Schedules at Present Revenues

Line No.s	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Commercial	Irrigation	Standpipe/ Construction	Private Fire	Alloc. Code (b)
<u>Water Treatment Expenses</u>									
<u>Operation</u>									
25	Commodity	\$ 262,020	\$ 262,020	\$ 150,223	\$ 104,370	\$ 6,811	\$ 616	\$ -	CBC
26	Demand	559,770	559,770	334,352	214,878	8,720	1,819	-	CMD
27	Customer Accounts	-	-	-	-	-	-	-	CB
28	Customer Meters	-	-	-	-	-	-	-	CM
29	Customer Services	-	-	-	-	-	-	-	CS
30	Fire Hydrants	-	-	-	-	-	-	-	CH
31	Total Operation	\$ 821,790	\$ 821,790	\$ 484,576	\$ 319,248	\$ 15,531	\$ 2,435	\$ -	
<u>Maintenance</u>									
32	Commodity	\$ 18,666	\$ 18,666	\$ 10,702	\$ 7,435	\$ 485	\$ 44	\$ -	CBC
33	Demand	-	-	-	-	-	-	-	CMD
34	Customer Accounts	-	-	-	-	-	-	-	CB
35	Customer Meters	-	-	-	-	-	-	-	CM
36	Customer Services	-	-	-	-	-	-	-	CS
37	Fire Hydrants	-	-	-	-	-	-	-	CH
38	Total Maintenance	\$ 18,666	\$ 18,666	\$ 10,702	\$ 7,435	\$ 485	\$ 44	\$ -	
<u>Total Water Treatment Expenses</u>									
39	Commodity	\$ 280,686	\$ 280,686	\$ 160,925	\$ 111,805	\$ 7,296	\$ 659	\$ -	
40	Demand	559,770	559,770	334,352	214,878	8,720	1,819	-	
41	Customer Accounts	-	-	-	-	-	-	-	
42	Customer Meters	-	-	-	-	-	-	-	
43	Customer Services	-	-	-	-	-	-	-	
44	Fire Hydrants	-	-	-	-	-	-	-	
45	Total Water Treatment	\$ 840,456	\$ 840,456	\$ 495,277	\$ 326,684	\$ 16,016	\$ 2,479	\$ -	
<u>Total Production Expenses</u>									
46	Commodity	\$ 838,274	\$ 838,274	\$ 480,607	\$ 333,909	\$ 21,789	\$ 1,970	\$ -	
47	Demand	1,207,768	1,207,768	721,403	463,625	18,815	3,925	-	
48	Customer Accounts	-	-	-	-	-	-	-	
49	Customer Meters	-	-	-	-	-	-	-	
50	Customer Services	-	-	-	-	-	-	-	
51	Fire Hydrants	-	-	-	-	-	-	-	
52	Total Production Expenses	\$ 2,046,043	\$ 2,046,043	\$ 1,202,010	\$ 797,534	\$ 40,604	\$ 5,895	\$ -	

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Revenue and Expense Allocation to Rate Schedules at Present Revenues

Line No.s	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Commercial	Irrigation	Standpipe/ Construction	Private Fire	Alloc. Code (b)
Transmission and Distribution Expenses									
<u>Operation</u>									
53	Commodity	\$ 180,477	\$ 180,477	\$ 103,473	\$ 71,889	\$ 4,691	\$ 424	\$ -	CBC
54	Demand	441,875	441,875	263,933	169,622	6,884	1,436	-	CMD
55	Customer Accounts	-	-	-	-	-	-	-	CB
56	Customer Meters	100,408	100,408	70,779	28,747	35	846	-	CM
57	Customer Services	112,101	112,101	90,717	21,048	37	299	-	CS
58	Fire Hydrants	46,435	46,435	41,361	4,162	8	46	858	CH
59	Total Operation	\$ 881,296	\$ 881,296	\$ 570,263	\$ 295,468	\$ 11,656	\$ 3,051	\$ 858	
<u>Maintenance</u>									
60	Commodity	\$ 3,823	\$ 3,823	\$ 2,192	\$ 1,523	\$ 99	\$ 9	\$ -	CBC
61	Demand	9,359	9,359	5,590	3,593	146	30	-	CMD
62	Customer Accounts	-	-	-	-	-	-	-	CB
63	Customer Meters	2,127	2,127	1,499	609	1	18	-	CM
64	Customer Services	2,374	2,374	1,921	446	1	6	-	CS
65	Fire Hydrants	984	984	876	88	0	1	18	CH
66	Total Maintenance	\$ 18,666	\$ 18,666	\$ 12,078	\$ 6,258	\$ 247	\$ 65	\$ 18	
<u>Total Transmission & Distribution Expenses</u>									
67	Commodity	\$ 184,300	\$ 184,300	\$ 105,664	\$ 73,412	\$ 4,791	\$ 433	\$ -	
68	Demand	451,234	451,234	269,523	173,215	7,029	1,466	-	
69	Customer Accounts	-	-	-	-	-	-	-	
70	Customer Meters	102,534	102,534	72,278	29,356	36	864	-	
71	Customer Services	114,475	114,475	92,638	21,494	38	305	-	
72	Fire Hydrants	47,419	47,419	42,237	4,250	8	47	876	
73	Total Transmission & Distribution Expenses	\$ 899,962	\$ 899,962	\$ 582,341	\$ 301,726	\$ 11,902	\$ 3,115	\$ 876	

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Revenue and Expense Allocation to Rate Schedules at Present Revenues

Line No.s	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Commercial	Irrigation	Standpipe/ Construction	Private Fire	Alloc. Code (b)
Customer Accounts Expenses									
74	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	CBC
75	Demand	-	-	-	-	-	-	-	CMD
76	Customer Accounts	538,618	538,618	479,761	48,274	96	535	9,951	CB
77	Customer Meters	-	-	-	-	-	-	-	CM
78	Customer Services	-	-	-	-	-	-	-	CS
79	Fire Hydrants	-	-	-	-	-	-	-	CH
80	Total Customer Accounts	\$ 538,618	\$ 538,618	\$ 479,761	\$ 48,274	\$ 96	\$ 535	\$ 9,951	
O&M w/oA&G Expenses									
81	Commodity	\$ 1,022,574	\$ 1,022,574	\$ 586,271	\$ 407,320	\$ 26,580	\$ 2,403	\$ -	
82	Demand	1,659,002	1,659,002	990,927	636,840	25,844	5,392	-	
83	Customer Accounts	538,618	538,618	479,761	48,274	96	535	9,951	
84	Customer Meters	102,534	102,534	72,278	29,356	36	864	-	
85	Customer Services	114,475	114,475	92,638	21,494	38	305	-	
86	Fire Hydrants	47,419	47,419	42,237	4,250	8	47	876	
87	Total O&M w/oA&G Expenses	\$ 3,484,622	\$ 3,484,622	\$ 2,264,112	\$ 1,147,534	\$ 52,603	\$ 9,546	\$ 10,827	
Administrative and General Expenses									
88	Commodity	\$ 96,778	\$ 96,778	\$ 55,485	\$ 38,549	\$ 2,516	\$ 227	\$ -	CBC
89	Demand	218,211	218,211	130,338	83,764	3,399	709	-	CMD
90	Customer Accounts	311,434	311,434	277,402	27,912	56	310	5,754	CB
91	Customer Meters	15,791	15,791	11,131	4,521	6	133	-	CM
92	Customer Services	17,630	17,630	14,267	3,310	6	47	-	CS
93	Fire Hydrants	7,303	7,303	6,505	655	1	7	135	CH
94	Total Administrative and General Expenses	\$ 667,146	\$ 667,146	\$ 495,129	\$ 158,712	\$ 5,983	\$ 1,433	\$ 5,889	
Total Operation and Maintenance Expenses									
95	Commodity	\$ 1,119,352	\$ 1,119,352	\$ 641,757	\$ 445,870	\$ 29,095	\$ 2,630	\$ -	
96	Demand	1,877,213	1,877,213	1,121,264	720,604	29,243	6,101	-	
97	Customer Accounts	850,051	850,051	757,163	76,186	152	845	15,705	
98	Customer Meters	118,325	118,325	83,410	33,877	42	997	-	
99	Customer Services	132,105	132,105	106,905	24,804	44	352	-	
100	Fire Hydrants	54,722	54,722	48,742	4,904	10	54	1,011	
101	Total Operation and Maintenance Expenses	\$ 4,151,767	\$ 4,151,767	\$ 2,759,241	\$ 1,306,246	\$ 58,586	\$ 10,979	\$ 16,716	

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Revenue and Expense Allocation to Rate Schedules at Present Revenues

Line No.s	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Commercial	Irrigation	Standpipe/ Construction	Private Fire	Alloc. Code (b)
OPERATING INCOME									
131	Income Before Taxes	\$ 59	\$ 59	\$ (455,411)	\$ 491,904	\$ (71,369)	\$ 26,825	\$ 8,111	
132	State Income Tax	(23,428)	(23,428)	(37,643)	16,442	(3,814)	1,242	345	
133	Federal Income Tax	(95,484)	(95,484)	(153,423)	67,012	(15,543)	5,064	1,406	
134	Total Income Taxes	\$ (118,912)	\$ (118,912)	\$ (191,066)	\$ 83,454	\$ (19,357)	\$ 6,306	\$ 1,751	
135	Net Income After Tax	\$ 118,971	\$ 118,971	\$ (264,345)	\$ 408,450	\$ (52,013)	\$ 20,519	\$ 6,361	
136	Present Return Rate Of Return	0.76%	0.76%	-2.57%	7.93%	-24.45%	42.38%	18.01%	
137	Present Relative Return Rate Of Return	1.00	1.00	(3.40)	10.50	(32.37)	56.10	23.84	
State Income Tax									
138	Income Before Tax	\$ 59	\$ 59	\$ (455,411)	\$ 491,904	\$ (71,369)	\$ 26,825	\$ 8,111	
139	Less: Interest Expense	478,174	478,174	312,817	156,356	6,459	1,470	1,072	
140	State Taxable Income	\$ (478,116)	\$ (478,116)	\$ (768,228)	\$ 335,547	\$ (77,828)	\$ 25,355	\$ 7,039	
141	Pro Forma State Income Tax	\$ (23,428)	\$ (23,428)	\$ (37,643)	\$ 16,442	\$ (3,814)	\$ 1,242	\$ 345	
142	Amortization of Flow Through Tax	0	0	0	0	0	0	0	
143	Subtotal State Income Tax	\$ (23,428)	\$ (23,428)	\$ (37,643)	\$ 16,442	\$ (3,814)	\$ 1,242	\$ 345	
144	Deferred State Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
145	Total State Income Tax	\$ (23,428)	\$ (23,428)	\$ (37,643)	\$ 16,442	\$ (3,814)	\$ 1,242	\$ 345	
Federal Income Tax									
146	Income Before Tax	\$ 59	\$ 59	\$ (455,411)	\$ 491,904	\$ (71,369)	\$ 26,825	\$ 8,111	
147	Less: Interest Expense	478,174	478,174	312,817	156,356	6,459	1,470	1,072	
148	Less: State Income Tax	(23,428)	(23,428)	(37,643)	16,442	(3,814)	1,242	345	
149		-	-	-	-	-	-	-	
150	Federal Taxable Income	\$ (454,688)	\$ (454,688)	\$ (730,585)	\$ 319,106	\$ (74,015)	\$ 24,112	\$ 6,694	
151	Pro Forma Federal Income Tax	\$ (95,484)	\$ (95,484)	\$ (153,423)	\$ 67,012	\$ (15,543)	\$ 5,064	\$ 1,406	
152	ITC Amortization	-	-	-	-	-	-	-	CRB
153	Subtotal Federal Income Tax	\$ (95,484)	\$ (95,484)	\$ (153,423)	\$ 67,012	\$ (15,543)	\$ 5,064	\$ 1,406	
154	Deferred Federal Income Tax	-	-	-	-	-	-	-	
155	Total Federal Income Tax	(95,484)	(95,484)	(153,423)	67,012	(15,543)	5,064	1,406	
156	Total Income Tax	(118,912)	(118,912)	(191,066)	83,454	(19,357)	6,306	1,751	

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Revenue and Expense Allocation to Rate Schedules at Present Revenues

Line No.s	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Commercial	Irrigation	Standpipe/ Construction	Private Fire	Alloc. Code (b)
PRESENT REVENUES TAXES & ROR									
Present Revenues									
157	Revenues	\$ 5,797,712	\$ 5,797,712	\$ 3,413,886	\$ 2,305,162	\$ 5,433	\$ 43,503	\$ 29,727	
158	Other Revenue	89,657	89,657	51,403	35,713	2,330	211	-	
159	Total Present Revenue	\$ 5,887,368	\$ 5,887,368	\$ 3,465,289	\$ 2,340,875	\$ 7,764	\$ 43,714	\$ 29,727	
160	O&M, Customer, A&G and Other Taxes	\$ 5,887,310	\$ 5,887,310	\$ 3,920,700	\$ 1,848,971	\$ 79,133	\$ 16,889	\$ 21,616	
161	Income Before Tax	\$ 59	\$ 59	\$ (455,411)	\$ 491,904	\$ (71,369)	\$ 26,825	\$ 8,111	
162	Less: Interest Expense	478,174	478,174	312,817	156,356	6,459	1,470	1,072	
163	State Taxable Income	\$ (478,116)	\$ (478,116)	\$ (768,228)	\$ 335,547	\$ (77,828)	\$ 25,355	\$ 7,039	
164	Pro Forma State Income Tax	\$ (23,428)	\$ (23,428)	\$ (37,643)	\$ 16,442	\$ (3,814)	\$ 1,242	\$ 345	
165	Amortization of Flow Through Tax	-	-	-	-	-	-	-	
166	Subtotal State Income Tax	\$ (23,428)	\$ (23,427.66)	\$ (37,643.19)	\$ 16,441.82	\$ (3,813.58)	\$ 1,242.38	\$ 344.91	
167	Deferred State Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
168	Total State Income Tax	\$ (23,428)	\$ (23,428)	\$ (37,643)	\$ 16,442	\$ (3,814)	\$ 1,242	\$ 345	
169	Income Before Tax	\$ 59	\$ 59	\$ (455,411)	\$ 491,904	\$ (71,369)	\$ 26,825	\$ 8,111	
170	Less: Interest Expense	478,174	478,174	312,817	156,356	6,459	1,470	1,072	
171	Less: State Income Tax	(23,428)	(23,428)	(37,643)	16,442	(3,814)	1,242	345	
172		-	-	-	-	-	-	-	
173	Federal Taxable Income	(\$454,688)	(454,688)	(730,585)	319,106	(74,015)	24,112	6,694	
174	Pro Forma Federal Income Tax	\$ (95,484)	(95,484)	(153,423)	67,012	(15,543)	5,064	1,406	
175	ITC Amortization	-	0	0	0	0	0	0	CRB
176	Subtotal Federal Income Tax	(\$95,484)	(95,484)	(153,423)	67,012	(15,543)	5,064	1,406	
177	Total Federal Income Tax	(\$95,484)	(95,484)	(153,423)	67,012	(15,543)	5,064	1,406	
178	Total Income Tax	(\$118,912)	(118,912)	(191,066)	83,454	(19,357)	6,306	1,751	
179	Income After Tax	\$118,971	\$118,971	(\$264,345)	\$408,450	(\$52,013)	\$20,519	\$6,361	
Present Revenues									
180	Return Rate Of Return	0.76%	0.76%	-2.57%	7.93%	-24.45%	42.38%	18.01%	
181	Realtive Rate Of Return	1.00	1.00	(3.40)	10.50	(32.37)	56.10	23.84	

Supporting Schedules
(a) C-1, (b) G-7a, (c) H-1

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Revenue and Expense Allocation to Rate Schedules at Proposed Revenues

Line No.s	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Commercial	Irrigation	Standpipe/ Construction	Private Fire	Allocation Code (b)
REVENUES									
1	Revenue Water Service (c)	\$ 7,546,654	\$ 7,546,654	\$ 4,460,243	\$ 2,995,371	\$ 7,320	\$ 47,157	\$ 36,564	Direct
2	Other Revenue	89,657	89,657	51,403	35,713	2,330	211	-	CBC
3	Total Revenue	\$ 7,636,311	\$ 7,636,311	\$ 4,511,646	\$ 3,031,083	\$ 9,650	\$ 47,368	\$ 36,564	
EXPENSES (A)									
Source of Supply Expenses									
<u>Operation</u>									
4	Commodity	\$ 534,123	\$ 534,123	\$ 306,228	\$ 212,756	\$ 13,884	\$ 1,255	\$ -	CBC
5	Demand	636,248	636,248	380,032	244,236	9,911	2,068	-	CMD
6	Customer Accounts	-	-	-	-	-	-	-	CB
7	Customer Meters	-	-	-	-	-	-	-	CM
8	Customer Services	-	-	-	-	-	-	-	CS
9	Fire Hydrants	-	-	-	-	-	-	-	CH
10	Total Operation	\$ 1,170,371	1,170,371	686,261	456,992	23,795	3,323	0	
<u>Maintenance</u>									
11	Commodity	\$ 23,466	\$ 23,466	\$ 13,453	\$ 9,347	\$ 610	\$ 55	\$ -	CBC
12	Demand	11,751	11,751	7,019	4,511	183	38	-	CMD
13	Customer Accounts	-	-	-	-	-	-	-	CB
14	Customer Meters	-	-	-	-	-	-	-	CM
15	Customer Services	-	-	-	-	-	-	-	CS
16	Fire Hydrants	-	-	-	-	-	-	-	CH
17	Total Maintenance	\$ 35,217	\$ 35,217	\$ 20,472	\$ 13,858	\$ 793	\$ 93	\$ -	
<u>Total Source of Supply Expenses</u>									
18	Commodity	\$ 557,589	\$ 557,589	\$ 319,682	\$ 222,103	\$ 14,493	\$ 1,310	\$ -	
19	Demand	647,999	647,999	387,051	248,747	10,094	2,106	-	
20	Customer Accounts	-	-	-	-	-	-	-	
21	Customer Meters	-	-	-	-	-	-	-	
22	Customer Services	-	-	-	-	-	-	-	
23	Fire Hydrants	-	-	-	-	-	-	-	
24	Total Source of Supply Expenses	\$ 1,205,587	\$ 1,205,587	\$ 706,733	\$ 470,850	\$ 24,588	\$ 3,416	\$ -	

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Revenue and Expense Allocation to Rate Schedules at Proposed Revenues

Line No.s	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Commercial	Irrigation	Standpipe/ Construction	Private Fire	Allocation Code (b)
<u>Water Treatment Expenses</u>									
<u>Operation</u>									
25	Commodity	\$ 262,020	\$ 262,020	\$ 150,223	\$ 104,370	\$ 6,811	\$ 616	\$ -	CBC
26	Demand	559,770	559,770	334,352	214,878	8,720	1,819	-	CMD
27	Customer Accounts	-	-	-	-	-	-	-	CB
28	Customer Meters	-	-	-	-	-	-	-	CM
29	Customer Services	-	-	-	-	-	-	-	CS
30	Fire Hydrants	-	-	-	-	-	-	-	CH
31	Total Operation	\$ 821,790	\$ 821,790	\$ 484,576	\$ 319,248	\$ 15,531	\$ 2,435	\$ -	
<u>Maintenance</u>									
32	Commodity	\$ 18,666	\$ 18,666	\$ 10,702	\$ 7,435	\$ 485	\$ 44	\$ -	CBC
33	Demand	-	-	-	-	-	-	-	CMD
34	Customer Accounts	-	-	-	-	-	-	-	CB
35	Customer Meters	-	-	-	-	-	-	-	CM
36	Customer Services	-	-	-	-	-	-	-	CS
37	Fire Hydrants	-	-	-	-	-	-	-	CH
38	Total Maintenance	\$ 18,666	\$ 18,666	\$ 10,702	\$ 7,435	\$ 485	\$ 44	\$ -	
<u>Total Water Treatment Expenses</u>									
39	Commodity	\$ 280,686	\$ 280,686	\$ 160,925	\$ 111,805	\$ 7,296	\$ 659	\$ -	
40	Demand	559,770	559,770	334,352	214,878	8,720	1,819	-	
41	Customer Accounts	-	-	-	-	-	-	-	
42	Customer Meters	-	-	-	-	-	-	-	
43	Customer Services	-	-	-	-	-	-	-	
44	Fire Hydrants	-	-	-	-	-	-	-	
45	Total Water Treatment	\$ 840,456	\$ 840,456	\$ 495,277	\$ 326,684	\$ 16,016	\$ 2,479	\$ -	
<u>Total Production Expenses</u>									
46	Commodity	\$ 838,274	\$ 838,274	\$ 480,607	\$ 333,909	\$ 21,789	\$ 1,970	\$ -	
47	Demand	1,207,768	1,207,768	721,403	463,625	18,815	3,925	-	
48	Customer Accounts	-	-	-	-	-	-	-	
49	Customer Meters	-	-	-	-	-	-	-	
50	Customer Services	-	-	-	-	-	-	-	
51	Fire Hydrants	-	-	-	-	-	-	-	
52	Total Production Expenses	\$ 2,046,043	\$ 2,046,043	\$ 1,202,010	\$ 797,534	\$ 40,604	\$ 5,895	\$ -	

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Revenue and Expense Allocation to Rate Schedules at Proposed Revenues

Line No.s	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Commercial	Irrigation	Standpipe/ Construction	Private Fire	Allocation Code (b)
Transmission and Distribution Expenses									
<u>Operation</u>									
53	Commodity	\$ 180,477	\$ 180,477	\$ 103,473	\$ 71,889	\$ 4,691	\$ 424	\$ -	CBC
54	Demand	441,875	441,875	263,933	169,622	6,884	1,436	-	CMD
55	Customer Accounts	-	-	-	-	-	-	-	CB
56	Customer Meters	100,408	100,408	70,779	28,747	35	846	-	CM
57	Customer Services	112,101	112,101	90,717	21,048	37	299	-	CS
58	Fire Hydrants	46,435	46,435	41,361	4,162	8	46	858	CH
59	Total Operation	\$ 881,296	\$ 881,296	\$ 570,263	\$ 295,468	\$ 11,656	\$ 3,051	\$ 858	
<u>Maintenance</u>									
60	Commodity	\$ 3,823	\$ 3,823	\$ 2,192	\$ 1,523	\$ 99	\$ 9	\$ -	CBC
61	Demand	9,359	9,359	5,590	3,593	146	30	-	CMD
62	Customer Accounts	-	-	-	-	-	-	-	CB
63	Customer Meters	2,127	2,127	1,499	609	1	18	-	CM
64	Customer Services	2,374	2,374	1,921	446	1	6	-	CS
65	Fire Hydrants	984	984	876	88	0	1	18	CH
66	Total Maintenance	\$ 18,666	\$ 18,666	\$ 12,078	\$ 6,258	\$ 247	\$ 65	\$ 18	
<u>Total Transmission & Distribution Expenses</u>									
67	Commodity	\$ 184,300	\$ 184,300	\$ 105,664	\$ 73,412	\$ 4,791	\$ 433	\$ -	
68	Demand	451,234	451,234	269,523	173,215	7,029	1,466	-	
69	Customer Accounts	-	-	-	-	-	-	-	
70	Customer Meters	102,534	102,534	72,278	29,356	36	864	-	
71	Customer Services	114,475	114,475	92,638	21,494	38	305	-	
72	Fire Hydrants	47,419	47,419	42,237	4,250	8	47	876	
73	Total Transmission & Distribution Expenses	\$ 899,962	\$ 899,962	\$ 582,341	\$ 301,726	\$ 11,902	\$ 3,115	\$ 876	

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Revenue and Expense Allocation to Rate Schedules at Proposed Revenues

Line No.s	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Commercial	Irrigation	Standpipe/Construction	Private Fire	Allocation Code (b)
Customer Accounts Expenses									
74	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	CBC
75	Demand	-	-	-	-	-	-	-	CMD
76	Customer Accounts	547,999	547,999	488,118	49,115	98	545	10,124	CB
77	Customer Meters	-	-	-	-	-	-	-	CM
78	Customer Services	-	-	-	-	-	-	-	CS
79	Fire Hydrants	-	-	-	-	-	-	-	CH
80	Total Customer Accounts	\$ 547,999	\$ 547,999	\$ 488,118	\$ 49,115	\$ 98	\$ 545	\$ 10,124	
O&M w/oA&G Expenses									
81	Commodity	\$ 1,022,574	\$ 1,022,574	\$ 586,271	\$ 407,320	\$ 26,580	\$ 2,403	\$ -	
82	Demand	1,659,002	1,659,002	990,927	636,840	25,844	5,392	-	
83	Customer Accounts	547,999	547,999	488,118	49,115	98	545	10,124	
84	Customer Meters	102,534	102,534	72,278	29,356	36	864	-	
85	Customer Services	114,475	114,475	92,638	21,494	38	305	-	
86	Fire Hydrants	47,419	47,419	42,237	4,250	8	47	876	
87	Total O&M w/oA&G Expenses	\$ 3,494,004	\$ 3,494,004	\$ 2,272,469	\$ 1,148,375	\$ 52,604	\$ 9,555	\$ 11,000	
Administrative and General Expenses									
88	Commodity	\$ 96,778	\$ 96,778	\$ 55,485	\$ 38,549	\$ 2,516	\$ 227	\$ -	CBC
89	Demand	218,211	218,211	130,338	83,764	3,399	709	-	CMD
90	Customer Accounts	311,434	311,434	277,402	27,912	56	310	5,754	CB
91	Customer Meters	15,791	15,791	11,131	4,521	6	133	-	CM
92	Customer Services	17,630	17,630	14,267	3,310	6	47	-	CS
93	Fire Hydrants	7,303	7,303	6,505	655	1	7	135	CH
94	Total Administrative and General Expenses	\$ 667,146	\$ 667,146	\$ 495,129	\$ 158,712	\$ 5,983	\$ 1,433	\$ 5,889	
Total Operation and Maintenance Expenses									
95	Commodity	\$ 1,119,352	\$ 1,119,352	\$ 641,757	\$ 445,870	\$ 29,095	\$ 2,630	\$ -	
96	Demand	1,877,213	1,877,213	1,121,264	720,604	29,243	6,101	-	
97	Demand - Extra Cap Max Hour	-	-	-	-	-	-	-	
98	Customer Accounts	859,433	859,433	765,520	77,027	154	854	15,878	
99	Customer Meters	118,325	118,325	83,410	33,877	42	997	-	
100	Customer Services	132,105	132,105	106,905	24,804	44	352	-	
101	Fire Hydrants	54,722	54,722	48,742	4,904	10	54	1,011	
102	Total Operation and Maintenance Expenses	\$ 4,161,149	\$ 4,161,149	\$ 2,767,598	\$ 1,307,087	\$ 58,587	\$ 10,988	\$ 16,889	

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Revenue and Expense Allocation to Rate Schedules at Proposed Revenues

Line No.s	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Commercial	Irrigation	Standpipe/ Construction	Private Fire	Allocation Code (b)
OPERATING INCOME									
132	Income Before Taxes	\$ 1,717,784	\$ 1,717,784	\$ 568,304	\$ 1,174,131	\$ (69,780)	\$ 30,402	\$ 14,725	
133	State Income Tax	60,741	60,741	12,519	49,871	(3,736)	1,418	669	
134	Federal Income Tax	247,562	247,562	51,023	203,260	(15,226)	5,778	2,727	
135	Total Income Taxes	\$ 308,303	\$ 308,303	\$ 63,542	\$ 253,131	\$ (18,961)	\$ 7,196	\$ 3,396	
136	Net Income After Tax	\$ 1,409,480	\$ 1,409,480	\$ 504,762	\$ 921,001	\$ (50,818)	\$ 23,207	\$ 11,330	
137	Present Return Rate Of Return	8.95%	8.95%	4.90%	17.88%	-23.89%	47.93%	32.08%	
138	Present Relative Return Rate Of Return	1.00	1.00	0.55	2.00	(2.67)	5.36	3.58	
State Income Tax									
139	Income Before Tax	\$ 1,717,784	\$ 1,717,784	\$ 568,304	\$ 1,174,131	\$ (69,780)	\$ 30,402	\$ 14,725	
140	Less: Interest Expense	478,174	478,174	312,817	156,356	6,459	1,470	1,072	
141	State Taxable Income	\$ 1,239,609	\$ 1,239,609	\$ 255,487	\$ 1,017,775	\$ (76,239)	\$ 28,932	\$ 13,653	
142	Pro Forma State Income Tax	\$ 60,741	\$ 60,741	\$ 12,519	\$ 49,871	\$ (3,736)	\$ 1,418	\$ 669	
143	Amortization of Flow Through Tax	0	0	0	0	0	0	0	
144	Subtotal State Income Tax	\$ 60,741	\$ 60,741	\$ 12,519	\$ 49,871	\$ (3,736)	\$ 1,418	\$ 669	
145	Deferred State Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
146	Total State Income Tax	\$ 60,741	\$ 60,741	\$ 12,519	\$ 49,871	\$ (3,736)	\$ 1,418	\$ 669	
Federal Income Tax									
147	Income Before Tax	\$ 1,717,784	\$ 1,717,784	\$ 568,304	\$ 1,174,131	\$ (69,780)	\$ 30,402	\$ 14,725	
148	Less: Interest Expense	478,174	478,174	312,817	156,356	6,459	1,470	1,072	
149	Less: State Income Tax	60,741	60,741	12,519	49,871	(3,736)	1,418	669	
150		-	-	-	-	-	-	-	
151	Federal Taxable Income	\$ 1,178,868	\$ 1,178,868	\$ 242,968	\$ 967,904	\$ (72,503)	\$ 27,515	\$ 12,984	
152	Pro Forma Federal Income Tax	\$ 247,562	\$ 247,562	\$ 51,023	\$ 203,260	\$ (15,226)	\$ 5,778	\$ 2,727	
153	ITC Amortization	-	-	-	-	-	-	-	CRB
154	Subtotal Federal Income Tax	\$ 247,562	\$ 247,562	\$ 51,023	\$ 203,260	\$ (15,226)	\$ 5,778	\$ 2,727	
155	Deferred Federal Income Tax	-	-	-	-	-	-	-	
156	Total Federal Income Tax	247,562	247,562	51,023	203,260	(15,226)	5,778	2,727	
157	Total Income Tax	308,303	308,303	63,542	253,131	(18,961)	7,196	3,396	

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Revenue and Expense Allocation to Rate Schedules at Proposed Revenues

Line No.s	Description	Total Company (a)	Jurisdictional Total (a)	Residential	Commercial	Irrigation	Standpipe/ Construction	Private Fire	Allocation Code (b)
PRESENT REVENUES TAXES & ROR									
Proposed Revenues									
158	Revenues	\$ 7,546,654	\$ 7,546,654	\$ 4,460,243	\$ 2,995,371	\$ 7,320	\$ 47,157	\$ 36,564	
159	Other Revenue	89,657	89,657	51,403	35,713	2,330	211	-	
160	Total Present Revenue	\$ 7,636,311	\$ 7,636,311	\$ 4,511,646	\$ 3,031,083	\$ 9,650	\$ 47,368	\$ 36,564	
161	O&M, Customer, A&G and Other Taxes	\$ 5,918,527	\$ 5,918,527	\$ 3,943,342	\$ 1,856,952	\$ 79,430	\$ 16,965	\$ 21,838	
162	Income Before Tax	\$ 1,717,784	\$ 1,717,784	\$ 568,304	\$ 1,174,131	\$ (69,780)	\$ 30,402	\$ 14,725	
163	Less: Interest Expense	478,174	478,174	312,817	156,356	6,459	1,470	1,072	
164	State Taxable Income	\$ 1,239,609	\$ 1,239,609	\$ 255,487	\$ 1,017,775	\$ (76,239)	\$ 28,932	\$ 13,653	
165	Pro Forma State Income Tax	\$ 60,741	\$ 60,741	\$ 12,519	\$ 49,871	\$ (3,736)	\$ 1,418	\$ 669	
166	Amortization of Flow Through Tax	-	-	-	-	-	-	-	
167	Subtotal State Income Tax	\$ 60,741	\$ 60,740.85	\$ 12,518.86	\$ 49,870.99	\$ (3,735.69)	\$ 1,417.68	\$ 669.00	
168	Deferred State Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
169	Total State Income Tax	\$ 60,741	\$ 60,741	\$ 12,519	\$ 49,871	\$ (3,736)	\$ 1,418	\$ 669	
170	Income Before Tax	\$ 1,717,784	\$ 1,717,784	\$ 568,304	\$ 1,174,131	\$ (69,780)	\$ 30,402	\$ 14,725	
171	Less: Interest Expense	478,174	478,174	312,817	156,356	6,459	1,470	1,072	
172	Less: State Income Tax	60,741	60,741	12,519	49,871	(3,736)	1,418	669	
173		-	-	-	-	-	-	-	
174	Federal Taxable Income	\$1,178,868	1,178,868	242,968	967,904	(72,503)	27,515	12,984	
175	Pro Forma Federal Income Tax	\$ 247,562	247,562	51,023	203,260	(15,226)	5,778	2,727	
176	ITC Amortization	-	0	0	0	0	0	0	CRB
177	Subtotal Federal Income Tax	\$247,562	247,562	51,023	203,260	(15,226)	5,778	2,727	
178	Total Federal Income Tax	\$247,562	247,562	51,023	203,260	(15,226)	5,778	2,727	
179	Total Income Tax	\$308,303	308,303	63,542	253,131	(18,961)	7,196	3,396	
180	Income After Tax	\$1,409,480	\$1,409,480	\$504,762	\$921,001	(\$50,818)	\$23,207	\$11,330	
Proposed Revenues									
181	Return Rate Of Return	8.95%	8.95%	4.90%	17.88%	-23.89%	47.93%	32.08%	
182	Realtive Rate Of Return	1.00	1.00	0.55	2.00	(2.67)	5.36	3.58	

Supporting Schedules
(a) C-1, (b) G-7a, (c) H-1

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Rate Base and Plant Functionalization

Line No.	Acct No.	Description	Company Total (a)	Commodity Cost[A]	Demand [A]	Customer Accounts [A]	Customer Meters[A]	Customer Services[A]	Private Fire[A]	Alloc. Code(b)
PLANT IN SERVICE										
1		Source of Supply Plant								
2	30320	Land and Land Rights	\$ 695,704	\$ 201,749	\$ 493,955	\$ -	\$ -	\$ -	\$ -	FWT
3	30420	Structures and Improvements	4,253,358	1,233,440	3,019,917	-	-	-	-	FWT
4	30520	Collecting and Impounding Res.	46,813	13,575	33,238	-	-	-	-	FWT
5	30620	Lake River and Other Intakes	-	-	-	-	-	-	-	FWT
6	30720	Wells and Springs	1,774,962	514,725	1,260,237	-	-	-	-	FWT
7	30820	Infiltration Galleries and Tunnels	-	-	-	-	-	-	-	FWT
8	30920	Supply Mains	421,529	122,240	299,289	-	-	-	-	FWT
9		Total Source of Supply Plant	\$ 7,192,366	\$ 2,085,730	\$ 5,106,636	\$ -	\$ -	\$ -	\$ -	-
Pumping Plant										
10	31020	Power Generation Equipment	\$ 330,135	\$ 95,736	\$ 234,398	\$ -	\$ -	\$ -	\$ -	FPU
11	31120	Elec.&Diesel Pump.Equipment	5,548,739	1,609,091	3,939,648	-	-	-	-	FPU
12	31130	Other Pumpng Plant	-	-	-	-	-	-	-	FPU
13		Total Pumping Plant	\$ 5,878,873	\$ 1,704,827	\$ 4,174,046	\$ -	\$ -	\$ -	\$ -	-
Water Treatment Plant										
14	30330	Land and Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	FWT
15	30430	Structures and Improvements	-	-	-	-	-	-	-	FWT
16	32000	Water Treatment Equipment	-	-	-	-	-	-	-	FWT
17	32010	Water Treatment Plant	89,253	25,883	63,370	-	-	-	-	FWT
18	32020	Chemical Solution Feeders	165,725	48,059	117,666	-	-	-	-	FWT
19		Total Water Treatment Plant	\$ 254,978	\$ 73,942	\$ 181,036	\$ -	\$ -	\$ -	\$ -	-
Transmission and Distribution Plant										
20	30340	Land and Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	FDS
21	30440	Structures and Improvements	-	-	-	-	-	-	-	FDS
22	33000	Dist. Reservoirs & Standpipe	4,400	1,276	3,124	-	-	-	-	FDS
23	33010	Storage tanks	3,634,403	1,053,948	2,580,454	-	-	-	-	FDS
24	33020	Pressure Tanks	523,660	151,857	371,803	-	-	-	-	FDS
25	33140	Trans. and Distrib.Mains	19,350,661	5,611,540	13,739,120	-	-	-	-	FTDM
26	33340	Services	4,045,997	-	-	-	-	4,045,997	-	FCS
27	33440	Meters and Meter Installations	3,793,511	-	-	-	3,793,511	-	-	FCM
28	33540	Hydrants	1,754,371	-	-	-	-	-	1,754,371	FFH
29	33600	Backflow Prevention Devices	-	-	-	-	-	-	-	FCS
30	33900	Other Plant and Equipment	189,281	-	-	-	-	189,281	-	FCS
31		Total Transmission and Distribution Plant	\$ 33,296,284	\$ 6,818,622	\$ 16,694,502	\$ -	\$ 3,793,511	\$ 4,235,278	\$ 1,754,371	-
32		Gross Plant In Service before Intangible and Gen.	\$ 46,622,500	\$ 10,683,120	\$ 26,156,220	\$ -	\$ 3,793,511	\$ 4,235,278	\$ 1,754,371	-

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Rate Base and Plant Functionalization

Line No.	Acct No.	Description	Company Total (a)	Commodity Cost[A]	Demand [A]	Customer Accounts [A]	Customer Meters[A]	Customer Services[A]	Private Fire[A]	Alloc. Code(b)
General Plant										
33	30350	Land and Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	FGPCC
34	30450	Structures and Improvements	-	-	-	-	-	-	-	FGPCC
35	34050	Furniture and Equipment	185,279	21,227	51,973	92,639	7,538	8,416	3,486	FGPCC
36	34060	Computer Hardware	-	-	-	-	-	-	-	FGPCC
37	34070	Computer Software	459,182	52,609	128,805	229,591	18,681	20,856	8,639	FGPCC
38	34150	Transportation Equipment	692,552	79,346	194,268	346,276	28,175	31,456	13,030	FGPCC
39	34250	Stores Equipment	-	-	-	-	-	-	-	FGPCC
40	34350	Tools, Shop and Garage Equipment	604,834	69,296	169,662	302,417	24,607	27,472	11,380	FGPCC
41	34450	Laboratory Equipment	3,285	376	921	1,643	134	149	62	FGPCC
42	34550	Power Operated Equipment	101,350	11,612	28,430	50,675	4,123	4,603	1,907	FGPCC
43	34650	Communication Equipment	1,158,286	132,705	324,911	579,143	47,123	52,610	21,793	FGPCC
44	34750	Miscellaneous Equipment	112,389	12,876	31,526	56,195	4,572	5,105	2,115	FGPCC
45	34751	Miscellaneous Equipment - CNG	456,709	52,325	128,112	228,355	18,580	20,744	8,593	FGPCC
46	34850	Other Tangible Property	264,358	30,288	74,155	132,179	10,755	12,007	4,974	FGPCC
47		Total General Plant	\$ 4,038,224	\$ 462,661	\$ 1,132,765	\$ 2,019,112	\$ 164,288	\$ 183,420	\$ 75,978	
Intangible Plant										
48	30110	Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	FGPIS
49	30210	Franchises and Consents	171,487	39,295	96,208	-	13,953	15,578	6,453	FGPIS
50	33910	Misc. Intangible Plant	-	-	-	-	-	-	-	FGPIS
51		Total Intangible Plant	\$ 171,487	\$ 39,295	\$ 96,208	\$ -	\$ 13,953	\$ 15,578	\$ 6,453	
52		Reconciling Amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	FPIS
53		Subotal Gross Plant In Service(c)	\$ 50,832,212	\$ 11,185,076	\$ 27,385,193	\$ 2,019,112	\$ 3,971,752	\$ 4,434,277	\$ 1,836,802	
Allocated Coporate Plant										
54	90300	Land and Land Rights	12,972	1,486	3,639	6,486	528	589	244	FGPCC
55	90400	Structures and Improvments	428,987	49,149	120,335	214,494	17,453	19,485	8,071	FGPCC
56	94000	Office Furniture and Fixtures	58,688	6,724	16,463	29,344	2,388	2,666	1,104	FGPCC
57	94010	Computers and Software	160,404	18,378	44,995	80,202	6,526	7,286	3,018	FGPCC
58	94020	Customer First	2,812,488	322,228	788,933	1,406,244	114,421	127,746	52,916	FGPCC
59	95500	Power Generation	315	36	88	158	13	14	6	FGPCC
60	99500	Power Operated Equipment	52,123	5,972	14,621	26,061	2,121	2,367	981	FGPCC
61		Subotal Allocated Corporate Plant	\$ 3,525,976	\$ 403,973	\$ 989,074	\$ 1,762,988	\$ 143,448	\$ 160,153	\$ 66,340	
54		Total Gross Plant In Service(c)	\$ 54,358,188	\$ 11,589,049	\$ 28,374,267	\$ 3,782,100	\$ 4,115,201	\$ 4,594,430	\$ 1,903,142	

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Rate Base and Plant Functionalization

Line No.	Acct No.	Description	Company Total (a)	Commodity Cost[A]	Demand [A]	Customer Accounts [A]	Customer Meters[A]	Customer Services[A]	Private Fire[A]	Alloc. Code(b)
ACCUMULATED DEPRECIATION AND AMORTIZATION										
Source of Supply Plant										
63	30320	Land and Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	FWT
64	30420	Structures and Improvements	1,923,589	557,826	1,365,763	-	-	-	-	FWT
65	30520	Collecting and Impounding Res.	18,537	5,376	13,161	-	-	-	-	FWT
66	30620	Lake River and Other Intakes	-	-	-	-	-	-	-	FWT
67	30720	Wells and Springs	1,276,291	370,114	906,177	-	-	-	-	FWT
68	30820	Infiltration Galleries and Tunnels	-	-	-	-	-	-	-	FWT
69	30920	Supply Mains	75,087	21,775	53,312	-	-	-	-	FWT
70		Total Source of Supply Plant	\$ 3,293,504	\$ 955,090	\$ 2,338,413	\$ -	\$ -	\$ -	\$ -	-
Pumping Plant										
71	31020	Power Generation Equipment	\$ 81,404	\$ 23,606	\$ 57,797	\$ -	\$ -	\$ -	\$ -	FPU
72	31120	Elec.&Diesel Pump.Equipment	4,050,896	1,174,728	2,876,168	-	-	-	-	FPU
73	31130	Other Pumping Equipment	-	-	-	-	-	-	-	FPU
74		Total Pumping Plant	\$ 4,132,300	\$ 1,198,335	\$ 2,933,965	\$ -	\$ -	\$ -	\$ -	-
Total Water Treatment Plant										
75	30330	Land and Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	FWT
76	30430	Structures and Improvements	-	-	-	-	-	-	-	FWT
77	32000	Water Treatment Equipment	-	-	-	-	-	-	-	FWT
78	32010	Water Treatment Plant	40,259	11,675	28,584	-	-	-	-	FWT
79	32020	Chemical Solution Feeders	92,959	26,957	66,002	-	-	-	-	FWT
80		Total Water Treatment Plant	\$ 133,218	\$ 38,632	\$ 94,586	\$ -	\$ -	\$ -	\$ -	-
Transmission and Distribution Plant										
81	30340	Land and Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	FDS
82	30440	Structures and Improvements	-	-	-	-	-	-	-	FDS
83	33000	Dist. Reservoirs & Standpipe	374	108	265	-	-	-	-	FDS
84	33010	Storage tanks	1,516,992	439,916	1,077,076	-	-	-	-	FDS
85	33020	Pressure Tanks	417,519	121,077	296,441	-	-	-	-	FDS
86	33140	Trans. and Distrib.Mains	8,029,218	2,328,410	5,700,808	-	-	-	-	FTDM
87	33340	Services	1,627,156	-	-	-	-	1,627,156	-	FCS
88	33440	Meters and Meter Installations	2,060,800	-	-	-	2,060,800	-	-	FCM
89	33540	Hydrants	637,105	-	-	-	-	-	637,105	FFH
	33600	Backflow Prevention Devices	-	-	-	-	-	-	-	FCS
90	33900	Other Plant and Equipment	161,118	-	-	-	-	161,118	-	FCS
91		Total Transmission and Distribution Plant	\$ 14,450,282	\$ 2,889,512	\$ 7,074,591	\$ -	\$ 2,060,800	\$ 1,788,275	\$ 637,105	-

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Rate Base and Plant Functionalization

Line No.	Acct No.	Description	Company Total (a)	Commodity Cost[A]	Demand [A]	Customer Accounts [A]	Customer Meters[A]	Customer Services[A]	Private Fire[A]	Alloc. Code(b)
General Plant										
92	30350	Land and Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	FGPCC
93	30450	Structures and Improvements	-	-	-	-	-	-	-	FGPCC
94	34050	Furniture and Equipment	158,013	18,104	44,324	79,006	6,428	7,177	2,973	FGPCC
95	34060	Computer Hardware	-	-	-	-	-	-	-	FGPCC
96	34070	Computer Software	416,079	47,670	116,715	208,040	16,927	18,899	7,828	FGPCC
97	34150	Transportation Equipment	510,855	58,529	143,300	255,427	20,783	23,204	9,612	FGPCC
98	34250	Stores Equipment	-	-	-	-	-	-	-	FGPCC
99	34350	Tools, Shop and Garage Equipment	186,361	21,351	52,276	93,180	7,582	8,465	3,506	FGPCC
100	34450	Laboratory Equipment	2,900	332	814	1,450	118	132	55	FGPCC
101	34550	Power Operated Equipment	57,390	6,575	16,098	28,695	2,335	2,607	1,080	FGPCC
102	34650	Communication Equipment	915,427	104,881	256,787	457,713	37,243	41,580	17,223	FGPCC
103	34750	Miscellaneous Equipment	112,162	12,850	31,463	56,081	4,563	5,095	2,110	FGPCC
104	34751	Miscellaneous Equipment - CNG	119,082	13,643	33,404	59,541	4,845	5,409	2,240	FGPCC
105	34850	Other Tangible Property	251,608	28,827	70,579	125,804	10,236	11,428	4,734	FGPCC
106	34750	Total General Plant	\$ 2,729,877	\$ 312,763	\$ 765,760	\$ 1,364,938	\$ 111,060	\$ 123,994	\$ 51,362	
107		Retirement Work in Progress	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	FPIS
108		Advances in Aid of Construction	-	-	-	-	-	-	-	FPIS
109		Subtotal Accumulated Depreciation/Amortization(c)	\$ 24,739,181	\$ 5,394,332	\$ 13,207,315	\$ 1,364,938	\$ 2,171,860	\$ 1,912,268	\$ 688,467	
110		Allocated Corporate Accumulated Depreciation								
111	90300	Land and Land Rights	-	-	-	-	-	-	-	FGPCC
112	90400	Structures and Improvments	26,618	3,050	7,467	13,309	1,083	1,209	501	FGPCC
113	94000	Office Furniture and Fixtures	7,177	822	2,013	3,588	292	326	135	FGPCC
114	94010	Computers and Software	22,010	2,522	6,174	11,005	895	1,000	414	FGPCC
115	94020	Customer First	31,338	3,590	8,791	15,669	1,275	1,423	590	FGPCC
116	95500	Power Generation	29	3	8	14	1	1	1	FGPCC
117	99500	Power Operated Equipment	4,778	547	1,340	2,389	194	217	90	FGPCC
118		Subtotal Allocated Corporate Accumulated Depreciation	\$ 91,949.79	\$ 10,534.73	\$ 25,792.90	\$ 45,974.90	\$ 3,740.82	\$ 4,176.45	\$ 1,730.00	
119		Accumulated Depreciation/Amortization(c)	\$ 24,831,130	\$ 5,404,867	\$ 13,233,108	\$ 1,410,913	\$ 2,175,601	\$ 1,916,445	\$ 690,197	
120		Net Plant	\$ 29,527,057	\$ 6,184,182	\$ 15,141,159	\$ 2,371,187	\$ 1,939,599	\$ 2,677,985	\$ 1,212,945	
121		Construction Work In Progress	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	FNP
122		Plus: Working Capital Assets/Other (net)	\$ (1,225,936)	\$ (256,761)	\$ (628,647)	\$ (98,449)	\$ (80,530)	\$ (111,187)	\$ (50,360)	FNP
123		Less: Contributions & Advances in Aid of Construction	\$ (12,550,978)	\$ (2,628,692)	\$ (6,436,007)	\$ (1,007,913)	\$ (824,460)	\$ (1,138,323)	\$ (515,583)	FNP
124		Total Rate Base	\$ 15,750,144	\$ 3,298,729	\$ 8,076,505	\$ 1,264,824	\$ 1,034,609	\$ 1,428,475	\$ 647,002	

Supporting Schedules
(a) B-1, (b) G-7b, (c) B-2

Recap Schedules
[A] G-2

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
O&M Expenses, Depreciation Expenses and Income Functionalization at Present Revenues

Line No.	Acct No.	Description	Adjusted Test Year(a)	Commodity Cost[A]	Demand [A]	Customer Accounts [A]	Customer Meters[A]	Customer Services[A]	Private Fire[A]	Alloc. Code(b)	Labor
INCOME STATEMENT											
Source of Supply Expenses											
<u>Operation</u>											
1	610.1	Purchased Water	1,154	335	820	-	-	-	-	FSS	
2	615.1	Purchased Power	274,279	274,279	-	-	-	-	-	FPP	
3	618.1	Chemicals	(21)	(21)	-	-	-	-	-	FBC	
4	634.1	Contractual Services - Management Fees	275,258	79,823	195,436	-	-	-	-	FSS	
5	636.1	Contractual Services - Other	576,584	167,205	409,379	-	-	-	-	FSS	
6	650.1	Transportation Expenses	43,116	12,503	30,613	-	-	-	-	FSS	
7		Total Operation	\$ 1,170,371	\$ 534,123	\$ 636,248	\$ -	\$ -	\$ -	\$ -		
<u>Maintenance</u>											
8	620.2	Materials and Supplies	18,666	18,666	-	-	-	-	-	FBC	
9	641.2	Rental of Building/Real Property	16,551	4,800	11,751	-	-	-	-	FSS	
10		Total Maintenance	\$ 35,217	\$ 23,466	\$ 11,751	\$ -	\$ -	\$ -	\$ -		
11		Total Source of Supply Expenses	\$ 1,205,587	\$ 557,589	\$ 647,999	\$ -	\$ -	\$ -	\$ -		
Water Treatment Expenses											
<u>Operation</u>											
12	615.3	Purchased Power	204,259	59,233	145,025	-	-	-	-	FWT	
13	618.3	Chemicals	33,390	33,390	-	-	-	-	-	FBC	
14	634.3	Contractual Services - Management Fees	275,258	79,823	195,436	-	-	-	-	FWT	
15	636.3	Contractual Services - Other	287,324	83,322	204,002	-	-	-	-	FWT	
16	650.3	Transportation Expenses	21,558	6,252	15,306	-	-	-	-	FWT	
17		Total Operation	\$ 821,790	\$ 262,020	\$ 559,770	\$ -	\$ -	\$ -	\$ -		
<u>Maintenance</u>											
18	620.4	Materials and Supplies	18,666	18,666	-	-	-	-	-	FBC	
19		Total Maintenance	\$ 18,666	\$ 18,666	\$ -	\$ -	\$ -	\$ -	\$ -		
20		Total Water Treatment	\$ 840,456	\$ 280,686	\$ 559,770	\$ -	\$ -	\$ -	\$ -		
21		Total Production Expenses	\$ 2,046,043	\$ 838,274	\$ 1,207,768	\$ -	\$ -	\$ -	\$ -		
Transmission and Distribution Expenses											
<u>Operation</u>											
22	615.5	Purchased Power	204,259	41,829	102,414	-	23,272	25,982	10,762	FTD	
23	634.5	Contractual Services - Management Fees	344,073	70,461	172,516	-	39,201	43,766	18,129	FTD	
24	635.5	Contractual Services - Testing	24,566	5,031	12,317	-	2,799	3,125	1,294	FTD	
25	636.5	Contractual Services - Other	286,840	58,741	143,819	-	32,680	36,486	15,114	FTD	
26	650.5	Transportation Expenses	21,558	4,415	10,809	-	2,456	2,742	1,136	FTD	
27		Total Operation	\$881,296	180,477	441,875	0	100,408	112,101	46,435		
<u>Maintenance</u>											
28	620.6	Materials and Supplies	18,666	3,823	9,359	-	2,127	2,374	984	FTD	
29		Total Maintenance	\$ 18,666	\$ 3,823	\$ 9,359	\$ -	\$ 2,127	\$ 2,374	\$ 984		
30		Total Transmission & Distribution Expenses	\$ 899,962	\$ 184,300	\$ 451,234	\$ -	\$ 102,534	\$ 114,475	\$ 47,419		

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
O&M Expenses, Depreciation Expenses and Income Functionalization at Present Revenues

Line No.	Acct No.	Description	Adjusted Test Year(a)	Commodity Cost[A]	Demand [A]	Customer Accounts [A]	Customer Meters[A]	Customer Services[A]	Private Fire[A]	Alloc. Code(b)	Labor
Depreciation Expense											
Source of Supply Plant											
55	304.2	Structures and Improvements	141,637	41,074	100,563	-	-	-	-	FECMD	
56	305.2	Collecting and Impounding Res.	1,170	339	831	-	-	-	-	FECMD	
57	307.2	Wells and Springs	59,106	17,140	41,966	-	-	-	-	FECMD	
58	309.2	Supply Mains	8,431	2,445	5,986	-	-	-	-	FECMD	
59		Total Source of Supply Plant	\$ 210,344	\$ 60,998	\$ 149,346	\$ -	\$ -	\$ -	\$ -		
Pumping Plant											
60	311.2	Power Generation Equipment	16,507	4,787	11,720	-	-	-	-	FPU	
61	311.3	Elec.&Diesel Pump.Equipment	334,596	97,030	237,566	-	-	-	-	FPU	
62		Total Pumping Plant	\$ 351,103	\$ 101,817	\$ 249,286	\$ -	\$ -	\$ -	\$ -		
Water Treatment Plant											
63	320.1	Water Treatment Plant	2,972	862	2,110	-	-	-	-	FECMD	
64	320.2	Chemical Solution Feeders	22,884	6,636	16,248	-	-	-	-	FECMD	
65		Total Pumping & Purification	\$ 25,856	\$ 7,498	\$ 18,358	\$ -	\$ -	\$ -	\$ -		
Transmission and Distribution Plant											
66	303.4	Land and Land Rights	\$ 0	\$ 0	\$ 0	\$ -	\$ -	\$ -	\$ -	FDS	
67	304.4	Structures and Improvements	0	0	0	-	-	-	-	FDS	
68	330	Dist. Standpipe and Reserv.	98	28	69	-	-	-	-	FDS	
69	330.1	Storage tanks	80,684	23,398	57,286	-	-	-	-	FDS	
70	330.2	Pressure Tanks	26,183	7,593	18,590	-	-	-	-	FDS	
71	331.4	Trans. and Distrib.Mains	387,013	112,231	274,782	-	-	-	-	FTDM	
72	333.4	Services	134,732	-	-	-	-	134,732	-	FCS	
73	334.4	Meters and Meter Installations	240,171	-	-	-	240,171	-	-	FCM	
74	335.4	Hydrants	35,087	-	-	-	-	-	35,087	FFH	
75	339.0	Other Plant & Equipment	12,625	3,661	8,964	-	-	-	-	FDS	
76		Total Transmission and Distribution Plant	\$ 916,593	\$ 146,911	\$ 359,692	\$ -	\$ 240,171	\$ 134,732	\$ 35,087		

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
O&M Expenses, Depreciation Expenses and Income Functionalization at Present Revenues

Line No.	Acct No.	Description	Adjusted Test Year(a)	Commodity Cost[A]	Demand [A]	Customer Accounts [A]	Customer Meters[A]	Customer Services[A]	Private Fire[A]	Alloc. Code(b)	Labor
General Plant											
77	340.5	Furniture and Equipment	3,343	383	938	1,672	136	152	63	FGPCC	
78	340.7	Computer Software	52,235	5,985	14,652	26,117	2,125	2,373	983	FGPCC	
79	341.5	Transportation Equipment	40,377	4,626	11,326	20,189	1,643	1,834	760	FGPCC	
80	343.5	Tools, Shop and Garage Equip.	29,771	3,411	8,351	14,886	1,211	1,352	560	FGPCC	
81	344.5	Laboratory Equipment	329	38	92	164	13	15	6	FGPCC	
82	345.5	Power Operated Equipment	5,068	581	1,421	2,534	206	230	95	FGPCC	
83	346.5	Communication Equipment	74,839	8,574	20,993	37,420	3,045	3,399	1,408	FGPCC	
84	347.5	Miscellaneous Equipment	115	13	32	58	5	5	2	FGPCC	
85	347.5	Miscellaneous Equipment - CNG	15,208	1,742	4,266	7,604	619	691	286	FGPCC	
86	348.5	Other Tangible Property	10,898	1,249	3,057	5,449	443	495	205	FGPCC	
87		Total General Plant	\$ 232,183	\$ 26,601	\$ 65,130	\$ 116,092	\$ 9,446	\$ 10,546	\$ 4,368		
88		Subtotal Direct Depreciation Expense	\$ 1,736,079	\$ 343,825	\$ 841,811	\$ 116,092	\$ 249,617	\$ 145,278	\$ 39,456		
		Amortization of Property Losses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	FGPIS	
89	903	Land and Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	FGPCC	
90	904	Structures and Improvements	10,982	1,258	3,081	5,491	447	499	207	FGPCC	
91	940	Office Furniture and Fixtures	3,914	448	1,098	1,957	159	178	74	FGPCC	
92	940.1	Computers and Software	32,081	3,676	8,999	16,040	1,305	1,457	604	FGPCC	
93	940.2	Customer First	140,624	16,111	39,447	70,312	5,721	6,387	2,646	FGPCC	
94	955	Power Generation	16	2	4	8	1	1	0	FGPCC	
93	995	Power Operated Equipment	2,606	299	731	1,303	106	118	49	FGPCC	
95		Subtotal Allocated Depreciation Expense	\$ 190,224	\$ 21,794	\$ 53,360	\$ 95,112	\$ 7,739	\$ 8,640	\$ 3,579		
		Amortization of Regulatory Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	FGPIS	
96		CIAC/EADIT Amortization - General	\$ (407,871)	\$ (93,460)	\$ (228,824)	\$ -	\$ (33,187)	\$ (37,052)	\$ (15,348)	FGPIS	
97		Total Depreciation & Amortization	\$ 1,518,431	\$ 272,159	\$ 666,346	\$ 211,203	\$ 224,169	\$ 116,866	\$ 27,687		

Supporting Schedules

(a) B-2 ; (b) G-7b

Recap Schedules

[A] G-3

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
O&M Expenses, Depreciation Expenses and Income Functionalization at Proposed Revenues

Line No.	Acct No.	Description	Adjusted Test Year(a)	Commodity Cost[A]	Demand [A]	Customer Accounts [A]	Customer Meters[A]	Customer Services[A]	Private Fire[A]	Alloc. Code(b)	Labor
INCOME STATEMENT											
Source of Supply Expenses											
<u>Operation</u>											
1	610.1	Purchased Water	1,154	335	820	-	-	-	-	FSS	
2	615.1	Purchased Power	274,279	274,279	-	-	-	-	-	FPP	
4	634.1	Contractual Services - Management Fees	275,258	79,823	195,436	-	-	-	-	FSS	
5	636.1	Contractual Services - Other	576,584	167,205	409,379	-	-	-	-	FSS	
6	650.1	Transportation Expenses	43,116	12,503	30,613	-	-	-	-	FSS	
7		Total Operation	<u>\$ 1,170,371</u>	<u>\$ 534,123</u>	<u>\$ 636,248</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
<u>Maintenance</u>											
8	620.2	Materials and Supplies	18,666	18,666	-	-	-	-	-	FBC	
9	641.2	Rental of Building/Real Property	16,551	4,800	11,751	-	-	-	-	FSS	
10		Total Maintenance	<u>\$ 35,217</u>	<u>\$ 23,466</u>	<u>\$ 11,751</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
11		Total Source of Supply Expenses	<u>\$ 1,205,587</u>	<u>\$ 557,589</u>	<u>\$ 647,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Water Treatment Expenses											
<u>Operation</u>											
12	615.3	Purchased Power	204,259	59,233	145,025	-	-	-	-	FWT	
13	618.3	Chemicals	33,390	33,390	-	-	-	-	-	FBC	
14	634.3	Contractual Services - Management Fees	275,258	79,823	195,436	-	-	-	-	FWT	
15	636.3	Contractual Services - Other	287,324	83,322	204,002	-	-	-	-	FWT	
16	650.3	Transportation Expenses	21,558	6,252	15,306	-	-	-	-	FWT	
17		Total Operation	<u>\$ 821,790</u>	<u>\$ 262,020</u>	<u>\$ 559,770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
<u>Maintenance</u>											
18	620.4	Materials and Supplies	18,666	18,666	-	-	-	-	-	FBC	
19		Total Maintenance	<u>\$ 18,666</u>	<u>\$ 18,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
20		Total Water Treatment	<u>\$ 840,456</u>	<u>\$ 280,686</u>	<u>\$ 559,770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
21		Total Production Expenses	<u>\$ 2,046,043</u>	<u>\$ 838,274</u>	<u>\$ 1,207,768</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Transmission and Distribution Expenses											
<u>Operation</u>											
22	615.5	Purchased Power	204,259	41,829	102,414	-	23,272	25,982	10,762	FTD	
23	634.5	Contractual Services - Management Fees	344,073	70,461	172,516	-	39,201	43,766	18,129	FTD	
24	635.5	Contractual Services - Testing	24,566	5,031	12,317	-	2,799	3,125	1,294	FTD	
25	636.5	Contractual Services - Other	286,840	58,741	143,819	-	32,680	36,486	15,114	FTD	
26	650.5	Transportation Expenses	21,558	4,415	10,809	-	2,456	2,742	1,136	FTD	
27		Total Operation	<u>\$881,296</u>	<u>180,477</u>	<u>441,875</u>	<u>0</u>	<u>100,408</u>	<u>112,101</u>	<u>46,435</u>		
<u>Maintenance</u>											
28	620.6	Materials and Supplies	18,666	3,823	9,359	-	2,127	2,374	984	FTD	
29		Total Maintenance	<u>\$ 18,666</u>	<u>\$ 3,823</u>	<u>\$ 9,359</u>	<u>\$ -</u>	<u>\$ 2,127</u>	<u>\$ 2,374</u>	<u>\$ 984</u>		
30		Total Transmission & Distribution Expenses	<u>\$ 899,962</u>	<u>\$ 184,300</u>	<u>\$ 451,234</u>	<u>\$ -</u>	<u>\$ 102,534</u>	<u>\$ 114,475</u>	<u>\$ 47,419</u>		

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
O&M Expenses, Depreciation Expenses and Income Functionalization at Proposed Revenues

Line No.	Acct No.	Description	Adjusted Test Year(a)	Commodity Cost[A]	Demand [A]	Customer Accounts [A]	Customer Meters[A]	Customer Services[A]	Private Fire[A]	Alloc. Code(b)	Labor
Depreciation Expense											
Source of Supply Plant											
55	304.2	Structures and Improvements	141,637	41,074	100,563	-	-	-	-	FECMD	
56	305.2	Collecting and Impounding Res.	1,170	339	831	-	-	-	-	FECMD	
57	307.2	Wells and Springs	59,106	17,140	41,966	-	-	-	-	FECMD	
58	309.2	Supply Mains	8,431	2,445	5,986	-	-	-	-	FECMD	
59		Total Source of Supply Plant	\$ 210,344	\$ 60,998	\$ 149,346	\$ -	\$ -	\$ -	\$ -		
Pumping Plant											
60	311.2	Power Generation Equipment	16,507	4,787	11,720	-	-	-	-	FPU	
61	311.3	Elec.&Diesel Pump.Equipment	334,596	97,030	237,566	-	-	-	-	FPU	
62		Total Pumping Plant	\$ 351,103	\$ 101,817	\$ 249,286	\$ -	\$ -	\$ -	\$ -		
Water Treatment Plant											
63	320.1	Water Treatment Plant	2,972	862	2,110	-	-	-	-	FECMD	
64	320.2	Chemical Solution Feeders	22,884	6,636	16,248	-	-	-	-	FECMD	
65		Total Pumping & Purification	\$ 25,856	\$ 7,498	\$ 18,358	\$ -	\$ -	\$ -	\$ -		
Transmission and Distribution Plant											
66	330	Dist. Standpipe and Reserv.	98	28	69	-	-	-	-	FDS	
67	330.1	Storage tanks	80,684	23,398	57,286	-	-	-	-	FDS	
68	330.2	Pressure Tanks	26,183	7,593	18,590	-	-	-	-	FDS	
69	331.4	Trans. and Distrib.Mains	387,013	112,231	274,782	-	-	-	-	FTDM	
70	333.4	Services	134,732	-	-	-	-	134,732	-	FCS	
71	334.4	Meters and Meter Installations	240,171	-	-	-	240,171	-	-	FCM	
72	335.4	Hydrants	35,087	-	-	-	-	-	35,087	FFH	
73	339.0	Other Plant & Equipment	12,625	3,661	8,964	-	-	-	-	FDS	
74		Total Transmission and Distribution Plant	\$ 916,593	\$ 146,911	\$ 359,692	\$ -	\$ 240,171	\$ 134,732	\$ 35,087		

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
O&M Expenses, Depreciation Expenses and Income Functionalization at Proposed Revenues

Line No.	Acct No.	Description	Adjusted Test Year(a)	Commodity Cost[A]	Demand [A]	Customer Accounts [A]	Customer Meters[A]	Customer Services[A]	Private Fire[A]	Alloc. Code(b)	Labor
General Plant											
75	340.5	Furniture and Equipment	3,343	383	938	1,672	136	152	63	FGPCC	
76	340.7	Computer Software	52,235	5,985	14,652	26,117	2,125	2,373	983	FGPCC	
77	341.5	Transportation Equipment	40,377	4,626	11,326	20,189	1,643	1,834	760	FGPCC	
78	343.5	Tools,Shop and Garage Equip.	29,771	3,411	8,351	14,886	1,211	1,352	560	FGPCC	
79	344.5	Laboratory Equipment	329	38	92	164	13	15	6	FGPCC	
80	345.5	Power Operated Equipment	5,068	581	1,421	2,534	206	230	95	FGPCC	
81	346.5	Communication Equipment	74,839	8,574	20,993	37,420	3,045	3,399	1,408	FGPCC	
82	347.5	Miscellaneous Equipment	115	13	32	58	5	5	2	FGPCC	
83	347.5	Miscellaneous Equipment - CNG	15,208	1,742	4,266	7,604	619	691	286	FGPCC	
84	348.5	Other Tangible Property	10,898	1,249	3,057	5,449	443	495	205	FGPCC	
85		Total General Plant	\$ 232,183	\$ 26,601	\$ 65,130	\$ 116,092	\$ 9,446	\$ 10,546	\$ 4,368		
86		Subtotal Direct Depreciation Expense	\$ 1,736,079	\$ 343,825	\$ 841,811	\$ 116,092	\$ 249,617	\$ 145,278	\$ 39,456		
		Amortization of Property Losses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	FGPIS	
87	903	Land and Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	FGPCC	
88	904	Structures and Improvements	10,982	1,258	3,081	5,491	447	499	207	FGPCC	
89	940	Office Furniture and Fixtures	3,914	448	1,098	1,957	159	178	74	FGPCC	
90	940.1	Computers and Software	32,081	3,676	8,999	16,040	1,305	1,457	604	FGPCC	
91	940.2	Customer First	140,624	16,111	39,447	70,312	5,721	6,387	2,646	FGPCC	
92	955	Power Generation	16	2	4	8	1	1	0	FGPCC	
91	995	Power Operated Equipment	2,606	299	731	1,303	106	118	49	FGPCC	
93		Subtotal Allocated Depreciation Expense	\$ 190,224	\$ 21,794	\$ 53,360	\$ 95,112	\$ 7,739	\$ 8,640	\$ 3,579		
		Amortization of Regulatory Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	FGPIS	
94		CIAC/AIAC Amortization - General	\$ (407,871)	\$ (93,460)	\$ (228,824)	\$ -	\$ (33,187)	\$ (37,052)	\$ (15,348)	FGPIS	
95		Total Depreciation & Amortization	\$ 1,518,431	\$ 272,159	\$ 666,346	\$ 211,203	\$ 224,169	\$ 116,866	\$ 27,687		

Supporting Schedules
(a) B-2 ; (b) G-7b

Recap Schedules
[A] G-3

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Development of Allocation Factors by Function

Line No	Allocation Factor	Total (1)	Commodity (2)	Demand (3)	Customer Accounts (4)	Customer Meters (5)	Customer Services (6)	Fire Hydrants (7)
1								
2	ALLOCATION RATIOS							
3								
4	EXTERNAL FACTORS							
5								
6	DEMAND							
7								
8	Commodity	FBC	100.0000%	100.0000%	0.0000%	0.0000%	0.0000%	0.0000%
9	Demand	FECMD	100.0000%	28.9992%	71.0008%	0.0000%	0.0000%	0.0000%
10								
11	Pumping Equipment	FPU	100.0000%	28.9992%	71.0008%	0.0000%	0.0000%	0.0000%
12	Distribution Storage	FDS	100.0000%	28.9992%	71.0008%	0.0000%	0.0000%	0.0000%
13	Transmission & Distribution Mains	FTDM	100.0000%	28.9992%	71.0008%	0.0000%	0.0000%	0.0000%
14	Treatment Plant	FWT	100.0000%	28.9992%	71.0008%	0.0000%	0.0000%	0.0000%
15								
16	CUSTOMER							
17								
18	Customer Accounts	FCC	100.0000%	0.0000%	0.0000%	100.0000%	0.0000%	0.0000%
19	Customer Meters	FCM	100.0000%	0.0000%	0.0000%	0.0000%	100.0000%	0.0000%
20	Customer Services	FCS	100.0000%	0.0000%	0.0000%	0.0000%	0.0000%	100.0000%
21								
22	FIRE							
23	Fire Hydrants	FFH	100.0000%	0.0000%	0.0000%	0.0000%	0.0000%	100.0000%
24								
25	Purchased Power							
26	Purchased Power	FPP	100.0000%	100.0000%	0.0000%	0.0000%	0.0000%	0.0000%
27								
28	INTERNAL FACTORS							
29								
30	Net Plant	FNP	100.0000%	20.9441%	51.2789%	8.0306%	6.5689%	9.0696%
31	Net Plant w/CIAC	FNPCA	100.0000%	20.9441%	51.2789%	8.0306%	6.5689%	9.0696%
32	Gross Plant In Service (excl Intangible and Gen.)	FGPIS	100.0000%	22.9141%	56.1021%	0.0000%	8.1367%	9.0842%
33	Total O&M w/oA&G Expenses	FTOMW	100.0000%	29.3453%	47.6092%	15.4570%	2.9425%	3.2851%
34	Labor	FLA	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
35	Source of Supply Plant	FSS	100.0000%	28.9992%	71.0008%	0.0000%	0.0000%	0.0000%
36	Pumping & Purification Plant	FWT	100.0000%	28.9992%	71.0008%	0.0000%	0.0000%	0.0000%
37	Transmission & Distrib Plant	FTD	100.0000%	20.4786%	50.1392%	0.0000%	11.3932%	12.7200%
38	General & Admin. Plant (See Note 1)	FGPCC	100.0000%	11.4570%	28.0511%	50.0000%	4.0683%	4.5421%
39	50/50 Labor and Gross Plant	FOT	100.0000%	22.9141%	56.1021%	0.0000%	8.1367%	9.0842%
40	Plant In Service	FPIS	100.0000%	21.3198%	52.1987%	6.9577%	7.5705%	8.4521%
41	Total O&M w/oA&G Expenses w/o power & chemicals	FTOMWPC	100.0000%	23.5012%	51.7813%	17.9176%	2.6367%	2.9438%
42	General & Admin Expenses (See Note 2)	FTOMPIS	100.0000%	11.7506%	25.8906%	58.9588%	1.3184%	1.4719%

**Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Development of Allocation Factors by Function**

Line No	Allocation Factor	Total (1)	Commodity (2)	Demand (3)	Customer Accounts (4)	Customer Meters (5)	Customer Services (6)	Fire Hydrants (7)		
43	INPUTS FOR RATIOS									
44										
45	EXTERNAL INPUTS									
46										
47	DEMAND									
48										
49	Peak Day Usage (MGD)	4.08								
50										
51	Annual Production (MG)	1,056.4								
52										
53	Calculation of Demand									
54		<u>MGD</u>	<u>Ratio</u>	<u>Commodity</u>	<u>Demand</u>					
55	FBC	Avg Day	2.894	1.000				1.000		
56	FECMD	Max Day	4.076	1.408	0.290			0.710		
57										
58										
59										
60					<u>Commodity</u>	<u>Demand</u>				
61	Purchased Power	FPP	100.0	100.0	100.0	-				
62										
63										
64										
65	INTERNAL INPUTS									
66										
67										
68		<u>Schedule G3a</u>								
69	Gross Plant In Service (excludes intangibles & Gen)	FGPIS	\$ 46,622,500	\$ 46,622,500	\$ 10,683,120	\$ 26,156,220	\$ -	\$ 3,793,511	\$ 4,235,278	\$ 1,754,371
70	Plant In Service	FPIS	\$ 54,358,188	\$ 54,358,188	\$ 11,589,049	\$ 28,374,267	\$ 3,782,100	\$ 4,115,201	\$ 4,594,430	\$ 1,903,142
71	Net Plant w/CIAC	FNPCA	\$ 16,976,080	\$ 16,976,080	\$ 3,555,490	\$ 8,705,152	\$ 1,363,274	\$ 1,115,140	\$ 1,539,662	\$ 697,362
72	Net Plant	FNP	\$ 29,527,057	\$ 29,527,057	\$ 6,184,182	\$ 15,141,159	\$ 2,371,187	\$ 1,939,599	\$ 2,677,985	\$ 1,212,945
73	Total O&M w/oA&G Expenses	FTOMW	\$ 3,484,622	\$ 3,484,622	\$ 1,022,574	\$ 1,659,002	\$ 538,618	\$ 102,534	\$ 114,475	\$ 47,419
74	Labor	FLA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
75	Source of Supply Plant	FSS	\$ 7,192,366	\$ 7,192,366	\$ 2,085,730	\$ 5,106,636	\$ -	\$ -	\$ -	\$ -
76	Pumping & Purification Plant	FWT	\$ 5,878,873	\$ 5,878,873	\$ 1,704,827	\$ 4,174,046	\$ -	\$ -	\$ -	\$ -
77	Transmission & Distrib Plant	FTD	\$ 33,296,284	\$ 33,296,284	\$ 6,818,622	\$ 16,694,502	\$ -	\$ 3,793,511	\$ 4,235,278	\$ 1,754,371
78	Total O&M w/oA&G Expenses w/o power & chemicals	FTOMWPC	\$ 3,006,084	\$ 3,006,084	\$ 706,466	\$ 1,556,588	\$ 538,618	\$ 79,263	\$ 88,493	\$ 36,656

Note 1: Based upon a two-factor formula equal weighting FCC allocation factor and the FGPIS allocation factor.

Note 2: Based upon a two-factor formula equal weighting FCC allocation factor and the FTOMWPC allocation factor.

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended 04/30/2023
Development of Allocation Factors by Customer Class

Line No	Allocation Factor	Total (1)	Residential (2)	Commercial (3)	Irrigation (4)	Standpipe/Construction (5)	Private Fire (6)		
27	EXTERNAL INPUTS								
28	DEMAND AND COMMODITY								
29	Annual Usage (1,000 gallons)	1,056,432	605,683	420,807	27,460	2,482	0		
30	Coincident Peak (1,000 gallons)	120,940	72,238	46,425	1,884	393			
31									
32	CUSTOMER								
33	Bills	128,769	114,698	11,541	23	128	2,379		
34	Equivalent Meters	14,244	10,041	4,078	5	120	0		
35	Equivalent Services	12,010	9,719	2,255	4	32	0		
36									
37	REVENUES								
38	Water Sales	\$ 5,797,712	From WP IS De \$ 5,797,712	\$ 3,413,886	\$ 2,305,162	\$ 5,433	\$ 43,503	\$ 29,727	
39	Water Sales excluding private fire	\$ 5,767,984	\$ 5,767,984	\$ 3,413,886	\$ 2,305,162	\$ 5,433	\$ 43,503		
40									
41									
42	Rate of Return		8.9490%						
43	Revenue Conversion Factor		1.3552						
44									
45	TAX FACTORS								
46	Wtd Cost of Debt		3.04%						
47	State Tax Rate		4.90%						
48	Federal Tax Rate		21.00%						
49									
50									
51	INTERNAL INPUTS								
52									
53	Rate Base	CRB	\$15,750,144	15,750,144	10,303,589	5,150,072	212,740	48,422	35,321

SCHEDULE H

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Revenue Summary

With Annualized Revenues to Year End Number of Customers

Exhibit

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	5/8X3/4 Inch	Residential	\$ 3,353,558	\$ 4,382,611	\$ 1,029,054	30.69%	56.96%	57.39%
2	3/4 Inch	Residential	49,595	64,003	14,408	29.05%	0.84%	0.84%
3	1 Inch	Residential	6,109	7,702	1,592	26.06%	0.10%	0.10%
4								
5		Subtotal	3,409,262	4,454,316	1,045,054	30.65%	57.91%	58.33%
6								
7	5/8X3/4 Inch	Commercial	\$ 143,762	\$ 173,146	\$ 29,385	20.44%	2.44%	2.27%
8	3/4 Inch	Commercial	4,162	4,886	723	17.38%	0.07%	0.06%
9	1 Inch	Commercial	175,896	226,762	50,866	28.92%	2.99%	2.97%
10	1 1/2 Inch	Commercial	251,963	326,835	74,872	29.72%	4.28%	4.28%
11	2 Inch	Commercial	1,354,075	1,777,071	422,996	31.24%	23.00%	23.27%
12	3 Inch	Commercial	239,076	311,829	72,753	30.43%	4.06%	4.08%
13	4 Inch	Commercial	71,543	92,282	20,739	28.99%	1.22%	1.21%
14	6 Inch	Commercial	31,403	40,602	9,199	29.29%	0.53%	0.53%
15	8 Inch	Commercial	21,085	26,771	5,686	26.96%	0.36%	0.35%
16		Subtotal	\$ 2,292,965	\$ 2,980,184	\$ 687,219	29.97%	38.95%	39.03%
17								
18	1 Inch	Irrigation	5,271	7,114	1,843	34.97%	0.09%	0.09%
19	3 Inch	Hydrant	43,502	47,157	3,655	8.40%	0.74%	0.62%
20		Fire Lines 4 Inch	17,150	21,095	3,945	23.00%	0.29%	0.28%
21		Fire Lines 6 Inch	9,188	11,301	2,113	23.00%	0.16%	0.15%
22		Fire Lines 8 Inch	3,243	3,989	746	23.00%	0.06%	0.05%
23	Total Revenues Before Annualization		\$ 5,780,581	\$ 7,525,156	\$ 1,744,575	30.18%	98.19%	98.54%

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Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Revenue Summary

With Annualized Revenues to Year End Number of Customers

Exhibit

Schedule H-1

Page 2

Witness: Bourassa

Line No.	Meter Size	Class	<u>Revenue Annualization</u>				Additional Bills	Additional Gallons to be Pumped (In 1,000's)
			Present Revenues	Proposed Revenues	Dollar Change	Percent Change		
1	5/8X3/4 Inch	Residential	\$ 5,471	\$ 7,116	1,645	30.06%	196	1,037
2	3/4 Inch	Residential	(413)	(532)	(119)	0.00%	(11)	(63)
3	1 Inch	Residential	(561)	(717)	(156)	0.00%	(7)	(88)
4								
5		Subtotal	\$ 4,497	\$ 5,867	1,370	30.46%	178	886
6								
7	5/8X3/4 Inch	Commercial	\$ 555	\$ 613	58	10.47%	16	93
8	3/4 Inch	Commercial	-	-	-	0.00%	-	-
9	1 Inch	Commercial	(499)	(634)	(135)	0.00%	(6)	(80)
10	1 1/2 Inch	Commercial	(652)	(852)	(200)	0.00%	(4)	(109)
11	2 Inch	Commercial	19,679	24,963	5,284	26.85%	55	3,929
12	3 Inch	Commercial	(6,973)	(8,944)	(1,971)	0.00%	(10)	(1,394)
13	4 Inch	Commercial	-	-	-	0.00%	-	-
14	6 Inch	Commercial	-	-	-	0.00%	-	-
15	8 Inch	Commercial	-	-	-	0.00%	-	-
16		Subtotal	\$ 12,111	\$ 15,147	3,036	25.07%	51	2,438
17								
18	1 Inch	Irrigation	162	205	43	26.50%	1	36
19								
20		Fire Lines 4 Inch	10	12	2	23.00%	1	-
21		Fire Lines 6 Inch	135	166	31	23.00%	8	-
22		Fire Lines 8 Inch	-	-	-	0.00%	-	-
23								
24	Total Revenue Annualization		\$ 16,916	\$ 21,398	\$ 4,482	26.50%	239	3,359

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Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Revenue Summary

With Annualized Revenues to Year End Number of Customers

Exhibit

Schedule H-1

Page 3

Witness: Bourassa

<u>Line No.</u>	<u>Present Revenues</u>	<u>Proposed Revenues</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Percent of Present Water Revenues</u>	<u>Percent of Proposed Water Revenues</u>
1	\$ 5,780,581	\$ 7,525,156	\$ 1,744,575	30.18%	98.19%	98.54%
2	16,916	21,398	4,482	26.50%	0.29%	0.28%
3						
4	\$ 5,797,497	\$ 7,546,554	\$ 1,749,057	30.17%	98.47%	98.82%
5						
6	\$ 89,657	\$ 89,657	-	0.00%	1.52%	1.17%
7	215	100	(115)	-53.49%	0.00%	0.00%
8	\$ 5,887,368	\$ 7,636,311	\$ 1,748,942	29.71%	100.00%	100.00%
9						
10						
11						
12						
13						
14	Reconciliation of Revenues					
15		\$ 5,510,024				
16		214,773				
17		56,000				
18		\$ 5,780,796				
19						
20		\$ 5,780,581				
21						
22		\$ 215				
23						
24		\$ 28,904				
25						
26						
27						
28						
29						
30						

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Customer Summary

Exhibit
 Schedule H-2
 Page 1
 Witness: Bourassa

Line No.	Meter Size	Class	(a)	Average Consumption	Average Bill		Proposed Increase	
			Average Number of Customers at 4/30/2023		Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8X3/4 Inch	Residential	9,444	5,274	\$ 27.87	\$ 36.24	8.37	30.04%
2	3/4 Inch	Residential	108	5,479	36.90	47.45	10.55	28.59%
3	1 Inch	Residential	7	11,121	74.65	96.44	21.79	29.19%
4								
5		Subtotal	9,558					
6								
7	5/8X3/4 Inch	Commercial	344	5,416	\$ 33.33	\$ 36.81	3.47	10.42%
8	3/4 Inch	Commercial	4	17,584	85.46	93.55	8.09	9.46%
9	1 Inch	Commercial	169	13,581	83.48	106.28	22.80	27.32%
10	1 1/2 Inch	Commercial	109	33,111	183.82	236.38	52.56	28.59%
11	2 Inch	Commercial	299	72,926	363.17	458.05	94.88	26.12%
12	3 Inch	Commercial	28	137,558	690.57	882.90	192.33	27.85%
13	4 Inch	Commercial	6	182,423	958.65	1,249.41	290.76	30.33%
14	6 Inch	Commercial	2	163,209	1,308.01	1,691.75	383.74	29.34%
15	8 Inch	Commercial	1	142,240	1,755.16	2,230.92	475.76	27.11%
16		Subtotal	962					
17								
18	1 Inch	Irrigation	2	53,301	226.07	295.26	69.19	30.60%
19	3 Inch	Hydrant	11	19,392	339.86	368.41	28.56	8.40%
20		Fire Lines 4 Inch	143	-	\$ 10.00	\$ 12.30	2.30	23.00%
21		Fire Lines 6 Inch	45	-	\$ 16.89	\$ 20.77	3.88	23.00%
22		Fire Lines 8 Inch	10	0	27.02	33.24	6.21552	23.00%
23		Total	10,730.75					

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

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Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Customer Summary

Exhibit
 Schedule H-2
 Page 2
 Witness: Bourassa

Line No.	Meter Size, Class		(a)	Median Bill		Proposed Increase		
			Average Number of Customers at 4/30/2023	Median Consumption	Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8X3/4 Inch	Residential	9,444	3,500	\$ 23.33	\$ 29.84	6.51	27.92%
2	3/4 Inch	Residential	108	4,500	34.12	43.53	9.41	27.59%
3	1 Inch	Residential	7	8,500	66.37	85.95	19.58	29.51%
4								
5		Subtotal	<u>9,558</u>					
6								
7	5/8X3/4 Inch	Commercial	344	1,500	\$ 21.15	\$ 24.66	3.51	16.59%
8	3/4 Inch	Commercial	4	2,000	31.02	25.96	(5.06)	-16.31%
9	1 Inch	Commercial	169	6,500	60.69	77.94	17.26	28.44%
10	1 1/2 Inch	Commercial	109	17,500	134.15	173.89	39.74	29.63%
11	2 Inch	Commercial	299	29,500	218.90	284.24	65.34	29.85%
12	3 Inch	Commercial	28	83,000	505.96	664.53	158.57	31.34%
13	4 Inch	Commercial	6	139,000	817.01	1,075.61	258.60	31.65%
14	6 Inch	Commercial	2	154,250	1,282.57	1,655.89	373.32	29.11%
15	8 Inch	Commercial	1	500	1,352.62	1,663.60	310.98	22.99%
16		Subtotal	<u>962</u>					
17								
18	1 Inch	Irrigation	2	112,261	60.69	77.94	17.26	28.44%
19	3 Inch	Hydrant	11	3,500	282.81	287.96	5.15	1.82%
20		Fire Lines 4 Inch	143	-	\$ 10.00	\$ 12.30	2.30	23.00%
21		Fire Lines 6 Inch	45	-	\$ 16.89	\$ 20.77	3.88	23.00%
22		Fire Lines 8 Inch	10	0	27.02	33.24	6.21552	23.00%
23		Total	<u><u>10,731</u></u>					

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

24
 25
 26

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Present and Proposed Rates

Exhibit
 Schedule H-3
 Page 1
 Witness: Bourassa

Line No.	Monthly Usage Charge for:	Present Rates ¹	Proposed Rates ¹	Change	Percent Change
1	<u>Meter Size (All Classes):</u>				
2	5/8 Inch	\$ 16.89	\$ 20.77	\$ 3.88	22.97%
2	3/4 Inch	25.34	31.16	5.82	22.97%
3	1 Inch	42.23	51.93	9.70	22.97%
4	1 1/2 Inch	84.45	103.85	19.40	22.97%
5	2 Inch	135.12	166.16	31.04	22.97%
6	3 Inch	270.24	332.32	62.08	22.97%
7	4 Inch	422.25	519.25	97.00	22.97%
8	6 Inch	844.50	1,038.50	194.00	22.97%
9	8 Inch	1,351.20	1,661.60	310.40	22.97%
10	10 Inch	1,942.35	2,388.55	446.20	22.97%
11	12 Inch	3,631.35	4,465.55	834.20	22.97%
12					
13	<u>Low Income Tariff</u> - A 15% discount is available to qualified residential customers meeting the low income qualifications.				
14					
15	Fire Lines 8 Inch (R-14-2-408.B)	Per Rule*	Per Rule*		
16	Fire Lines 10 Inch (R-14-2-408.B)	Per Rule*	Per Rule*		
17	Fire Lines 12 Inch (R-14-2-408.B)	Per Rule*	Per Rule*		
18					
19	* Note 1: 2% of the equivalent monthly meter size or \$10 whichever is greater for all meter sizes.				
20					
21					
22	<u>Gallons In Minimum (All Classes)</u>	-	-		
23					
24					
25	Commodity rates - see pages 2 and 3.				
26					
27					
28					
29					
30					
31					
32					
33	¹ Customer assistance (Low income) Tariff - A 15% discount is available on monthly minimum and commodity charges to qualified residential				
34	customers meeting the low income qualifications.				
35					
36	NT = No Tariff				
37					

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Present and Proposed Rates

Exhibit
 Schedule H-3
 Page 2
 Witness: Bourassa

Line No.			(Per 1,000 gallons)	
			Present Rates ¹	Proposed Rates ¹
1				
2	Commodity Rates			
3	(All Classes)	Block		
4	5/8x3/4 Inch Residential	0 gallons to 4,000 gallons	\$ 1.84	
5		4,000 gallons to 10,000 gallons	\$ 2.84	
6		over 10,000 gallons	\$ 3.59	
7				
8	5/8x3/4 Inch Commercial	0 gallons to 4,000 gallons	\$ 2.84	
9		over 4,000 gallons	\$ 3.59	
10				
11	5/8x3/4 Inch All Classes (Except Standpipe)	0 gallons to 4,000 gallons		\$ 2.59
12		4,000 gallons to 10,000 gallons		\$ 4.00
13		over 10,000 gallons		\$ 5.06
14				
15	3/4 Inch Residential	0 gallons to 4,000 gallons	\$ 1.84	
16		4,000 gallons to 10,000 gallons	\$ 2.84	
17		over 10,000 gallons	\$ 3.59	
18				
19	3/4 Inch Commercial	0 gallons to 4,000 gallons	\$ 2.84	
20		over 4,000 gallons	\$ 3.59	
21				
22	3/4 Inch All Classes (except Standpipe)	0 gallons to 4,000 gallons		\$ 2.59
23		4,000 gallons to 10,000 gallons		\$ 4.00
24		over 10,000 gallons		\$ 5.06
25				
26	1 Inch Meter All Classes (Except Standpipe)	0 gallons to 10,000 gallons	\$ 2.84	
27		over 10,000 gallons	\$ 3.59	
28				
29	1 Inch Meter All Classes (Except Standpipe)	0 gallons to 25,000 gallons		\$ 4.00
30		over 25,000 gallons		\$ 5.06
31				
32	1.5 Inch Meter All Classes (Except Standpipe)	0 gallons to 26,000 gallons	\$ 2.84	
33		over 26,000 gallons	\$ 3.59	
34				
35	1.5 Inch Meter All Classes (Except Standpipe)	0 gallons to 50,000 gallons		\$ 4.00
36		over 50,000 gallons		\$ 5.06
37				
38	2 Inch Meter All Classes (Except Standpipe)	0 gallons to 45,000 gallons	\$ 2.84	
39		over 45,000 gallons	\$ 3.59	
40				
41	2 Inch Meter All Classes (Except Standpipe)	0 gallons to 80,000 gallons		\$ 4.00
42		over 80,000 gallons		\$ 5.06
43				
44				

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Present and Proposed Rates

Exhibit
 Schedule H-3
 Page 3
 Witness: Bourassa

Line No.			(Per 1,000 gallons)	
			<u>Present Rates¹</u>	<u>Proposed Rates¹</u>
1				
2	Commodity Rates			
3	<u>(All Classes)</u>			
4				
5				
6				
7	3 Inch Meter Classes (Exept Standpipe)	0 gallons to 98,000 gallons	\$ 2.84	
8		over 98,000 gallons	\$ 3.59	
9				
10	3 Inch Meter Classes (Exept Standpipe)	0 gallons to 160,000 gallons		\$ 4.00
11		over 160,000 gallons		\$ 5.06
12				
13	4 Inch Meter All Classes (Except Standpipe)	0 gallons to 158,000 gallons	\$ 2.84	
14		over 158,000 gallons	\$ 3.59	
15				
16	4 Inch Meter All Classes (Except Standpipe)	0 gallons to 250,000 gallons		\$ 4.00
17		over 250,000 gallons		\$ 5.06
18				
19	6 Inch Meter All Classes (Except Standpipe)	0 gallons to 327,000 gallons	\$ 2.84	
20		over 327,000 gallons	\$ 3.59	
21				
22	6 Inch Meter All Classes (Except Standpipe)	0 gallons to 500,000 gallons		\$ 4.00
23		over 500,000 gallons		\$ 5.06
24				
25	8 Inch Meter All Classes (Except Standpipe)	0 gallons to 584,000 gallons	\$ 2.84	
26		over 584,000 gallons	\$ 3.59	
27				
28	8 Inch Meter All Classes (Except Standpipe)	0 gallons to 800,000 gallons		\$ 4.00
29		over 800,000 gallons		\$ 5.06
30				
31	10 Inch Meter All Classes (Except Standpipe)	0 gallons to 870,000 gallons	\$ 2.84	
32		over 870,000 gallons	\$ 3.59	
33				
34	10 Inch Meter All Classes (Except Standpipe)	0 gallons to 1,150,000 gallons		\$ 4.00
35		over 1,150,000 gallons		\$ 5.06
36				
37				
38	Standpipe (hydrant, bulk)	All gallons	\$ 3.59	\$ 5.06
39				

¹ Customer assistance (Low income) Tariff - A 15% discount is available on monthly minimum and commodity charges to qualified residential customers meeting the low income qualifications.

NT = No Tariff

44

Liberty Utilities (Bella Vista Water) Corp.
 Changes in Representative Rate Schedules
 Test Year Ended April 30, 2023

Exhibit
 Schedule H-3
 Page 4
 Witness: Bourassa

Line No.	<u>Other Service Charges</u>	<u>Present Rates</u>	<u>Proposed Rates</u>
1	Establishment	\$ 25.00	\$ 30.00
2	Reestablishment (within 12 months)	(a)	(a)
3	Reconnection (Delinquent)	\$ 30.00	\$ 30.00
4	Meter test (If Correct)	\$ 30.00	\$ 30.00
5	Meter Reread (if Correct)	\$ 20.00	\$ 30.00
6	Deposit	(c)	(c)
7	Deposit Interest	6%(c)	6%(c)
8	NSF Check	\$ 10.00	\$ 20.00
9	Late Payment Penalty	1.5% per month	1.5% per month(b)
10	Deferred Payment (R-01-2-409.G)	1.5% per month	1.5% per month
11	Moving meter at customer request (R-14-2-405.B)	at Cost	at Cost
12	After Hours Service Charge (d)	\$ 50.00	\$ 90.00
13	Road Cutting or Boring	NT	at Cost

- 14
- 15 (a) Minimum charge times number of full months off the system per A.A.C. R-14-2-403 (D).
- 16 (b) Greater of \$5.00 or 1.50% of unpaid balance whichever is greater.
- 17 (c) Per Commission Rule A.A.C. R14-2-403(B):
- 18 Residential - two times the average bill;
- 19 Commercial - two and one-half times the average bill.
- 20 (d) The After-Hours Service Charge shall apply to any service requested by customer that is performed by Company after regular business hours and shall be in addition to the regular business hours service charge.

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IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE TAX. PER COMMISSION RULE 14-2-409D(5).

Liberty Utilities (Bella Vista Water) Corp.
 Test Year Ended April 30, 2023
 Hook-Up Fees

Exhibit
 Schedule H-3
 Page 6
 Witness: Bourassa

Line

No.

- 1
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Off-site Facilities Hook-up Fee

	<u>Size Factor</u>		<u>Present Charge</u>		<u>Proposed Charge</u>
5/8 x 3/4 Inch	1	\$	1,600	1	\$ 1,600
3/4 Inch	1.5		2,400	1.5	2,400
1 Inch	2.5		4,000	2.5	4,000
1 1/2 Inch	5		8,000	5	8,000
2 Inch	8		12,800	8	12,800
3 Inch	16		25,600	16	25,600
4 Inch	25		40,000	25	40,000
6 Inch or larger	50		80,000	50	80,000

NT = no tariff

Liberty Utilities (Bella Vista Water) Corp.

Bill Comparison Present and Proposed Rates

Meter Size: 5/8x3/4 Inch Residential

Exhibit
Schedule H-4
Page 1
Witness: Bourassa

<u>Usage</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
-	\$ 16.89	\$ 20.77	\$ 3.88	22.97%
1,000	18.73	23.36	4.63	24.73%
2,000	20.57	25.96	5.39	26.18%
3,000	22.41	28.55	6.14	27.39%
4,000	24.25	31.14	6.89	28.41%
5,000	27.09	35.14	8.05	29.73%
6,000	29.93	39.15	9.22	30.79%
7,000	32.77	43.15	10.38	31.67%
8,000	35.61	47.15	11.54	32.41%
9,000	38.45	51.15	12.70	33.04%
10,000	41.29	55.16	13.87	33.58%
12,000	48.47	65.28	16.81	34.68%
14,000	55.65	75.41	19.76	35.50%
16,000	62.83	85.53	22.70	36.13%
18,000	70.01	95.66	25.65	36.63%
20,000	77.19	105.78	28.59	37.04%
25,000	95.14	131.09	35.95	37.79%
30,000	113.09	156.41	43.32	38.30%
35,000	131.04	181.72	50.68	38.67%
40,000	148.99	207.03	58.04	38.96%
45,000	166.94	232.35	65.41	39.18%
50,000	184.89	257.66	72.77	39.36%
60,000	220.79	308.28	87.49	39.63%
70,000	256.69	358.91	102.22	39.82%
80,000	292.59	409.53	116.94	39.97%
90,000	328.49	460.16	131.67	40.08%
100,000	364.39	510.79	146.40	40.18%

Present Rates:

Monthly Minimum:	\$	16.89
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	4,000 \$	1.84
Up to	10,000 \$	2.84
Over	10,000 \$	3.59

Proposed Rates:

Monthly Minimum:	\$	20.77
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	4,000 \$	2.59
Up to	10,000 \$	4.00
Over	10,000 \$	5.06

Over

Average Usage					
5,274	\$	27.87	\$	36.24	\$ 8.37 30.04%
Median Usage					
3,500	\$	23.33	\$	29.84	\$ 6.51 27.92%

Liberty Utilities (Bella Vista Water) Corp.
 Bill Comparison Present and Proposed Rates
 Meter Size: 3/4 Inch Residential

Exhibit
 Schedule H-4
 Page 2
 Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 25.34	\$ 31.16	\$ 5.82	22.97%
1,000	27.18	33.75	6.57	24.19%
2,000	29.02	36.34	7.33	25.25%
3,000	30.86	38.93	8.08	26.18%
4,000	32.70	41.53	8.83	27.01%
5,000	35.54	45.53	9.99	28.12%
6,000	38.38	49.53	11.16	29.07%
7,000	41.22	53.53	12.32	29.89%
8,000	44.06	57.54	13.48	30.60%
9,000	46.90	61.54	14.64	31.23%
10,000	49.74	65.54	15.81	31.78%
12,000	56.92	75.67	18.75	32.95%
14,000	64.10	85.79	21.70	33.85%
16,000	71.28	95.92	24.64	34.57%
18,000	78.46	106.04	27.59	35.16%
20,000	85.64	116.17	30.53	35.65%
25,000	103.59	141.48	37.89	36.58%
30,000	121.54	166.79	45.26	37.24%
35,000	139.49	192.10	52.62	37.72%
40,000	157.44	217.42	59.98	38.10%
45,000	175.39	242.73	67.35	38.40%
50,000	193.34	268.04	74.71	38.64%
60,000	229.24	318.67	89.43	39.01%
70,000	265.14	369.29	104.16	39.29%
80,000	301.04	419.92	118.88	39.49%
90,000	336.94	470.55	133.61	39.65%
100,000	372.84	521.17	148.34	39.79%

Present Rates:

Monthly Minimum:	\$	25.34
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to 4,000	\$	1.84
Up to 10,000	\$	2.84
Over 10,000	\$	3.59

Proposed Rates:

Monthly Minimum:	\$	31.16
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to 4,000	\$	2.59
Up to 10,000	\$	4.00
Over 10,000	\$	5.06

Average Usage					
5,479	\$	36.90	\$	47.45	\$ 10.55 28.59%
Median Usage					
4,500	\$	34.12	\$	43.53	\$ 9.41 27.59%

Liberty Utilities (Bella Vista Water) Corp.

Bill Comparison Present and Proposed Rates

Meter Size:

1 Inch Residential

Exhibit

Schedule

H-4

Page

3

Witness: Bourassa

<u>Usage</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>			
-	\$ 42.23	\$ 51.93	\$ 9.70	22.97%			
1,000	45.07	55.93	10.86	24.10%	Present Rates:		
2,000	47.91	59.93	12.03	25.10%	Monthly Minimum:	\$	42.23
3,000	50.75	63.93	13.19	25.99%	Gallons in Minimum		-
4,000	53.59	67.94	14.35	26.78%	Charge Per 1,000 Gallons		
5,000	56.43	71.94	15.51	27.49%	Up to	10,000	\$ 2.84
6,000	59.27	75.94	16.68	28.14%	Over	10,000	\$ 3.59
7,000	62.11	79.94	17.84	28.72%			
8,000	64.95	83.95	19.00	29.26%			
9,000	67.79	87.95	20.16	29.75%			
10,000	70.63	91.95	21.33	30.20%			
12,000	77.81	99.96	22.15	28.47%	Proposed Rates:		
14,000	84.99	107.96	22.98	27.04%	Monthly Minimum:	\$	51.93
16,000	92.17	115.97	23.80	25.82%	Gallons in Minimum		-
18,000	99.35	123.97	24.63	24.79%	Charge Per 1,000 Gallons		
20,000	106.53	131.98	25.45	23.89%	Up to	25,000	\$ 4.00
25,000	124.48	151.99	27.51	22.10%	Over	25,000	\$ 5.06
30,000	142.43	177.30	34.88	24.49%			
35,000	160.38	202.61	42.24	26.34%			
40,000	178.33	227.93	49.60	27.82%			
45,000	196.28	253.24	56.97	29.02%			
50,000	214.23	278.55	64.33	30.03%			
60,000	250.13	329.18	79.05	31.61%			
70,000	286.03	379.80	93.78	32.79%			
80,000	321.93	430.43	108.50	33.70%			
90,000	357.83	481.06	123.23	34.44%			
100,000	393.73	531.68	137.96	35.04%			
Average Usage							
11,121	\$ 74.65	\$ 96.44	\$ 21.79	29.19%			
Median Usage							
8,500	\$ 66.37	\$ 85.95	\$ 19.58	29.51%			

Liberty Utilities (Bella Vista Water) Corp.
 Bill Comparison Present and Proposed Rates

Meter Size: 5/8 Inch Commercial

Exhibit
 Schedule H-4
 Page 4
 Witness: Bourassa

<u>Usage</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
-	\$ 16.89	\$ 20.77	\$ 3.88	22.97%
1,000	19.73	23.36	3.63	18.41%
2,000	22.57	25.96	3.39	15.00%
3,000	25.41	28.55	3.14	12.35%
4,000	28.25	31.14	2.89	10.23%
5,000	31.84	35.14	3.30	10.37%
6,000	35.43	39.15	3.72	10.49%
7,000	39.02	43.15	4.13	10.58%
8,000	42.61	47.15	4.54	10.66%
9,000	46.20	51.15	4.95	10.72%
10,000	49.79	55.16	5.37	10.78%
12,000	56.97	65.28	8.31	14.59%
14,000	64.15	75.41	11.26	17.55%
16,000	71.33	85.53	14.20	19.91%
18,000	78.51	95.66	17.15	21.84%
20,000	85.69	105.78	20.09	23.45%
25,000	103.64	131.09	27.45	26.49%
30,000	121.59	156.41	34.82	28.63%
35,000	139.54	181.72	42.18	30.23%
40,000	157.49	207.03	49.54	31.46%
45,000	175.44	232.35	56.91	32.44%
50,000	193.39	257.66	64.27	33.23%
60,000	229.29	308.28	78.99	34.45%
70,000	265.19	358.91	93.72	35.34%
80,000	301.09	409.53	108.44	36.02%
90,000	336.99	460.16	123.17	36.55%
100,000	372.89	510.79	137.90	36.98%

Present Rates:

Monthly Minimum:	\$	16.89
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	4,000 \$	2.84
Over	4,000 \$	3.59

Proposed Rates:

Monthly Minimum:	\$	20.77
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	4,000 \$	2.59
Up to	10,000 \$	4.00
Over	10,000 \$	5.06

Average Usage					
5,416	\$	33.33	\$	36.81	\$ 3.47 10.42%
Median Usage					
1,500	\$	21.15	\$	24.66	\$ 3.51 16.59%

Liberty Utilities (Bella Vista Water) Corp.

Bill Comparison Present and Proposed Rates

Meter Size: 3/4 Inch Commercial

Exhibit
Schedule H-4
Page 5
Witness: Bourassa

<u>Usage</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
-	\$ 25.34	\$ 20.77	\$ (4.57)	-18.02%
1,000	28.18	23.36	(4.81)	-17.08%
2,000	31.02	25.96	(5.06)	-16.31%
3,000	33.86	28.55	(5.31)	-15.68%
4,000	36.70	31.14	(5.55)	-15.14%
5,000	40.29	35.14	(5.14)	-12.76%
6,000	43.88	39.15	(4.73)	-10.78%
7,000	47.47	43.15	(4.32)	-9.10%
8,000	51.06	47.15	(3.90)	-7.65%
9,000	54.65	51.15	(3.49)	-6.39%
10,000	58.24	55.16	(3.08)	-5.29%
12,000	65.42	65.28	(0.13)	-0.21%
14,000	72.60	75.41	2.81	3.87%
16,000	79.78	85.53	5.76	7.22%
18,000	86.96	95.66	8.70	10.01%
20,000	94.14	105.78	11.65	12.37%
25,000	112.09	131.09	19.01	16.96%
30,000	130.04	156.41	26.37	20.28%
35,000	147.99	181.72	33.73	22.80%
40,000	165.94	207.03	41.10	24.77%
45,000	183.89	232.35	48.46	26.35%
50,000	201.84	257.66	55.82	27.66%
60,000	237.74	308.28	70.55	29.68%
70,000	273.64	358.91	85.27	31.16%
80,000	309.54	409.53	100.00	32.31%
90,000	345.44	460.16	114.73	33.21%
100,000	381.34	510.79	129.45	33.95%

Present Rates:

Monthly Minimum:	\$	25.34
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	4,000 \$	2.84
Over	4,000 \$	3.59

Proposed Rates:

Monthly Minimum:	\$	20.77
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	4,000 \$	2.59
Over	10,000 \$	4.00
Over	10,000 \$	5.06

Average Usage					
17,584	\$	85.46	\$	93.55	\$ 8.09 9.46%
Median Usage					
2,000	\$	31.02	\$	25.96	\$ (5.06) -16.31%

Liberty Utilities (Bella Vista Water) Corp.

Bill Comparison Present and Proposed Rates

Meter Size: 1 Inch Commercial

Exhibit
Schedule H-4
Page 6
Witness: Bourassa

<u>Usage</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
-	\$ 42.23	\$ 51.93	\$ 9.70	22.97%
1,000	45.07	55.93	10.86	24.10%
2,000	47.91	59.93	12.03	25.10%
3,000	50.75	63.93	13.19	25.99%
4,000	53.59	67.94	14.35	26.78%
5,000	56.43	71.94	15.51	27.49%
6,000	59.27	75.94	16.68	28.14%
7,000	62.11	79.94	17.84	28.72%
8,000	64.95	83.95	19.00	29.26%
9,000	67.79	87.95	20.16	29.75%
10,000	70.63	91.95	21.33	30.20%
12,000	77.81	99.96	22.15	28.47%
14,000	84.99	107.96	22.98	27.04%
16,000	92.17	115.97	23.80	25.82%
18,000	99.35	123.97	24.63	24.79%
20,000	106.53	131.98	25.45	23.89%
25,000	124.48	151.99	27.51	22.10%
30,000	142.43	177.30	34.88	24.49%
35,000	160.38	202.61	42.24	26.34%
40,000	178.33	227.93	49.60	27.82%
45,000	196.28	253.24	56.97	29.02%
50,000	214.23	278.55	64.33	30.03%
60,000	250.13	329.18	79.05	31.61%
70,000	286.03	379.80	93.78	32.79%
80,000	321.93	430.43	108.50	33.70%
90,000	357.83	481.06	123.23	34.44%
100,000	393.73	531.68	137.96	35.04%

Present Rates:

Monthly Minimum:	\$	42.23
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	10,000	\$ 2.84
Over	10,000	\$ 3.59

Proposed Rates:

Monthly Minimum:	\$	51.93
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	25,000	\$ 4.00
Over	25,000	\$ 5.06

Average Usage					
13,581	\$	83.48	\$	106.28	\$ 22.80 27.32%
Median Usage					
6,500	\$	60.69	\$	77.94	\$ 17.26 28.44%

Liberty Utilities (Bella Vista Water) Corp.
 Bill Comparison Present and Proposed Rates

Meter Size: 1 1/2 Inch Commercial

Exhibit
 Schedule H-4
 Page 7
 Witness: Bourassa

<u>Usage</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
-	\$ 84.45	\$ 103.85	\$ 19.40	22.97%
1,000	87.29	107.85	20.56	23.56%
2,000	90.13	111.86	21.73	24.10%
3,000	92.97	115.86	22.89	24.62%
4,000	95.81	119.86	24.05	25.10%
5,000	98.65	123.86	25.21	25.56%
6,000	101.49	127.87	26.38	25.99%
7,000	104.33	131.87	27.54	26.40%
8,000	107.17	135.87	28.70	26.78%
9,000	110.01	139.87	29.86	27.15%
10,000	112.85	143.88	31.03	27.49%
12,000	118.53	151.88	33.35	28.14%
14,000	124.21	159.89	35.68	28.72%
16,000	129.89	167.89	38.00	29.26%
18,000	135.57	175.90	40.33	29.75%
20,000	141.25	183.90	42.65	30.20%
25,000	155.45	203.91	48.46	31.18%
30,000	172.65	223.93	51.28	29.70%
35,000	190.60	243.94	53.34	27.99%
40,000	208.55	263.95	55.40	26.57%
45,000	226.50	283.97	57.47	25.37%
50,000	244.45	303.98	59.53	24.35%
60,000	280.35	354.60	74.25	26.49%
70,000	316.25	405.23	88.98	28.14%
80,000	352.15	455.85	103.70	29.45%
90,000	388.05	506.48	118.43	30.52%
100,000	423.95	557.11	133.16	31.41%

Present Rates:

Monthly Minimum:		\$	84.45
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	26,000	\$	2.84
Over	26,000	\$	3.59

Proposed Rates:

Monthly Minimum:		\$	103.85
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	50,000	\$	4.00
Over	50,000	\$	5.06

Average Usage	33,111	\$	183.82	\$	236.38	\$	52.56	28.59%
Median Usage	17,500	\$	134.15	\$	173.89	\$	39.74	29.63%

Liberty Utilities (Bella Vista Water) Corp.

Bill Comparison Present and Proposed Rates

Meter Size: 2 Inch Commercial

Exhibit
Schedule H-4
Page 8
Witness: Bourassa

<u>Usage</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
-	\$ 135.12	\$ 166.16	\$ 31.04	22.97%
1,000	137.96	170.16	32.20	23.34%
2,000	140.80	174.17	33.37	23.70%
3,000	143.64	178.17	34.53	24.04%
4,000	146.48	182.17	35.69	24.37%
5,000	149.32	186.17	36.85	24.68%
6,000	152.16	190.18	38.02	24.98%
7,000	155.00	194.18	39.18	25.28%
8,000	157.84	198.18	40.34	25.56%
9,000	160.68	202.18	41.50	25.83%
10,000	163.52	206.19	42.67	26.09%
12,000	169.20	214.19	44.99	26.59%
14,000	174.88	222.20	47.32	27.06%
16,000	180.56	230.20	49.64	27.49%
18,000	186.24	238.21	51.97	27.90%
20,000	191.92	246.21	54.29	28.29%
25,000	206.12	266.22	60.10	29.16%
30,000	220.32	286.24	65.92	29.92%
35,000	234.52	306.25	71.73	30.59%
40,000	248.72	326.26	77.54	31.18%
45,000	262.92	346.28	83.36	31.70%
50,000	280.87	366.29	85.42	30.41%
60,000	316.77	406.31	89.54	28.27%
70,000	352.67	446.34	93.67	26.56%
80,000	388.57	486.36	97.79	25.17%
90,000	424.47	536.99	112.52	26.51%
100,000	460.37	587.62	127.25	27.64%

Present Rates:

Monthly Minimum:	\$	135.12
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	45,000	\$ 2.84
Over	45,000	\$ 3.59

Proposed Rates:

Monthly Minimum:	\$	166.16
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	80,000	\$ 4.00
Over	80,000	\$ 5.06

Average Usage					
72,926	\$	363.17	\$	458.05	\$ 94.88 26.12%
Median Usage					
29,500	\$	218.90	\$	284.24	\$ 65.34 29.85%

Liberty Utilities (Bella Vista Water) Corp.

Bill Comparison Present and Proposed Rates

Meter Size: 3 Inch Commercial

Exhibit
Schedule H-4
Page 9
Witness: Bourassa

<u>Usage</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
-	\$ 270.24	\$ 332.32	\$ 62.08	22.97%
1,000	273.08	336.32	63.24	23.16%
2,000	275.92	340.33	64.41	23.34%
3,000	278.76	344.33	65.57	23.52%
4,000	281.60	348.33	66.73	23.70%
5,000	284.44	352.33	67.89	23.87%
6,000	287.28	356.34	69.06	24.04%
7,000	290.12	360.34	70.22	24.20%
8,000	292.96	364.34	71.38	24.37%
9,000	295.80	368.34	72.54	24.52%
10,000	298.64	372.35	73.71	24.68%
12,000	304.32	380.35	76.03	24.98%
14,000	310.00	388.36	78.36	25.28%
16,000	315.68	396.36	80.68	25.56%
18,000	321.36	404.37	83.01	25.83%
20,000	327.04	412.37	85.33	26.09%
25,000	341.24	432.38	91.14	26.71%
30,000	355.44	452.40	96.96	27.28%
35,000	369.64	472.41	102.77	27.80%
40,000	383.84	492.42	108.58	28.29%
45,000	398.04	512.44	114.40	28.74%
50,000	412.24	532.45	120.21	29.16%
60,000	440.64	572.47	131.83	29.92%
70,000	469.04	612.50	143.46	30.59%
80,000	497.44	652.52	155.08	31.18%
90,000	525.84	692.55	166.71	31.70%
100,000	555.74	732.58	176.84	31.82%

Present Rates:

Monthly Minimum:		\$	270.24
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	98,000	\$	2.84
Over	98,000	\$	3.59

Proposed Rates:

Monthly Minimum:		\$	332.32
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	160,000	\$	4.00
Over	160,000	\$	5.06

Average Usage					
137,558	\$	690.57	\$	882.90	\$ 192.33 27.85%
Median Usage					
83,000	\$	505.96	\$	664.53	\$ 158.57 31.34%

Liberty Utilities (Bella Vista Water) Corp.
 Bill Comparison Present and Proposed Rates

Meter Size: 4 Inch Commercial

Exhibit
 Schedule H-4
 Page 10
 Witness: Bourassa

<u>Usage</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
-	\$ 422.25	\$ 519.25	\$ 97.00	22.97%
1,000	425.09	523.25	98.16	23.09%
2,000	427.93	527.26	99.33	23.21%
3,000	430.77	531.26	100.49	23.33%
4,000	433.61	535.26	101.65	23.44%
5,000	436.45	539.26	102.81	23.56%
6,000	439.29	543.27	103.98	23.67%
7,000	442.13	547.27	105.14	23.78%
8,000	444.97	551.27	106.30	23.89%
9,000	447.81	555.27	107.46	24.00%
10,000	450.65	559.28	108.63	24.10%
12,000	456.33	567.28	110.95	24.31%
14,000	462.01	575.29	113.28	24.52%
16,000	467.69	583.29	115.60	24.72%
18,000	473.37	591.30	117.93	24.91%
20,000	479.05	599.30	120.25	25.10%
25,000	493.25	619.31	126.06	25.56%
30,000	507.45	639.33	131.88	25.99%
35,000	521.65	659.34	137.69	26.40%
40,000	535.85	679.35	143.50	26.78%
45,000	550.05	699.37	149.32	27.15%
50,000	564.25	719.38	155.13	27.49%
60,000	592.65	759.40	166.75	28.14%
70,000	621.05	799.43	178.38	28.72%
80,000	649.45	839.45	190.00	29.26%
90,000	677.85	879.48	201.63	29.75%
100,000	706.25	919.51	213.26	30.20%

Present Rates:

Monthly Minimum:	\$	422.25
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	158,000	\$ 2.84
Over	158,000	\$ 3.59

Proposed Rates:

Monthly Minimum:	\$	519.25
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	250,000	\$ 4.00
Over	250,000	\$ 5.06

Average Usage					
182,423	\$	958.65	\$	1,249.41	\$ 290.76 30.33%
Median Usage					
139,000	\$	817.01	\$	1,075.61	\$ 258.60 31.65%

Liberty Utilities (Bella Vista Water) Corp.
 Bill Comparison Present and Proposed Rates
 Meter Size: 6 Inch Commercial

Exhibit
 Schedule H-4
 Page 11
 Witness: Bourassa

<u>Usage</u>	<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
-	\$ 844.50	\$ 1,038.50	\$ 194.00	22.97%
1,000	847.34	1,042.50	195.16	23.03%
2,000	850.18	1,046.51	196.33	23.09%
3,000	853.02	1,050.51	197.49	23.15%
4,000	855.86	1,054.51	198.65	23.21%
5,000	858.70	1,058.51	199.81	23.27%
6,000	861.54	1,062.52	200.98	23.33%
7,000	864.38	1,066.52	202.14	23.39%
8,000	867.22	1,070.52	203.30	23.44%
9,000	870.06	1,074.52	204.46	23.50%
10,000	872.90	1,078.53	205.63	23.56%
12,000	878.58	1,086.53	207.95	23.67%
14,000	884.26	1,094.54	210.28	23.78%
16,000	889.94	1,102.54	212.60	23.89%
18,000	895.62	1,110.55	214.93	24.00%
20,000	901.30	1,118.55	217.25	24.10%
25,000	915.50	1,138.56	223.06	24.37%
30,000	929.70	1,158.58	228.88	24.62%
35,000	943.90	1,178.59	234.69	24.86%
40,000	958.10	1,198.60	240.50	25.10%
45,000	972.30	1,218.62	246.32	25.33%
50,000	986.50	1,238.63	252.13	25.56%
60,000	1,014.90	1,278.65	263.75	25.99%
70,000	1,043.30	1,318.68	275.38	26.40%
80,000	1,071.70	1,358.70	287.00	26.78%
90,000	1,100.10	1,398.73	298.63	27.15%
100,000	1,128.50	1,438.76	310.26	27.49%

Present Rates:

Monthly Minimum:	\$ 844.50
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 327,000	\$ 2.84
Over 327,000	\$ 3.59

Proposed Rates:

Monthly Minimum:	\$ 1,038.50
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 500,000	\$ 4.00
Over 500,000	\$ 5.06

Average Usage					
163,209	\$ 1,308.01	\$ 1,691.75	\$ 383.74	29.34%	
Median Usage					
154,250	\$ 1,282.57	\$ 1,655.89	\$ 373.32	29.11%	

Liberty Utilities (Bella Vista Water) Corp.
 Bill Comparison Present and Proposed Rates

Meter Size: 8 Inch Commercial

Exhibit
 Schedule H-4
 Page 12
 Witness: Bourassa

<u>Usage</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
-	\$ 1,351.20	\$ 1,661.60	\$ 310.40	22.97%
1,000	1,354.04	1,665.60	311.56	23.01%
2,000	1,356.88	1,669.61	312.73	23.05%
3,000	1,359.72	1,673.61	313.89	23.08%
4,000	1,362.56	1,677.61	315.05	23.12%
5,000	1,365.40	1,681.61	316.21	23.16%
6,000	1,368.24	1,685.62	317.38	23.20%
7,000	1,371.08	1,689.62	318.54	23.23%
8,000	1,373.92	1,693.62	319.70	23.27%
9,000	1,376.76	1,697.62	320.86	23.31%
10,000	1,379.60	1,701.63	322.03	23.34%
12,000	1,385.28	1,709.63	324.35	23.41%
14,000	1,390.96	1,717.64	326.68	23.49%
16,000	1,396.64	1,725.64	329.00	23.56%
18,000	1,402.32	1,733.65	331.33	23.63%
20,000	1,408.00	1,741.65	333.65	23.70%
25,000	1,422.20	1,761.66	339.46	23.87%
30,000	1,436.40	1,781.68	345.28	24.04%
35,000	1,450.60	1,801.69	351.09	24.20%
40,000	1,464.80	1,821.70	356.90	24.37%
45,000	1,479.00	1,841.72	362.72	24.52%
50,000	1,493.20	1,861.73	368.53	24.68%
60,000	1,521.60	1,901.75	380.15	24.98%
70,000	1,550.00	1,941.78	391.78	25.28%
80,000	1,578.40	1,981.80	403.40	25.56%
90,000	1,606.80	2,021.83	415.03	25.83%
100,000	1,635.20	2,061.86	426.66	26.09%

Present Rates:

Monthly Minimum:	\$ 1,351.20
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 584,000	\$ 2.84
Over 584,000	\$ 3.59

Proposed Rates:

Monthly Minimum:	\$ 1,661.60
Gallons in Minimum	-
Charge Per 1,000 Gallons	
Up to 800,000	\$ 4.00
Over 800,000	\$ 5.06

Average Usage				
142,240	\$ 1,755.16	\$ 2,230.92	\$ 475.76	27.11%
Median Usage				
500	\$ 1,352.62	\$ 1,663.60	\$ 310.98	22.99%

Liberty Utilities (Bella Vista Water) Corp.

Bill Comparison Present and Proposed Rates

Meter Size: 1 Inch Irrigation

Exhibit
Schedule H-4
Page 13
Witness: Bourassa

<u>Usage</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
-	\$ 42.23	\$ 51.93	\$ 9.70	22.97%
1,000	45.07	55.93	10.86	24.10%
2,000	47.91	59.93	12.03	25.10%
3,000	50.75	63.93	13.19	25.99%
4,000	53.59	67.94	14.35	26.78%
5,000	56.43	71.94	15.51	27.49%
6,000	59.27	75.94	16.68	28.14%
7,000	62.11	79.94	17.84	28.72%
8,000	64.95	83.95	19.00	29.26%
9,000	67.79	87.95	20.16	29.75%
10,000	70.63	91.95	21.33	30.20%
12,000	77.81	99.96	22.15	28.47%
14,000	84.99	107.96	22.98	27.04%
16,000	92.17	115.97	23.80	25.82%
18,000	99.35	123.97	24.63	24.79%
20,000	106.53	131.98	25.45	23.89%
25,000	124.48	151.99	27.51	22.10%
30,000	142.43	177.30	34.88	24.49%
35,000	160.38	202.61	42.24	26.34%
40,000	178.33	227.93	49.60	27.82%
45,000	196.28	253.24	56.97	29.02%
50,000	214.23	278.55	64.33	30.03%
60,000	250.13	329.18	79.05	31.61%
70,000	286.03	379.80	93.78	32.79%
80,000	321.93	430.43	108.50	33.70%
90,000	357.83	481.06	123.23	34.44%
100,000	393.73	531.68	137.96	35.04%

Present Rates:

Monthly Minimum:	\$	42.23
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	10,000	\$ 2.84
Over	10,000	\$ 3.59

Proposed Rates:

Monthly Minimum:	\$	51.93
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	25,000	\$ 4.00
Over	25,000	\$ 5.06

Average Usage					
53,301	\$	226.07	\$	295.26	\$ 69.19 30.60%
Median Usage					
6,500	\$	60.69	\$	77.94	\$ 17.26 28.44%

Liberty Utilities (Bella Vista Water) Corp.
 Bill Comparison Present and Proposed Rates
 Meter Size: Fire Lines 4 Inch

Exhibit
 Schedule H-4
 Page 14
 Witness: Bourassa

<u>Usage</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>	
-	\$ 10.00	\$ 12.30	\$ 2.30	23.00%	
1,000	10.00	12.30	2.30	23.00%	
2,000	10.00	12.30	2.30	23.00%	Present Rates:
3,000	10.00	12.30	2.30	23.00%	Monthly Minimum: \$ 10.00
4,000	10.00	12.30	2.30	23.00%	
5,000	10.00	12.30	2.30	23.00%	
6,000	10.00	12.30	2.30	23.00%	
7,000	10.00	12.30	2.30	23.00%	
8,000	10.00	12.30	2.30	23.00%	
9,000	10.00	12.30	2.30	23.00%	
10,000	10.00	12.30	2.30	23.00%	
12,000	10.00	12.30	2.30	23.00%	Proposed Rates:
14,000	10.00	12.30	2.30	23.00%	Monthly Minimum: \$ 12.30
16,000	10.00	12.30	2.30	23.00%	
18,000	10.00	12.30	2.30	23.00%	
20,000	10.00	12.30	2.30	23.00%	
25,000	10.00	12.30	2.30	23.00%	
30,000	10.00	12.30	2.30	23.00%	
35,000	10.00	12.30	2.30	23.00%	
40,000	10.00	12.30	2.30	23.00%	
45,000	10.00	12.30	2.30	23.00%	
50,000	10.00	12.30	2.30	23.00%	
60,000	10.00	12.30	2.30	23.00%	
70,000	10.00	12.30	2.30	23.00%	
80,000	10.00	12.30	2.30	23.00%	
90,000	10.00	12.30	2.30	23.00%	
100,000	10.00	12.30	2.30	23.00%	
 Average Usage					
-	\$ 10.00	\$ 12.30	\$ 2.30	23.00%	
 Median Usage					
-	\$ 10.00	\$ 12.30	\$ 2.30	23.00%	

Liberty Utilities (Bella Vista Water) Corp.
 Bill Comparison Present and Proposed Rates
 Meter Size: Fire Lines 6 Inch

Exhibit
 Schedule H-4
 Page 15
 Witness: Bourassa

<u>Usage</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
-	\$ 16.89	\$ 20.77	\$ 3.88	23.00%
1,000	16.89	20.77	3.88	23.00%
2,000	16.89	20.77	3.88	23.00%
3,000	16.89	20.77	3.88	23.00%
4,000	16.89	20.77	3.88	23.00%
5,000	16.89	20.77	3.88	23.00%
6,000	16.89	20.77	3.88	23.00%
7,000	16.89	20.77	3.88	23.00%
8,000	16.89	20.77	3.88	23.00%
9,000	16.89	20.77	3.88	23.00%
10,000	16.89	20.77	3.88	23.00%
12,000	16.89	20.77	3.88	23.00%
14,000	16.89	20.77	3.88	23.00%
16,000	16.89	20.77	3.88	23.00%
18,000	16.89	20.77	3.88	23.00%
20,000	16.89	20.77	3.88	23.00%
25,000	16.89	20.77	3.88	23.00%
30,000	16.89	20.77	3.88	23.00%
35,000	16.89	20.77	3.88	23.00%
40,000	16.89	20.77	3.88	23.00%
45,000	16.89	20.77	3.88	23.00%
50,000	16.89	20.77	3.88	23.00%
60,000	16.89	20.77	3.88	23.00%
70,000	16.89	20.77	3.88	23.00%
80,000	16.89	20.77	3.88	23.00%
90,000	16.89	20.77	3.88	23.00%
100,000	16.89	20.77	3.88	23.00%

Present Rates:
 Monthly Minimum: \$ 16.89

Proposed Rates:
 Monthly Minimum: \$ 20.77

Average Usage	-	\$ 16.89	\$ 20.77	\$ 3.88	23.00%
Median Usage	-	\$ 16.89	\$ 20.77	\$ 3.88	23.00%

Liberty Utilities (Bella Vista Water) Corp.
 Bill Comparison Present and Proposed Rates
 Meter Size: Fire Lines 8 Inch

Exhibit
 Schedule H-4
 Page 16
 Witness: Bourassa

<u>Usage</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>	
-	\$ 27.02	\$ 33.24	\$ 6.22	23.00%	
1,000	27.02	33.24	6.22	23.00%	
2,000	27.02	33.24	6.22	23.00%	Present Rates:
3,000	27.02	33.24	6.22	23.00%	Monthly Minimum: \$ 27.02
4,000	27.02	33.24	6.22	23.00%	
5,000	27.02	33.24	6.22	23.00%	
6,000	27.02	33.24	6.22	23.00%	
7,000	27.02	33.24	6.22	23.00%	
8,000	27.02	33.24	6.22	23.00%	
9,000	27.02	33.24	6.22	23.00%	
10,000	27.02	33.24	6.22	23.00%	
12,000	27.02	33.24	6.22	23.00%	Proposed Rates:
14,000	27.02	33.24	6.22	23.00%	Monthly Minimum: \$ 33.24
16,000	27.02	33.24	6.22	23.00%	
18,000	27.02	33.24	6.22	23.00%	
20,000	27.02	33.24	6.22	23.00%	
25,000	27.02	33.24	6.22	23.00%	
30,000	27.02	33.24	6.22	23.00%	
35,000	27.02	33.24	6.22	23.00%	
40,000	27.02	33.24	6.22	23.00%	
45,000	27.02	33.24	6.22	23.00%	
50,000	27.02	33.24	6.22	23.00%	
60,000	27.02	33.24	6.22	23.00%	
70,000	27.02	33.24	6.22	23.00%	
80,000	27.02	33.24	6.22	23.00%	
90,000	27.02	33.24	6.22	23.00%	
100,000	27.02	33.24	6.22	23.00%	
 Average Usage					
-	\$ 27.02	\$ 33.24	\$ 6.22	23.00%	
 Median Usage					
-	\$ 27.02	\$ 33.24	\$ 6.22	23.00%	

Liberty Utilities (Bella Vista Water) Corp.
 Bill Comparison Present and Proposed Rates

Meter Size: 3 Inch Hydrant

Exhibit
 Schedule H-4
 Page 17
 Witness: Bourassa

<u>Usage</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
-	\$ 270.24	\$ 270.24	\$ -	0.00%
1,000	273.83	275.30	1.47	0.54%
2,000	277.42	280.37	2.95	1.06%
3,000	281.01	285.43	4.42	1.57%
4,000	284.60	290.49	5.89	2.07%
5,000	288.19	295.55	7.36	2.55%
6,000	291.78	300.62	8.84	3.03%
7,000	295.37	305.68	10.31	3.49%
8,000	298.96	310.74	11.78	3.94%
9,000	302.55	315.80	13.25	4.38%
10,000	306.14	320.87	14.73	4.81%
12,000	313.32	330.99	17.67	5.64%
14,000	320.50	341.12	20.62	6.43%
16,000	327.68	351.24	23.56	7.19%
18,000	334.86	361.37	26.51	7.92%
20,000	342.04	371.49	29.45	8.61%
25,000	359.99	396.80	36.81	10.23%
30,000	377.94	422.12	44.18	11.69%
35,000	395.89	447.43	51.54	13.02%
40,000	413.84	472.74	58.90	14.23%
45,000	431.79	498.06	66.27	15.35%
50,000	449.74	523.37	73.63	16.37%
60,000	485.64	573.99	88.35	18.19%
70,000	521.54	624.62	103.08	19.76%
80,000	557.44	675.24	117.80	21.13%
90,000	593.34	725.87	132.53	22.34%
100,000	629.24	776.50	147.26	23.40%

Present Rates:
 Monthly Minimum: \$ 270.24
 Gallons in Minimum -
 Charge Per 1,000 Gallons
 All gallons \$ 3.59

Proposed Rates:
 Monthly Minimum: \$ 270.24
 Gallons in Minimum -
 Charge Per 1,000 Gallons
 All gallons \$ 5.06

Average Usage	19,392	\$ 339.86	\$ 368.41	\$ 28.56	8.40%
Median Usage	3,500	\$ 282.81	\$ 287.96	\$ 5.15	1.82%

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

5/8x3/4 Inch Residential

Exhibit

Schedule H-5

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Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	113	123	127	152	161	154	141	143	159	144	154	153	1,724	1,724	-
1	1,000	717	701	793	908	817	842	883	970	924	948	1069	757	10,329	12,053	5,170
1,001	2,000	1115	1045	1115	1404	1293	1320	1515	1539	1514	1651	1848	1289	16,648	28,701	30,150
2,001	3,000	1199	1091	1204	1452	1434	1436	1573	1652	1711	1678	1810	1363	17,603	46,304	74,166
3,001	4,000	1151	1027	1147	1251	1232	1278	1395	1395	1418	1464	1466	1279	15,503	61,807	128,435
4,001	5,000	905	854	968	958	1064	1056	1072	1052	1029	1068	989	1075	12,090	73,897	182,846
5,001	6,000	728	737	768	732	791	736	697	711	763	719	648	809	8,839	82,736	231,465
6,001	7,000	573	571	562	564	587	549	526	507	524	485	436	594	6,478	89,214	273,575
7,001	8,000	497	461	477	411	467	417	353	396	363	331	242	490	4,905	94,119	310,365
8,001	9,000	375	390	367	300	339	295	286	262	234	245	186	318	3,597	97,716	340,941
9,001	10,000	310	326	312	211	233	255	182	154	175	169	129	237	2,693	100,409	366,526
10,001	11,000	240	270	238	186	181	177	137	127	119	114	104	187	2,080	102,489	388,367
11,001	12,000	190	235	185	156	144	121	98	76	86	81	56	152	1,580	104,069	406,538
12,001	13,000	154	186	154	123	110	120	81	70	83	59	49	112	1,301	105,370	422,801
13,001	14,000	136	163	130	71	92	85	86	51	54	45	52	108	1,073	106,443	437,287
14,001	15,000	122	167	136	81	77	102	75	52	44	30	46	70	1,002	107,445	451,816
15,001	16,000	108	122	99	65	62	76	51	42	37	32	24	67	785	108,230	463,984
16,001	17,000	99	104	90	57	56	56	25	29	31	27	25	44	643	108,873	474,594
17,001	18,000	76	100	70	63	52	45	37	20	16	22	11	51	563	109,436	484,447
18,001	19,000	67	118	59	35	29	45	28	20	27	18	11	34	491	109,927	493,531
19,001	20,000	61	84	53	30	36	28	16	21	18	20	14	31	412	110,339	501,565
20,001	21,000	51	56	52	20	31	33	22	11	14	10	9	30	339	110,678	508,514
21,001	22,000	39	64	38	14	23	26	18	11	11	10	10	23	287	110,965	514,685
22,001	23,000	40	47	33	23	22	20	14	14	10	3	11	27	264	111,229	520,625
23,001	24,000	26	42	29	26	14	14	10	12	9	5	12	21	220	111,449	525,795
24,001	25,000	29	31	29	11	9	12	8	10	6	7	9	14	175	111,624	530,083
25,001	26,000	23	37	22	12	13	13	3	9	5	3	7	11	158	111,782	534,112
26,001	27,000	20	27	20	15	13	12	11	10	3	11	5	11	158	111,940	538,299
27,001	28,000	20	35	17	8	13	10	5	5	5	2	2	11	133	112,073	541,957
28,001	29,000	16	31	17	8	8	11	6	6	4	9	1	7	124	112,197	545,491
29,001	30,000	12	20	16	5	4	5	2	5	1	4	5	11	90	112,287	548,146
30,001	31,000	9	15	19	6	7	6	3	4	3	1	0	3	76	112,363	550,464
31,001	32,000	10	18	8	7	4	10	3	1	5	3	0	7	76	112,439	552,858
32,001	33,000	5	17	11	5	2	7	2	4	3	1	4	7	68	112,507	555,068
33,001	34,000	6	17	7	9	6	3	4	0	3	1	2	4	62	112,569	557,145
34,001	35,000	8	19	9	4	8	8	4	5	2	1	0	3	71	112,640	559,594
35,001	36,000	9	13	2	6	8	1	6	3	4	2	3	7	64	112,704	561,866
36,001	37,000	5	12	6	3	6	4	5	0	1	1	2	1	46	112,750	563,546
37,001	38,000	3	7	3	5	1	5	1	1	2	3	1	5	37	112,787	564,933
38,001	39,000	5	8	8	4	6	3	2	1	1	1	0	4	43	112,830	566,589
39,001	40,000	6	13	5	0	1	2	1	2	0	0	1	2	33	112,863	567,892
40,001	41,000	7	5	4	2	2	1	3	1	0	2	1	5	33	112,896	569,229
41,001	42,000	2	4	6	2	4	4	3	1	0	1	3	1	31	112,927	570,515

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

5/8x3/4 Inch Residential

Exhibit

Schedule H-5

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Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
42,001	43,000	5	9	2	2	1	2	2	1	1	1	2	2	30	112,957	571,790
43,001	44,000	7	7	4	1	4	7	0	0	0	2	0	1	33	112,990	573,226
44,001	45,000	4	3	5	2	1	2	1	2	1	4	1	0	26	113,016	574,383
45,001	46,000	3	3	1	0	2	1	1	2	0	0	0	3	16	113,032	575,111
46,001	47,000	3	3	1	1	2	1	2	1	1	2	0	0	17	113,049	575,901
47,001	48,000	1	2	3	1	1	2	0	0	0	0	2	0	12	113,061	576,471
48,001	49,000	2	3	4	3	2	1	0	1	1	2	1	3	23	113,084	577,587
49,001	50,000	4	2	5	1	1	3	0	0	0	0	1	0	17	113,101	578,428
50,001	51,000	0	0	3	0	0	1	0	1	0	0	0	1	6	113,107	578,731
51,001	52,000	1	4	1	1	1	0	2	1	1	0	0	0	12	113,119	579,349
52,001	53,000	3	1	1	3	0	0	0	2	1	1	1	1	14	113,133	580,084
53,001	54,000	0	3	1	0	1	1	1	1	2	0	0	2	12	113,145	580,726
54,001	55,000	0	1	0	0	0	1	1	1	1	0	0	1	6	113,151	581,053
55,001	56,000	1	3	0	0	0	1	0	0	1	1	0	0	7	113,158	581,442
56,001	57,000	1	0	1	0	0	0	0	0	0	1	1	0	4	113,162	581,668
57,001	58,000	0	0	2	0	0	0	0	0	0	0	1	0	3	113,165	581,840
58,001	59,000	3	2	0	0	1	1	0	1	0	0	1	0	9	113,174	582,367
59,001	60,000	0	1	1	1	0	2	0	0	0	1	0	0	6	113,180	582,724
60,001	61,000	1	3	1	0	0	0	0	1	0	1	0	0	7	113,187	583,147
61,001	62,000	0	0	0	0	0	1	0	0	0	1	1	1	4	113,191	583,393
62,001	63,000	0	2	1	0	0	0	1	0	0	1	0	0	5	113,196	583,706
63,001	64,000	2	1	1	0	0	0	0	1	0	0	0	1	6	113,202	584,087
64,001	65,000	2	1	1	1	0	0	0	0	0	0	0	0	5	113,207	584,409
65,001	66,000	0	2	0	0	1	0	0	0	0	0	0	0	3	113,210	584,606
66,001	67,000	0	1	0	0	1	0	0	0	0	0	0	1	3	113,213	584,805
67,001	68,000	0	0	1	0	1	0	0	0	1	1	0	0	4	113,217	585,075
68,001	69,000	1	1	0	1	1	0	0	0	0	0	0	0	4	113,221	585,349
69,001	70,000	1	0	0	0	0	0	0	1	1	1	0	0	4	113,225	585,627
70,001	71,000	0	3	0	1	0	0	0	0	0	1	1	0	6	113,231	586,050
71,001	72,000	0	1	0	0	0	0	1	0	1	0	0	0	3	113,234	586,265
72,001	73,000	0	0	0	1	0	0	0	0	0	1	0	0	2	113,236	586,410
73,001	74,000	0	0	1	0	1	0	1	0	0	0	0	0	3	113,239	586,630
74,001	75,000	0	0	0	0	0	0	0	0	0	0	0	1	1	113,240	586,705
75,001	76,000	0	0	1	0	2	0	0	0	0	0	0	0	3	113,243	586,931
76,001	77,000	0	0	0	0	0	0	0	0	0	1	0	0	1	113,244	587,008
77,001	78,000	0	0	1	0	0	0	1	0	0	0	0	0	2	113,246	587,163
78,001	79,000	0	0	0	0	0	0	0	0	0	0	0	0	-	113,246	587,163
79,001	80,000	0	0	0	0	0	0	0	0	1	0	0	0	1	113,247	587,242
80,001	81,000	0	0	0	1	1	0	0	0	0	0	1	0	3	113,250	587,484
81,001	82,000	0	1	0	0	0	0	0	0	0	0	0	0	1	113,251	587,565
82,001	83,000	0	0	1	1	0	1	0	0	1	0	0	1	5	113,256	587,978
83,001	84,000	0	3	0	0	0	0	0	1	0	0	0	1	5	113,261	588,395
84,001	85,000	0	0	0	0	0	0	0	0	0	0	0	0	-	113,261	588,395

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

5/8x3/4 Inch Residential

Exhibit

Schedule H-5

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Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
85,001	86,000	0	0	0	0	0	0	0	0	0	0	0	0	-	113,261	588,395
86,001	87,000	2	0	0	0	0	1	0	0	0	0	0	0	3	113,264	588,655
87,001	88,000	0	1	1	0	0	0	0	0	0	0	0	0	2	113,266	588,830
88,001	89,000	1	0	0	0	0	0	0	0	0	0	0	0	1	113,267	588,918
89,001	90,000	0	0	0	0	0	0	0	0	0	0	1	0	1	113,268	589,008
90,001	91,000	0	1	0	0	0	0	0	0	0	0	1	0	2	113,270	589,189
91,001	92,000	2	0	0	0	0	0	0	0	1	0	0	0	3	113,273	589,463
92,001	93,000	0	0	0	0	0	0	0	0	0	0	1	0	1	113,274	589,556
93,001	94,000	0	1	0	0	0	0	0	0	0	1	0	0	2	113,276	589,743
94,001	95,000	0	0	0	0	0	0	0	0	0	0	0	0	-	113,276	589,743
95,001	96,000	0	1	1	1	0	0	0	0	0	0	0	0	3	113,279	590,029
96,001	97,000	0	0	0	0	0	0	0	0	0	0	0	0	-	113,279	590,029
97,001	98,000	0	0	0	0	0	0	0	0	1	0	0	0	1	113,280	590,127
98,001	99,000	0	1	1	1	0	0	0	0	1	0	0	0	4	113,284	590,521
99,001	100,000	0	0	0	0	0	0	0	0	0	0	0	0	-	113,284	590,521
155,106	155,106	1	0	0	0	0	0	0	0	0	0	0	0	1	113,285	590,676
130,563	130,563	1	0	0	0	0	0	0	0	0	0	0	0	1	113,286	590,806
115,740	115,740	0	1	0	0	0	0	0	0	0	0	0	0	1	113,287	590,922
141,412	141,412	0	1	0	0	0	0	0	0	0	0	0	0	1	113,288	591,064
126,036	126,036	0	1	0	0	0	0	0	0	0	0	0	0	1	113,289	591,190
154,161	154,161	0	1	0	0	0	0	0	0	0	0	0	0	1	113,290	591,344
115,345	115,345	0	1	0	0	0	0	0	0	0	0	0	0	1	113,291	591,459
726,913	726,913	0	1	0	0	0	0	0	0	0	0	0	0	1	113,292	592,186
136,094	136,094	0	1	0	0	0	0	0	0	0	0	0	0	1	113,293	592,322
158,910	158,910	0	0	1	0	0	0	0	0	0	0	0	0	1	113,294	592,481
112,069	112,069	0	0	1	0	0	0	0	0	0	0	0	0	1	113,295	592,593
221,044	221,044	0	0	1	0	0	0	0	0	0	0	0	0	1	113,296	592,814
107,267	107,267	0	0	1	0	0	0	0	0	0	0	0	0	1	113,297	592,921
194,174	194,174	0	0	1	0	0	0	0	0	0	0	0	0	1	113,298	593,116
130,893	130,893	0	0	0	1	0	0	0	0	0	0	0	0	1	113,299	593,247
247,174	247,174	0	0	0	1	0	0	0	0	0	0	0	0	1	113,300	593,494
104,262	104,262	0	0	0	1	0	0	0	0	0	0	0	0	1	113,301	593,598
188,704	188,704	0	0	0	0	1	0	0	0	0	0	0	0	1	113,302	593,787
110,720	110,720	0	0	0	0	0	1	0	0	0	0	0	0	1	113,303	593,897
121,151	121,151	0	0	0	0	0	1	0	0	0	0	0	0	1	113,304	594,019
193,396	193,396	0	0	0	0	0	1	0	0	0	0	0	0	1	113,305	594,212
128,990	128,990	0	0	0	0	0	0	1	0	0	0	0	0	1	113,306	594,341
169,883	169,883	0	0	0	0	0	0	0	1	0	0	0	0	1	113,307	594,511
106,052	106,052	0	0	0	0	0	0	0	0	1	0	0	0	1	113,308	594,617
168,837	168,837	0	0	0	0	0	0	0	0	0	1	0	0	1	113,309	594,786
308,939	308,939	0	0	0	0	0	0	0	0	0	1	0	0	1	113,310	595,095
112,990	112,990	0	0	0	0	0	0	0	0	0	1	0	0	1	113,311	595,208
127,479	127,479	0	0	0	0	0	0	0	0	0	1	0	0	1	113,312	595,335

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

5/8x3/4 Inch Residential

Meter Size:

Exhibit

Schedule H-5

Page 1

Witness: Bourassa

Usage From:	Usage To:	Month of <u>May-22</u>	Month of <u>Jun-22</u>	Month of <u>Jul-22</u>	Month of <u>Aug-22</u>	Month of <u>Sep-22</u>	Month of <u>Oct-22</u>	Month of <u>Nov-22</u>	Month of <u>Dec-22</u>	Month of <u>Jan-23</u>	Month of <u>Feb-23</u>	Month of <u>Mar-23</u>	Month of <u>Apr-23</u>	Total Year	Cumul- ative Billing	Cumul- ative Gallons (in 1,000's)
164,735	164,735	0	0	0	0	0	0	0	0	0	1	0	0	1	113,313	595,500
104,284	104,284	0	0	0	0	0	0	0	0	0	1	0	0	1	113,314	595,604
149,401	149,401	0	0	0	0	0	0	0	0	0	1	0	0	1	113,315	595,754
461,753	461,753	0	0	0	0	0	0	0	0	0	0	1	0	1	113,316	596,215
180,908	180,908	0	0	0	0	0	0	0	0	0	0	1	0	1	113,317	596,396
135,280	135,280	0	0	0	0	0	0	0	0	0	0	1	0	1	113,318	596,531
119,630	119,630	0	0	0	0	0	0	0	0	0	0	1	0	1	113,319	596,651
469,463	469,463	0	0	0	0	0	0	0	0	0	0	0	1	1	113,320	597,121
137,607	137,607	0	0	0	0	0	0	0	0	0	0	0	1	1	113,321	597,258
144,290	144,290	0	0	0	0	0	0	0	0	0	0	0	1	1	113,322	597,402
162,020	162,020	0	0	0	0	0	0	0	0	0	0	0	1	1	113,323	597,564
144,409	144,409	0	0	0	0	0	0	0	0	0	0	0	1	1	113,324	597,709
-	-													-	113,324	597,709
Totals		9,339	9,491	9,467	9,432	9,488	9,435	9,408	9,424	9,440	9,462	9,478	9,460	113,324		
														Average Usage	5,274	
														Median Usage	3,500	
														Average # Customers	9,444	
														Change in Number of Customers	121	

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

3/4 Inch Residential

Exhibit

Schedule H-5

Page 2

Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
-	-	-	1	-	-	2	1	-	1	3	1	-	2	11	11	-
1	1,000	4	6	6	6	5	11	10	11	8	8	12	9	96	107	48
1,001	2,000	16	16	13	18	18	12	15	15	18	15	16	12	184	291	324
2,001	3,000	9	12	15	15	12	15	10	12	12	14	10	11	147	438	692
3,001	4,000	15	14	11	11	8	12	13	15	15	11	13	12	150	588	1,217
4,001	5,000	14	14	13	17	11	13	18	10	11	6	10	12	149	737	1,887
5,001	6,000	17	12	18	16	8	10	8	11	12	11	12	7	142	879	2,668
6,001	7,000	8	15	7	8	16	7	7	7	9	10	6	7	107	986	3,364
7,001	8,000	2	5	4	3	9	6	6	6	1	5	7	6	60	1,046	3,814
8,001	9,000	2	6	4	8	3	4	5	4	5	7	8	6	62	1,108	4,341
9,001	10,000	10	3	3	1	3	2	3	5	3	3	3	3	42	1,150	4,740
10,001	11,000	2	1	4	2	4	3	1	1	1	5	1	5	30	1,180	5,055
11,001	12,000	-	1	1	1	1	2	1	2	2	-	-	3	14	1,194	5,216
12,001	13,000	-	-	2	3	1	-	1	-	1	1	-	-	9	1,203	5,329
13,001	14,000	1	3	1	2	1	1	2	3	1	1	3	1	20	1,223	5,599
14,001	15,000	2	1	-	1	2	1	1	2	3	-	2	2	17	1,240	5,845
15,001	16,000	-	2	1	-	-	1	-	-	-	-	2	1	7	1,247	5,954
16,001	17,000	3	-	-	-	-	-	-	1	-	2	-	2	8	1,255	6,086
17,001	18,000	1	-	1	1	2	1	-	-	-	2	-	1	9	1,264	6,243
18,001	19,000	-	-	-	-	1	-	1	-	-	3	1	1	7	1,271	6,373
19,001	20,000	-	1	-	-	1	2	-	-	-	-	-	-	4	1,275	6,451
20,001	21,000	-	-	1	-	1	-	-	-	1	1	1	-	5	1,280	6,553
21,001	22,000	1	-	-	-	-	-	-	-	-	-	-	-	1	1,281	6,575
22,001	23,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,281	6,575
23,001	24,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,281	6,575
24,001	25,000	-	-	-	-	-	-	-	-	-	-	-	1	1	1,282	6,599
25,001	26,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,282	6,599
26,001	27,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,282	6,599
27,001	28,000	-	-	-	-	1	-	-	-	-	-	-	-	1	1,283	6,627
28,001	29,000	-	-	-	-	-	-	1	-	-	-	1	-	2	1,285	6,684
29,001	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,285	6,684
30,001	31,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,285	6,684
31,001	32,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,285	6,684
32,001	33,000	-	-	-	-	-	-	-	-	-	-	-	1	1	1,286	6,716
33,001	34,000	-	-	-	-	-	-	-	-	-	-	-	1	1	1,287	6,750
34,001	35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,287	6,750
35,001	36,000	-	1	-	-	-	-	-	-	-	-	-	-	1	1,288	6,785
36,001	37,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,288	6,785
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,288	6,785

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

3/4 Inch Residential

Exhibit

Schedule H-5

Page 2

Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,288	6,785
39,001	40,000	-	-	-	-	-	-	-	-	1	-	-	-	1	1,289	6,825
40,001	41,000	-	-	-	-	-	-	-	1	-	-	-	-	1	1,290	6,865
41,001	42,000	-	-	-	-	-	-	-	-	-	-	1	-	1	1,291	6,907
42,001	43,000	-	-	-	-	-	-	-	-	-	1	-	-	1	1,292	6,949
43,001	44,000	-	-	-	1	-	-	-	-	-	-	-	-	1	1,293	6,993
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,293	6,993
45,001	46,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,293	6,993
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,293	6,993
47,001	48,000	-	-	-	-	-	-	-	-	-	-	-	1	1	1,294	7,040
48,001	49,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,294	7,040
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,294	7,040
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,294	7,040
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,294	7,040
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,294	7,040
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,294	7,040
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,294	7,040
55,001	56,000	-	-	1	-	-	-	-	-	-	-	-	-	1	1,295	7,096
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

3/4 Inch Residential

Exhibit

Schedule H-5

Page 2

Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,295	7,096
Totals		107	114	106	114	110	104	103	107	107	107	109	107	1,295		
															Average Usage	5,479
															Median Usage	4,500
															Average # Customers	108
															Change in Number of Customers	-

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

1 Inch Residential

Exhibit

Schedule H-5

Page 3

Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
-	-	-	-	-	-	-	-	-	1	-	-	-	1	2	2	-
1	1,000	1	2	2	2	2	3	1	1	1	1	1	-	17	19	9
1,001	2,000	-	-	-	-	-	-	1	-	-	-	-	-	1	20	10
2,001	3,000	-	-	-	-	-	-	-	1	-	-	1	-	2	22	15
3,001	4,000	1	-	-	-	-	-	-	-	-	-	1	1	3	25	26
4,001	5,000	-	-	-	-	-	-	-	-	2	2	1	-	5	30	48
5,001	6,000	-	-	-	-	-	-	1	1	-	-	-	1	3	33	65
6,001	7,000	-	-	-	-	-	-	-	1	-	-	-	1	2	35	78
7,001	8,000	-	-	-	1	-	-	-	-	-	-	-	-	1	36	85
8,001	9,000	-	-	-	-	1	-	-	-	-	2	1	-	4	40	119
9,001	10,000	-	-	-	-	1	-	1	1	1	-	-	-	4	44	157
10,001	11,000	1	-	1	1	-	-	-	-	-	-	1	-	4	48	199
11,001	12,000	1	-	-	-	-	-	-	-	-	-	-	-	1	49	211
12,001	13,000	-	-	-	-	-	2	-	-	-	1	-	-	3	52	248
13,001	14,000	-	-	1	-	-	-	-	-	-	-	-	-	1	53	262
14,001	15,000	-	1	-	-	-	1	1	-	-	-	-	-	3	56	305
15,001	16,000	-	1	1	-	-	-	-	-	-	-	-	-	2	58	336
16,001	17,000	1	-	-	1	-	-	-	-	-	-	-	-	2	60	369
17,001	18,000	-	-	-	-	-	-	-	-	1	-	-	-	1	61	387
18,001	19,000	-	-	1	-	-	-	-	-	-	-	-	-	1	62	405
19,001	20,000	-	-	-	1	2	-	-	-	-	-	-	-	3	65	464
20,001	21,000	-	-	-	-	1	-	-	-	-	-	-	-	1	66	484
21,001	22,000	-	-	-	-	-	-	-	-	1	-	-	-	1	67	506
22,001	23,000	-	1	-	-	-	-	-	-	-	-	-	-	1	68	528
23,001	24,000	-	-	-	-	-	-	-	-	-	-	-	1	1	69	552
24,001	25,000	-	1	-	1	-	-	1	-	-	-	-	-	3	72	625
25,001	26,000	-	-	1	-	-	-	-	-	-	-	-	-	1	73	651
26,001	27,000	-	-	-	-	-	-	-	-	-	-	-	-	-	73	651
27,001	28,000	1	-	-	-	-	-	-	-	-	-	-	-	1	74	678
28,001	29,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	678
29,001	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	678
30,001	31,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	678
31,001	32,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	678
32,001	33,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	678
33,001	34,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	678
34,001	35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	678
35,001	36,000	-	-	-	-	-	1	-	1	-	-	-	-	2	76	749
36,001	37,000	-	1	-	-	-	-	-	-	-	-	-	-	1	77	786
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	77	786
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	1	1	78	824

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

1 Inch Residential

Exhibit

Schedule H-5

Page 3

Witness: Bourassa

Usage From:	Usage To:	Month of <u>May-22</u>	Month of <u>Jun-22</u>	Month of <u>Jul-22</u>	Month of <u>Aug-22</u>	Month of <u>Sep-22</u>	Month of <u>Oct-22</u>	Month of <u>Nov-22</u>	Month of <u>Dec-22</u>	Month of <u>Jan-23</u>	Month of <u>Feb-23</u>	Month of <u>Mar-23</u>	Month of <u>Apr-23</u>	Total Year	Cumul- ative Billing	Cumul- ative Gallons (in 1,000's)				
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	79	879				
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	79	879				
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	79	879				
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	79	879				
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	79	879				
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	79	879				
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	79	879				
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	79	879				
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	79	879				
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	79	879				
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	79	879				
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	79	879				
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	79	879				
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	79	879				
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	79	879				
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	79	879				
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	79	879				
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	79	879				
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	79	879				
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	79	879				
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	79	879				
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	79	879				
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	79	879				
Totals		<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>6</u>	<u>7</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>79</u>						
																Average Usage	11,121			
																	Median Usage	8,500		
																		Average # Customers	7	
																			Change in Number of Customers	(1)

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

5/8 Inch Commercial

Exhibit

Schedule H-5

Page 4

Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
-	-	17	17	17	30	24	30	32	30	33	28	29	23	310	310	-
1	1,000	123	113	113	122	116	119	135	133	132	136	137	127	1,506	1,816	754
1,001	2,000	41	42	41	38	51	53	51	43	39	44	42	43	528	2,344	1,546
2,001	3,000	30	20	25	32	27	24	27	27	26	18	21	23	300	2,644	2,296
3,001	4,000	20	21	17	20	18	17	19	15	17	18	15	17	214	2,858	3,045
4,001	5,000	14	18	19	16	15	12	14	10	9	15	20	15	177	3,035	3,842
5,001	6,000	9	8	11	9	10	11	5	6	10	14	16	17	126	3,161	4,535
6,001	7,000	11	16	10	7	11	6	6	14	12	9	8	11	121	3,282	5,321
7,001	8,000	7	11	10	14	5	8	10	9	8	7	1	8	98	3,380	6,057
8,001	9,000	10	5	6	7	8	10	4	3	3	5	2	8	71	3,451	6,660
9,001	10,000	7	8	10	6	7	7	3	3	6	2	4	7	70	3,521	7,325
10,001	11,000	5	5	7	4	5	3	11	5	5	5	7	2	64	3,585	7,997
11,001	12,000	4	10	4	3	6	6	2	5	2	4	5	2	53	3,638	8,607
12,001	13,000	5	2	2	5	4	4	2	3	4	4	5	1	41	3,679	9,119
13,001	14,000	2	4	2	1	3	-	1	4	3	4	3	4	31	3,710	9,538
14,001	15,000	2	2	5	1	5	5	5	5	3	7	2	3	45	3,755	10,190
15,001	16,000	8	3	2	2	-	4	2	3	3	3	2	1	33	3,788	10,702
16,001	17,000	1	3	5	2	3	2	2	3	4	2	5	2	34	3,822	11,263
17,001	18,000	2	2	1	4	2	3	4	1	2	2	-	2	25	3,847	11,700
18,001	19,000	2	2	2	2	2	2	-	3	3	-	1	4	23	3,870	12,126
19,001	20,000	-	2	1	1	2	1	3	-	2	-	1	1	14	3,884	12,399
20,001	21,000	-	1	3	1	2	-	2	2	1	1	1	2	16	3,900	12,727
21,001	22,000	-	4	2	2	2	3	-	1	1	2	4	3	24	3,924	13,243
22,001	23,000	-	3	1	-	-	1	-	1	-	1	-	4	11	3,935	13,490
23,001	24,000	1	-	-	-	3	-	-	-	1	4	-	-	9	3,944	13,702
24,001	25,000	-	-	-	1	-	-	1	-	-	2	1	-	5	3,949	13,824
25,001	26,000	2	1	-	1	2	-	1	-	-	-	-	2	9	3,958	14,054
26,001	27,000	1	-	-	-	-	-	-	-	1	-	-	-	2	3,960	14,107
27,001	28,000	-	1	1	2	2	-	1	-	1	1	-	1	10	3,970	14,382
28,001	29,000	1	-	1	-	1	2	3	1	-	1	-	1	11	3,981	14,695
29,001	30,000	-	-	-	-	-	1	1	1	-	-	1	1	5	3,986	14,843
30,001	31,000	-	1	2	1	-	-	1	-	1	1	1	1	9	3,995	15,117
31,001	32,000	-	1	-	-	-	-	-	-	1	-	1	2	5	4,000	15,275
32,001	33,000	1	2	1	-	1	2	-	-	-	-	-	1	8	4,008	15,535
33,001	34,000	1	1	-	-	-	-	-	-	-	2	-	-	4	4,012	15,669
34,001	35,000	-	-	1	-	-	1	-	-	-	1	-	1	4	4,016	15,807
35,001	36,000	-	-	1	-	-	-	-	-	-	-	-	-	1	4,017	15,842
36,001	37,000	1	-	1	1	-	-	-	-	-	-	1	-	4	4,021	15,988

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

5/8 Inch Commercial

Exhibit

Schedule H-5

Page 4

Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
37,001	38,000	-	-	1	-	-	1	-	2	1	1	-	-	6	4,027	16,213
38,001	39,000	1	-	-	-	-	-	1	-	-	-	-	-	2	4,029	16,290
39,001	40,000	1	-	2	-	-	-	-	-	2	-	-	-	5	4,034	16,488
40,001	41,000	-	-	-	2	1	-	-	-	-	-	-	-	3	4,037	16,609
41,001	42,000	1	-	-	-	-	-	1	2	-	-	-	-	4	4,041	16,775
42,001	43,000	-	-	2	1	-	-	-	1	-	-	1	-	5	4,046	16,988
43,001	44,000	1	1	-	1	-	1	-	-	-	-	1	-	5	4,051	17,205
44,001	45,000	1	1	-	-	-	-	-	-	-	1	-	-	3	4,054	17,339
45,001	46,000	-	2	-	1	1	-	-	1	-	-	-	1	6	4,060	17,612
46,001	47,000	1	-	-	1	1	-	1	-	1	-	-	-	5	4,065	17,844
47,001	48,000	-	1	-	-	1	1	1	-	-	-	-	-	4	4,069	18,034
48,001	49,000	1	1	-	2	-	-	-	1	-	-	-	-	5	4,074	18,277
49,001	50,000	-	2	1	-	-	-	-	-	-	-	-	1	4	4,078	18,475
50,001	51,000	1	1	-	-	-	-	-	-	-	-	-	-	2	4,080	18,576
51,001	52,000	-	-	-	-	-	-	-	-	-	1	-	-	1	4,081	18,627
52,001	53,000	-	-	-	-	-	-	1	-	-	-	-	-	1	4,082	18,680
53,001	54,000	-	-	-	1	-	1	-	-	-	-	-	-	2	4,084	18,787
54,001	55,000	-	-	2	-	-	1	-	-	-	-	-	-	3	4,087	18,950
55,001	56,000	-	-	1	-	-	-	1	-	-	-	-	1	3	4,090	19,117
56,001	57,000	1	-	-	-	-	1	-	-	-	-	1	-	3	4,093	19,286
57,001	58,000	1	-	-	-	-	-	-	-	-	-	1	-	2	4,095	19,401
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,095	19,401
59,001	60,000	-	-	1	-	-	-	-	-	1	-	-	-	2	4,097	19,520
60,001	61,000	-	-	-	-	1	-	-	-	-	-	-	-	1	4,098	19,581
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,098	19,581
62,001	63,000	-	-	-	-	-	-	-	-	1	1	-	-	2	4,100	19,706
63,001	64,000	-	-	-	-	-	-	-	2	-	-	-	-	2	4,102	19,833
64,001	65,000	-	-	-	-	-	-	-	-	-	1	-	-	1	4,103	19,897
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	1	1	4,104	19,963
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,104	19,963
67,001	68,000	-	-	-	-	-	-	-	-	-	1	-	-	1	4,105	20,030
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,105	20,030
69,001	70,000	-	-	-	-	-	-	-	-	-	1	-	-	1	4,106	20,100
70,001	71,000	-	1	-	-	-	-	-	-	-	-	-	-	1	4,107	20,170
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	1	1	4,108	20,242
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,108	20,242
73,001	74,000	-	-	-	-	1	-	-	-	-	-	-	-	1	4,109	20,315
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,109	20,315

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

5/8 Inch Commercial

Exhibit

Schedule H-5

Page 4

Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
75,001	76,000	-	-	-	-	-	1	-	-	-	-	-	-	1	4,110	20,391
76,001	77,000	-	-	-	-	-	-	-	-	-	1	-	-	1	4,111	20,467
77,001	78,000	-	-	1	-	-	-	-	-	-	-	-	-	1	4,112	20,545
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,112	20,545
79,001	80,000	-	-	-	-	-	-	-	-	1	-	-	-	1	4,113	20,624
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,113	20,624
81,001	82,000	-	-	-	-	-	-	-	-	1	-	-	-	1	4,114	20,706
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,114	20,706
83,001	84,000	-	-	-	-	-	1	-	-	-	-	-	-	1	4,115	20,789
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,115	20,789
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,115	20,789
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,115	20,789
87,001	88,000	-	-	-	-	-	-	1	-	-	-	-	-	1	4,116	20,877
88,001	89,000	-	-	-	-	1	-	-	1	-	-	-	-	2	4,118	21,054
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,118	21,054
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,118	21,054
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,118	21,054
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,118	21,054
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,118	21,054
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,118	21,054
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,118	21,054
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,118	21,054
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,118	21,054
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,118	21,054
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,118	21,054
133,734	133,734	-	-	-	1	-	-	-	-	-	-	-	-	1	4,119	21,188
180,540	180,540	-	-	-	1	-	-	-	-	-	-	-	-	1	4,120	21,368
197,429	197,429	-	-	-	-	-	-	-	-	1	-	-	-	1	4,121	21,566
201,930	201,930	-	-	-	-	-	-	-	-	1	-	-	-	1	4,122	21,768
383,880	383,880	-	-	-	-	-	-	-	-	-	1	-	-	1	4,123	22,151
185,389	185,389	-	-	-	-	-	-	-	-	-	-	1	-	1	4,124	22,337
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,124	22,337
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,124	22,337

Totals	338	339	335	346	344	345	355	341	343	352	341	345	4,124			
									Average Usage				5,416			
									Median Usage				1,500			
									Average # Customers				344			

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

5/8 Inch Commercial

Exhibit
Schedule H-5

Page 4

Witness: Bourassa

Usage From:	Usage To:	Month of <u>May-22</u>	Month of <u>Jun-22</u>	Month of <u>Jul-22</u>	Month of <u>Aug-22</u>	Month of <u>Sep-22</u>	Month of <u>Oct-22</u>	Month of <u>Nov-22</u>	Month of <u>Dec-22</u>	Month of <u>Jan-23</u>	Month of <u>Feb-23</u>	Month of <u>Mar-23</u>	Month of <u>Apr-23</u>	Total Year	Cumul- ative Billing	Cumul- ative Gallons (in 1,000's)
										Change in Number of Customers						7

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

3/4 Inch Commercial

Exhibit

Schedule H-5

Page 5

Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	42	287
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	42	287
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	42	287
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	42	287
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	42	287
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	42	287
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	42	287
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	42	287
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	42	287
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	42	287
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	42	287
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	42	287
87,001	88,000	1	-	-	-	-	-	-	-	-	-	-	-	1	43	375
88,001	89,000	-	-	-	-	-	1	-	-	-	-	-	-	1	44	463
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	44	463
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	44	463
91,001	92,000	-	-	-	-	-	-	1	-	-	-	-	-	1	45	555
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	45	555
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	45	555
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	45	555
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	45	555
96,001	97,000	-	1	1	-	1	-	-	-	-	-	-	-	3	48	844
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	844
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	844
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	844
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48	844
Totals		4	4	4	4	4	4	4	4	4	4	4	4	48		

Average Usage	17,584
Median Usage	2,000
Average # Customers	4
Change in Number of Customers	-

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size: 1 Inch Commercial

Exhibit

Schedule H-5

Page 6

Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
-	-	12	9	10	11	11	9	15	13	16	16	14	15	151	151	-
1	1,000	28	29	29	35	28	31	32	34	31	33	32	25	367	518	184
1,001	2,000	19	13	14	10	16	15	13	12	13	12	18	14	169	687	437
2,001	3,000	3	6	4	2	6	3	9	10	6	11	11	9	80	767	637
3,001	4,000	11	8	5	9	9	8	10	8	13	9	7	4	101	868	991
4,001	5,000	8	9	12	10	8	8	8	7	5	7	13	10	105	973	1,463
5,001	6,000	6	9	10	7	6	7	10	16	14	11	9	7	112	1,085	2,079
6,001	7,000	3	4	3	11	7	7	9	10	6	12	8	8	88	1,173	2,652
7,001	8,000	11	5	5	6	10	11	11	6	8	9	12	10	104	1,277	3,432
8,001	9,000	7	7	3	5	7	10	3	5	7	4	2	5	65	1,342	3,984
9,001	10,000	6	9	6	4	2	4	3	9	7	3	3	7	63	1,405	4,583
10,001	11,000	8	6	9	4	7	1	4	-	2	4	3	3	51	1,456	5,118
11,001	12,000	5	8	5	4	5	2	7	3	4	4	1	2	50	1,506	5,693
12,001	13,000	1	3	2	7	4	3	3	5	1	2	4	7	42	1,548	6,218
13,001	14,000	3	3	6	3	3	7	3	1	3	2	2	4	40	1,588	6,758
14,001	15,000	2	-	3	3	1	3	1	3	3	2	3	2	26	1,614	7,135
15,001	16,000	3	3	3	3	2	2	2	2	1	2	2	1	26	1,640	7,538
16,001	17,000	4	3	3	2	4	1	1	2	2	3	1	3	29	1,669	8,017
17,001	18,000	2	3	2	3	-	4	2	1	2	-	1	3	23	1,692	8,419
18,001	19,000	3	3	2	2	-	5	-	-	1	2	1	1	20	1,712	8,789
19,001	20,000	1	2	1	1	2	2	1	-	-	1	3	3	17	1,729	9,121
20,001	21,000	2	-	3	2	2	-	1	2	2	-	2	1	17	1,746	9,469
21,001	22,000	-	2	-	1	2	3	-	2	1	1	-	1	13	1,759	9,749
22,001	23,000	1	-	1	2	1	2	-	-	1	1	1	-	10	1,769	9,974
23,001	24,000	-	-	2	1	-	-	3	1	2	2	2	2	15	1,784	10,326
24,001	25,000	-	1	1	-	-	1	-	1	2	1	1	1	9	1,793	10,547
25,001	26,000	-	1	-	1	2	1	1	1	-	-	1	-	8	1,801	10,751
26,001	27,000	1	-	-	-	1	-	1	1	-	-	-	1	5	1,806	10,883
27,001	28,000	1	1	2	-	2	-	-	-	-	-	-	3	9	1,815	11,131
28,001	29,000	-	-	1	1	-	-	2	2	-	2	-	1	9	1,824	11,387
29,001	30,000	1	-	1	-	-	-	-	-	-	-	1	-	3	1,827	11,476
30,001	31,000	1	-	-	1	1	1	-	-	1	-	-	-	5	1,832	11,628
31,001	32,000	1	-	-	-	-	-	1	1	-	-	-	1	4	1,836	11,754
32,001	33,000	-	-	-	1	-	-	-	-	1	1	2	1	6	1,842	11,949
33,001	34,000	1	1	1	1	-	-	-	2	1	-	-	-	7	1,849	12,184
34,001	35,000	1	-	-	-	-	-	2	1	-	3	-	-	7	1,856	12,425
35,001	36,000	-	-	1	-	-	1	-	-	-	-	-	2	4	1,860	12,567
36,001	37,000	-	-	1	-	-	-	1	-	-	-	2	-	4	1,864	12,713
37,001	38,000	-	-	-	2	1	2	-	2	-	1	-	-	8	1,872	13,013
38,001	39,000	-	2	1	-	2	-	-	-	3	1	-	-	9	1,881	13,360
39,001	40,000	1	-	-	-	1	-	-	-	-	-	-	-	2	1,883	13,439

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

1 Inch Commercial

Exhibit

Schedule H-5

Page 6

Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
40,001	41,000	-	-	-	-	1	-	1	-	-	-	-	-	2	1,885	13,520
41,001	42,000	-	-	-	-	-	-	1	-	-	-	1	2	4	1,889	13,686
42,001	43,000	-	-	1	-	-	1	-	-	1	-	-	1	4	1,893	13,856
43,001	44,000	3	2	-	-	-	-	-	-	-	-	-	-	5	1,898	14,073
44,001	45,000	-	-	1	-	1	-	-	-	-	-	-	1	3	1,901	14,207
45,001	46,000	1	2	-	-	-	-	1	-	2	-	-	-	6	1,907	14,480
46,001	47,000	-	1	1	-	-	-	1	-	-	-	-	1	4	1,911	14,666
47,001	48,000	-	-	-	2	-	1	-	-	-	1	-	-	4	1,915	14,856
48,001	49,000	-	1	1	-	1	1	-	-	-	-	-	-	4	1,919	15,050
49,001	50,000	-	-	-	1	-	-	-	-	-	-	-	-	1	1,920	15,099
50,001	51,000	1	-	-	1	-	-	-	-	-	-	-	-	2	1,922	15,200
51,001	52,000	-	-	-	-	-	1	-	-	-	-	-	-	1	1,923	15,252
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,923	15,252
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,923	15,252
54,001	55,000	-	-	1	-	1	2	-	-	1	-	1	-	6	1,929	15,579
55,001	56,000	-	-	-	1	-	-	-	2	-	-	1	-	4	1,933	15,801
56,001	57,000	-	-	-	-	1	-	-	-	-	-	-	-	1	1,934	15,857
57,001	58,000	-	1	-	-	-	-	-	-	-	-	-	-	1	1,935	15,915
58,001	59,000	-	-	-	-	-	-	-	-	-	-	1	-	1	1,936	15,973
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	1	1	1,937	16,033
60,001	61,000	-	-	-	1	-	-	-	-	1	1	-	-	3	1,940	16,214
61,001	62,000	-	-	-	-	-	-	1	-	-	1	-	-	2	1,942	16,337
62,001	63,000	-	-	-	-	-	-	1	1	-	-	-	-	2	1,944	16,462
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,944	16,462
64,001	65,000	-	-	1	-	-	-	-	-	1	-	-	-	2	1,946	16,591
65,001	66,000	1	-	-	-	2	1	-	-	-	-	-	-	4	1,950	16,853
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,950	16,853
67,001	68,000	-	1	-	-	-	-	-	-	-	-	-	-	1	1,951	16,921
68,001	69,000	1	-	-	-	-	-	-	-	-	-	-	1	2	1,953	17,058
69,001	70,000	-	1	-	-	-	-	-	1	-	-	-	-	2	1,955	17,197
70,001	71,000	-	-	1	-	-	-	-	-	-	-	-	-	1	1,956	17,267
71,001	72,000	-	-	-	-	-	-	-	-	1	1	-	-	2	1,958	17,410
72,001	73,000	-	-	-	-	-	1	-	-	-	-	-	-	1	1,959	17,483
73,001	74,000	-	-	-	-	1	-	-	-	-	-	-	-	1	1,960	17,556
74,001	75,000	-	1	1	-	-	-	-	-	-	1	1	-	4	1,964	17,854
75,001	76,000	-	-	-	-	-	1	-	-	-	-	-	-	1	1,965	17,930
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	1	1	1,966	18,006
77,001	78,000	-	-	1	-	-	-	-	-	-	-	-	-	1	1,967	18,084
78,001	79,000	-	1	-	1	-	-	-	-	-	-	1	-	3	1,970	18,319
79,001	80,000	1	-	-	-	-	1	-	-	-	-	-	-	2	1,972	18,478
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,972	18,478

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

1 Inch Commercial

Exhibit

Schedule H-5

Page 6

Witness: Bourassa

Usage From:	Usage To:	Month of <u>May-22</u>	Month of <u>Jun-22</u>	Month of <u>Jul-22</u>	Month of <u>Aug-22</u>	Month of <u>Sep-22</u>	Month of <u>Oct-22</u>	Month of <u>Nov-22</u>	Month of <u>Dec-22</u>	Month of <u>Jan-23</u>	Month of <u>Feb-23</u>	Month of <u>Mar-23</u>	Month of <u>Apr-23</u>	Total Year	Cumul- ative Billing	Cumul- ative Gallons (in 1,000's)
81,001	82,000	-	-	-	-	-	-	2	-	-	-	-	-	2	1,974	18,641
82,001	83,000	-	-	-	-	-	-	-	-	-	1	1	-	2	1,976	18,806
83,001	84,000	-	-	-	-	1	-	-	-	1	1	-	-	3	1,979	19,057
84,001	85,000	-	-	-	1	-	-	-	1	-	-	-	-	2	1,981	19,226
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,981	19,226
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,981	19,226
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,981	19,226
88,001	89,000	-	1	-	-	-	1	-	-	-	-	-	1	3	1,984	19,491
89,001	90,000	-	-	-	-	1	-	-	-	-	-	-	-	1	1,985	19,581
90,001	91,000	-	-	1	-	-	-	-	-	-	-	-	-	1	1,986	19,671
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,986	19,671
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,986	19,671
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,986	19,671
94,001	95,000	1	-	-	-	-	-	-	-	-	-	-	-	1	1,987	19,766
95,001	96,000	-	-	1	-	-	1	-	-	-	-	-	-	2	1,989	19,957
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,989	19,957
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	1	1	1,990	20,054
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	1	1	1,991	20,153
99,001	100,000	-	1	-	-	-	-	-	-	1	-	-	-	2	1,993	20,352
124,443	124,443	1	-	-	-	-	-	-	-	-	-	-	-	1	1,994	20,476
100,856	100,856	1	-	-	-	-	-	-	-	-	-	-	-	1	1,995	20,577
127,576	127,576	1	-	-	-	-	-	-	-	-	-	-	-	1	1,996	20,705
110,189	110,189	1	-	-	-	-	-	-	-	-	-	-	-	1	1,997	20,815
338,746	338,746	-	1	-	-	-	-	-	-	-	-	-	-	1	1,998	21,154
149,940	149,940	-	1	-	-	-	-	-	-	-	-	-	-	1	1,999	21,304
115,916	115,916	-	1	-	-	-	-	-	-	-	-	-	-	1	2,000	21,420
347,656	347,656	-	1	-	-	-	-	-	-	-	-	-	-	1	2,001	21,767
296,668	296,668	-	1	-	-	-	-	-	-	-	-	-	-	1	2,002	22,064
482,474	482,474	-	-	1	-	-	-	-	-	-	-	-	-	1	2,003	22,546
128,409	128,409	-	-	1	-	-	-	-	-	-	-	-	-	1	2,004	22,675
158,379	158,379	-	-	1	-	-	-	-	-	-	-	-	-	1	2,005	22,833
494,587	494,587	-	-	1	-	-	-	-	-	-	-	-	-	1	2,006	23,328
420,947	420,947	-	-	1	-	-	-	-	-	-	-	-	-	1	2,007	23,749
425,055	425,055	-	-	-	1	-	-	-	-	-	-	-	-	1	2,008	24,174
130,203	130,203	-	-	-	1	-	-	-	-	-	-	-	-	1	2,009	24,304
109,155	109,155	-	-	-	1	-	-	-	-	-	-	-	-	1	2,010	24,413
111,794	111,794	-	-	-	1	-	-	-	-	-	-	-	-	1	2,011	24,525
435,784	435,784	-	-	-	1	-	-	-	-	-	-	-	-	1	2,012	24,961
370,891	370,891	-	-	-	1	-	-	-	-	-	-	-	-	1	2,013	25,332
453,083	453,083	-	-	-	-	1	-	-	-	-	-	-	-	1	2,014	25,785
149,400	149,400	-	-	-	-	1	-	-	-	-	-	-	-	1	2,015	25,934

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

1 Inch Commercial

Exhibit

Schedule H-5

Page 6

Witness: Bourassa

Usage From:	Usage To:	Month of <u>May-22</u>	Month of <u>Jun-22</u>	Month of <u>Jul-22</u>	Month of <u>Aug-22</u>	Month of <u>Sep-22</u>	Month of <u>Oct-22</u>	Month of <u>Nov-22</u>	Month of <u>Dec-22</u>	Month of <u>Jan-23</u>	Month of <u>Feb-23</u>	Month of <u>Mar-23</u>	Month of <u>Apr-23</u>	Total Year	Cumul- ative Billing	Cumul- ative Gallons (in 1,000's)
105,747	105,747	-	-	-	-	1	-	-	-	-	-	-	-	1	2,016	26,040
137,370	137,370	-	-	-	-	1	-	-	-	-	-	-	-	1	2,017	26,177
464,657	464,657	-	-	-	-	1	-	-	-	-	-	-	-	1	2,018	26,642
394,852	394,852	-	-	-	-	1	-	-	-	-	-	-	-	1	2,019	27,037
163,290	163,290	-	-	-	-	-	1	-	-	-	-	-	-	1	2,020	27,200
148,584	148,584	-	-	-	-	-	-	1	-	-	-	-	-	1	2,021	27,349
111,406	111,406	-	-	-	-	-	-	1	-	-	-	-	-	1	2,022	27,460
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,022	27,460
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,022	27,460
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,022	27,460
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,022	27,460
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,022	27,460
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,022	27,460
Totals		170	168	168	169	169	167	169	168	168	169	169	168	2,022		
															Average Usage	13,581
															Median Usage	6,500
															Average # Customers	169
															Change in Number of Customers	(2)

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

1 1/2 Inch Commercial

Exhibit

Schedule H-5

Page 7

Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
-	-	7	8	8	8	7	7	8	9	8	9	7	9	95	95	-
1	1,000	7	3	5	6	5	6	6	7	8	9	11	6	79	174	40
1,001	2,000	8	7	5	8	6	4	5	9	6	7	7	3	75	249	152
2,001	3,000	4	7	6	7	7	5	5	3	3	6	3	7	63	312	310
3,001	4,000	6	4	5	2	5	5	4	5	7	6	6	4	59	371	516
4,001	5,000	2	2	3	4	4	4	2	3	4	3	5	3	39	410	692
5,001	6,000	3	1	4	4	1	1	4	4	1	2	5	2	32	442	868
6,001	7,000	2	5	-	1	1	1	2	1	2	4	-	3	22	464	1,011
7,001	8,000	3	2	2	2	4	2	1	4	1	3	3	4	31	495	1,243
8,001	9,000	1	4	1	2	3	2	2	2	6	1	2	3	29	524	1,490
9,001	10,000	1	1	1	-	-	2	2	2	2	2	2	2	17	541	1,651
10,001	11,000	-	1	3	1	1	-	1	-	3	1	1	1	13	554	1,788
11,001	12,000	-	2	-	4	2	2	1	1	-	2	1	1	16	570	1,972
12,001	13,000	2	-	1	1	-	2	1	2	1	2	1	1	14	584	2,147
13,001	14,000	2	1	2	1	2	1	2	-	2	-	2	1	16	600	2,363
14,001	15,000	1	1	1	2	2	-	3	1	-	3	2	2	18	618	2,624
15,001	16,000	-	1	-	3	-	1	2	-	-	4	1	-	12	630	2,810
16,001	17,000	1	-	1	-	-	1	1	1	2	1	1	2	11	641	2,991
17,001	18,000	3	1	2	2	2	1	-	2	2	-	2	2	19	660	3,324
18,001	19,000	1	2	1	1	2	2	5	-	3	2	1	1	21	681	3,712
19,001	20,000	2	-	1	1	1	2	-	3	1	1	-	1	13	694	3,966
20,001	21,000	-	-	1	1	-	2	3	6	3	1	3	1	21	715	4,396
21,001	22,000	1	1	-	1	2	1	-	2	1	1	2	2	14	729	4,697
22,001	23,000	3	-	1	-	-	3	2	3	1	1	2	1	17	746	5,080
23,001	24,000	1	4	2	2	1	-	2	-	-	2	2	-	16	762	5,456
24,001	25,000	1	2	1	2	1	2	1	2	1	2	-	2	17	779	5,872
25,001	26,000	1	1	3	3	2	2	2	1	2	2	1	2	22	801	6,433
26,001	27,000	5	1	1	-	2	-	2	1	1	1	1	1	16	817	6,857
27,001	28,000	2	3	1	2	1	-	3	-	-	1	1	1	15	832	7,270
28,001	29,000	3	5	2	1	-	4	1	2	2	1	3	3	27	859	8,039
29,001	30,000	-	-	-	-	2	1	-	1	1	-	2	-	7	866	8,246
30,001	31,000	-	1	3	4	3	2	1	2	-	3	1	-	20	886	8,856
31,001	32,000	1	2	-	2	3	2	4	2	2	2	-	1	21	907	9,517
32,001	33,000	2	2	1	2	1	3	-	2	1	-	-	2	16	923	10,037
33,001	34,000	-	-	3	1	1	1	2	1	3	2	1	1	16	939	10,573
34,001	35,000	-	1	4	2	1	1	1	1	1	-	1	1	14	953	11,056
35,001	36,000	2	-	-	-	1	2	-	1	-	2	1	-	9	962	11,376
36,001	37,000	-	1	1	1	5	2	2	2	2	1	2	3	22	984	12,179
37,001	38,000	3	3	-	1	2	1	2	1	-	2	1	2	18	1,002	12,854
38,001	39,000	1	1	-	1	1	2	-	-	1	2	-	2	11	1,013	13,277

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

1 1/2 Inch Commercial

Exhibit

Schedule H-5

Page 7

Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
39,001	40,000	3	-	3	-	1	-	2	-	2	1	3	1	16	1,029	13,909
40,001	41,000	-	-	1	1	-	-	-	1	-	-	2	-	5	1,034	14,112
41,001	42,000	-	1	1	-	1	1	1	-	3	-	1	1	10	1,044	14,527
42,001	43,000	2	-	2	-	-	-	-	-	-	1	1	1	7	1,051	14,824
43,001	44,000	2	-	-	-	1	1	-	1	-	2	1	1	9	1,060	15,216
44,001	45,000	-	2	2	2	-	2	-	-	1	1	-	1	11	1,071	15,705
45,001	46,000	-	-	-	1	-	-	1	2	-	2	-	-	6	1,077	15,978
46,001	47,000	1	-	1	1	-	1	2	2	-	-	-	1	9	1,086	16,397
47,001	48,000	2	-	-	-	-	-	-	-	-	-	-	1	3	1,089	16,539
48,001	49,000	-	-	-	-	-	-	1	-	1	-	-	2	4	1,093	16,733
49,001	50,000	2	2	-	1	1	1	1	-	-	-	-	1	9	1,102	17,179
50,001	51,000	-	1	1	-	1	1	-	2	-	-	-	1	7	1,109	17,533
51,001	52,000	1	-	-	-	1	-	-	1	-	1	-	-	4	1,113	17,739
52,001	53,000	-	-	-	-	2	-	-	-	-	-	-	-	2	1,115	17,844
53,001	54,000	1	-	-	-	-	-	1	1	2	-	-	-	5	1,120	18,111
54,001	55,000	-	-	1	1	-	-	-	-	-	-	-	-	2	1,122	18,220
55,001	56,000	-	2	1	-	-	-	1	-	3	-	1	1	9	1,131	18,720
56,001	57,000	-	-	-	-	-	-	2	1	1	1	-	-	5	1,136	19,002
57,001	58,000	1	-	1	-	-	1	1	1	-	-	1	-	6	1,142	19,347
58,001	59,000	-	-	1	-	-	-	-	-	-	-	1	-	2	1,144	19,464
59,001	60,000	-	-	-	1	-	1	-	-	-	1	1	-	4	1,148	19,702
60,001	61,000	-	-	1	-	-	1	-	-	1	-	-	-	3	1,151	19,884
61,001	62,000	1	1	1	-	-	1	1	-	-	-	-	-	5	1,156	20,191
62,001	63,000	-	-	-	1	-	1	-	-	1	-	-	-	3	1,159	20,379
63,001	64,000	-	1	-	-	-	-	-	-	-	-	-	2	3	1,162	20,569
64,001	65,000	-	1	-	-	1	1	-	-	-	-	1	-	4	1,166	20,827
65,001	66,000	-	-	-	-	1	-	-	-	-	1	-	-	2	1,168	20,958
66,001	67,000	-	-	-	-	-	1	-	1	1	-	-	1	4	1,172	21,224
67,001	68,000	-	-	1	-	1	1	-	-	-	-	-	-	3	1,175	21,427
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,175	21,427
69,001	70,000	-	-	-	1	-	-	-	-	-	-	1	-	2	1,177	21,566
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,177	21,566
71,001	72,000	-	1	-	-	-	-	-	1	-	-	-	2	4	1,181	21,852
72,001	73,000	-	1	-	-	-	1	-	-	-	-	1	-	3	1,184	22,069
73,001	74,000	-	-	-	-	-	-	-	-	-	1	-	-	1	1,185	22,143
74,001	75,000	-	-	-	-	1	-	-	-	1	-	-	1	3	1,188	22,366
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,188	22,366
76,001	77,000	-	1	-	-	1	-	-	-	1	-	-	-	3	1,191	22,596
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,191	22,596
78,001	79,000	1	-	-	-	-	-	-	1	-	-	-	1	3	1,194	22,831

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

1 1/2 Inch Commercial

Exhibit

Schedule H-5

Page 7

Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
79,001	80,000	-	-	-	-	-	1	-	-	-	1	-	-	2	1,196	22,990
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,196	22,990
81,001	82,000	-	-	1	-	-	-	-	-	-	-	-	-	1	1,197	23,072
82,001	83,000	-	-	-	-	-	-	-	1	-	-	-	-	1	1,198	23,154
83,001	84,000	-	-	-	1	-	-	-	-	-	-	1	-	2	1,200	23,321
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,200	23,321
85,001	86,000	-	1	-	-	-	-	1	-	-	-	-	-	2	1,202	23,492
86,001	87,000	-	-	1	-	1	-	1	-	-	-	-	-	3	1,205	23,752
87,001	88,000	-	-	-	1	-	-	-	-	-	-	-	1	2	1,207	23,927
88,001	89,000	-	-	-	-	-	1	-	-	-	-	-	-	1	1,208	24,015
89,001	90,000	-	-	-	-	-	-	1	-	-	-	-	-	1	1,209	24,105
90,001	91,000	-	1	-	-	-	-	-	-	-	-	-	1	2	1,211	24,286
91,001	92,000	-	-	-	-	1	-	-	-	-	-	-	-	1	1,212	24,377
92,001	93,000	-	-	-	1	-	-	-	-	-	-	-	-	1	1,213	24,470
93,001	94,000	1	1	-	-	-	-	1	-	-	1	-	-	4	1,217	24,844
94,001	95,000	-	-	-	-	-	1	-	1	1	-	-	-	3	1,220	25,127
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,220	25,127
96,001	97,000	-	-	1	-	-	1	-	-	-	-	-	-	2	1,222	25,320
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,222	25,320
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,222	25,320
99,001	100,000	-	-	1	-	-	-	1	-	-	-	-	-	2	1,224	25,519
159,521	159,521	1	-	-	-	-	-	-	-	-	-	-	-	1	1,225	25,679
175,317	175,317	1	-	-	-	-	-	-	-	-	-	-	-	1	1,226	25,854
120,205	120,205	1	-	-	-	-	-	-	-	-	-	-	-	1	1,227	25,974
247,060	247,060	1	-	-	-	-	-	-	-	-	-	-	-	1	1,228	26,221
491,388	491,388	1	-	-	-	-	-	-	-	-	-	-	-	1	1,229	26,713
103,187	103,187	1	-	-	-	-	-	-	-	-	-	-	-	1	1,230	26,816
127,979	127,979	1	-	-	-	-	-	-	-	-	-	-	-	1	1,231	26,944
166,507	166,507	1	-	-	-	-	-	-	-	-	-	-	-	1	1,232	27,110
257,115	257,115	1	-	-	-	-	-	-	-	-	-	-	-	1	1,233	27,367
151,873	151,873	-	1	-	-	-	-	-	-	-	-	-	-	1	1,234	27,519
161,580	161,580	-	1	-	-	-	-	-	-	-	-	-	-	1	1,235	27,681
300,606	300,606	-	1	-	-	-	-	-	-	-	-	-	-	1	1,236	27,981
1,042,704	1,042,704	-	1	-	-	-	-	-	-	-	-	-	-	1	1,237	29,024
117,147	117,147	-	1	-	-	-	-	-	-	-	-	-	-	1	1,238	29,141
108,950	108,950	-	1	-	-	-	-	-	-	-	-	-	-	1	1,239	29,250
131,271	131,271	-	1	-	-	-	-	-	-	-	-	-	-	1	1,240	29,381
150,523	150,523	-	1	-	-	-	-	-	-	-	-	-	-	1	1,241	29,532
202,059	202,059	-	1	-	-	-	-	-	-	-	-	-	-	1	1,242	29,734
249,199	249,199	-	1	-	-	-	-	-	-	-	-	-	-	1	1,243	29,983

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

1 1/2 Inch Commercial

Exhibit

Schedule H-5

Page 7

Witness: Bourassa

Usage From:	Usage To:	Month of <u>May-22</u>	Month of <u>Jun-22</u>	Month of <u>Jul-22</u>	Month of <u>Aug-22</u>	Month of <u>Sep-22</u>	Month of <u>Oct-22</u>	Month of <u>Nov-22</u>	Month of <u>Dec-22</u>	Month of <u>Jan-23</u>	Month of <u>Feb-23</u>	Month of <u>Mar-23</u>	Month of <u>Apr-23</u>	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
172,658	172,658	-	-	1	-	-	-	-	-	-	-	-	-	1	1,244	30,156
111,696	111,696	-	-	1	-	-	-	-	-	-	-	-	-	1	1,245	30,268
179,574	179,574	-	-	1	-	-	-	-	-	-	-	-	-	1	1,246	30,447
307,245	307,245	-	-	1	-	-	-	-	-	-	-	-	-	1	1,247	30,754
379,429	379,429	-	-	1	-	-	-	-	-	-	-	-	-	1	1,248	31,134
140,499	140,499	-	-	1	-	-	-	-	-	-	-	-	-	1	1,249	31,274
139,730	139,730	-	-	1	-	-	-	-	-	-	-	-	-	1	1,250	31,414
116,472	116,472	-	-	1	-	-	-	-	-	-	-	-	-	1	1,251	31,531
123,862	123,862	-	-	1	-	-	-	-	-	-	-	-	-	1	1,252	31,654
156,530	156,530	-	-	1	-	-	-	-	-	-	-	-	-	1	1,253	31,811
200,538	200,538	-	-	1	-	-	-	-	-	-	-	-	-	1	1,254	32,011
232,115	232,115	-	-	1	-	-	-	-	-	-	-	-	-	1	1,255	32,244
139,578	139,578	-	-	-	1	-	-	-	-	-	-	-	-	1	1,256	32,383
166,723	166,723	-	-	-	1	-	-	-	-	-	-	1	-	2	1,258	32,717
296,184	296,184	-	-	-	1	-	-	-	-	-	-	-	-	1	1,259	33,013
137,169	137,169	-	-	-	1	-	-	-	-	-	-	-	-	1	1,260	33,150
120,997	120,997	-	-	-	1	-	-	-	-	-	-	-	-	1	1,261	33,271
101,320	101,320	-	-	-	1	-	-	-	-	-	-	-	-	1	1,262	33,372
140,745	140,745	-	-	-	1	-	-	-	-	-	-	-	-	1	1,263	33,513
152,670	152,670	-	-	-	1	-	-	-	-	-	-	-	-	1	1,264	33,666
211,931	211,931	-	-	-	1	-	-	-	-	-	-	-	-	1	1,265	33,878
219,932	219,932	-	-	-	1	-	-	-	-	-	-	-	-	1	1,266	34,098
162,025	162,025	-	-	-	-	1	-	-	-	-	-	-	-	1	1,267	34,260
170,675	170,675	-	-	-	-	1	-	-	-	-	-	-	-	1	1,268	34,430
361,697	361,697	-	-	-	-	1	-	-	-	-	-	-	-	1	1,269	34,792
202,784	202,784	-	-	-	-	1	-	-	-	-	-	-	-	1	1,270	34,995
100,652	100,652	-	-	-	-	1	-	-	-	-	-	-	-	1	1,271	35,095
161,996	161,996	-	-	-	-	1	-	-	-	-	-	-	-	1	1,272	35,257
153,690	153,690	-	-	-	-	1	-	-	-	-	-	-	-	1	1,273	35,411
200,375	200,375	-	-	-	-	1	-	-	-	-	-	-	-	1	1,274	35,611
258,527	258,527	-	-	-	-	1	-	-	-	-	-	-	-	1	1,275	35,870
157,815	157,815	-	-	-	-	-	1	-	-	-	-	-	-	1	1,276	36,028
146,714	146,714	-	-	-	-	-	1	-	-	-	-	-	-	1	1,277	36,175
356,986	356,986	-	-	-	-	-	1	-	-	-	-	-	-	1	1,278	36,532
149,553	149,553	-	-	-	-	-	1	-	-	-	-	-	-	1	1,279	36,681
168,319	168,319	-	-	-	-	-	1	-	-	-	-	-	-	1	1,280	36,849
171,631	171,631	-	-	-	-	-	1	-	-	-	-	-	-	1	1,281	37,021
268,998	268,998	-	-	-	-	-	1	-	-	-	-	-	-	1	1,282	37,290
122,989	122,989	-	-	-	-	-	-	1	-	-	-	-	-	1	1,283	37,413
383,900	383,900	-	-	-	-	-	-	1	-	-	-	-	-	1	1,284	37,797

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

1 1/2 Inch Commercial

Exhibit

Schedule H-5

Page 7

Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
130,873	130,873	-	-	-	-	-	-	1	-	-	-	-	-	1	1,285	37,928
158,513	158,513	-	-	-	-	-	-	1	-	-	-	-	-	1	1,286	38,086
178,244	178,244	-	-	-	-	-	-	1	-	-	-	-	-	1	1,287	38,265
283,851	283,851	-	-	-	-	-	-	1	-	-	-	-	-	1	1,288	38,548
118,956	118,956	-	-	-	-	-	-	-	1	-	-	-	-	1	1,289	38,667
344,051	344,051	-	-	-	-	-	-	-	1	-	-	-	-	1	1,290	39,011
452,751	452,751	-	-	-	-	-	-	-	1	-	-	-	-	1	1,291	39,464
112,342	112,342	-	-	-	-	-	-	-	1	-	-	-	-	1	1,292	39,576
243,984	243,984	-	-	-	-	-	-	-	1	-	-	-	-	1	1,293	39,820
110,814	110,814	-	-	-	-	-	-	-	-	1	-	-	-	1	1,294	39,931
117,310	117,310	-	-	-	-	-	-	-	-	1	-	-	-	1	1,295	40,049
361,103	361,103	-	-	-	-	-	-	-	-	1	-	-	-	1	1,296	40,410
103,602	103,602	-	-	-	-	-	-	-	-	1	-	-	-	1	1,297	40,513
251,122	251,122	-	-	-	-	-	-	-	-	1	-	-	-	1	1,298	40,764
122,951	122,951	-	-	-	-	-	-	-	-	-	1	-	-	1	1,299	40,887
115,926	115,926	-	-	-	-	-	-	-	-	-	1	-	-	1	1,300	41,003
312,221	312,221	-	-	-	-	-	-	-	-	-	1	-	-	1	1,301	41,316
100,876	100,876	-	-	-	-	-	-	-	-	-	1	-	-	1	1,302	41,416
278,355	278,355	-	-	-	-	-	-	-	-	-	1	-	-	1	1,303	41,695
111,055	111,055	-	-	-	-	-	-	-	-	-	-	1	-	1	1,304	41,806
108,825	108,825	-	-	-	-	-	-	-	-	-	-	1	-	1	1,305	41,915
114,168	114,168	-	-	-	-	-	-	-	-	-	-	1	-	1	1,306	42,029
256,486	256,486	-	-	-	-	-	-	-	-	-	-	1	-	1	1,307	42,285
133,253	133,253	-	-	-	-	-	-	-	-	-	-	-	1	1	1,308	42,419
117,433	117,433	-	-	-	-	-	-	-	-	-	-	-	1	1	1,309	42,536
556,805	556,805	-	-	-	-	-	-	-	-	-	-	-	1	1	1,310	43,093
106,114	106,114	-	-	-	-	-	-	-	-	-	-	-	1	1	1,311	43,199
242,275	242,275	-	-	-	-	-	-	-	-	-	-	-	1	1	1,312	43,441
-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1,312	43,441
-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1,312	43,441
-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1,312	43,441
-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1,312	43,441
-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1,312	43,441
-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1,312	43,441
-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1,312	43,441
-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1,312	43,441
-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1,312	43,441
-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1,312	43,441
Totals		109	108	110	109	109	109	109	111	109	111	109	109	1,312		
										Average Usage				33,111		
										Median Usage				17,500		
										Average # Customers				109		

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

2 Inch Commercial

Exhibit

Schedule H-5

Page 8

Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumulative Billing
-	-	8	9	8	10	10	12	11	9	16	13	21	18	145	145
1	1,000	17	14	20	14	17	14	17	20	15	17	18	12	195	340
1,001	2,000	9	10	5	13	8	12	10	11	12	13	8	12	123	463
2,001	3,000	12	12	13	11	12	9	13	9	12	8	11	8	130	593
3,001	4,000	5	3	4	5	6	8	4	9	9	9	7	5	74	667
4,001	5,000	8	5	4	2	5	7	4	5	5	8	7	2	62	729
5,001	6,000	6	9	6	6	9	5	9	6	6	3	5	7	77	806
6,001	7,000	2	3	3	7	5	1	2	7	5	10	5	7	57	863
7,001	8,000	9	4	3	9	5	5	10	6	5	5	8	7	76	939
8,001	9,000	4	7	9	8	4	6	7	6	2	6	3	4	66	1,005
9,001	10,000	3	3	4	2	6	7	6	7	7	5	3	8	61	1,066
10,001	11,000	6	1	6	1	1	4	-	-	4	1	4	2	30	1,096
11,001	12,000	2	4	3	1	7	3	3	5	3	2	5	2	40	1,136
12,001	13,000	2	2	5	2	2	2	3	2	2	2	7	5	36	1,172
13,001	14,000	2	3	1	7	2	1	2	2	3	-	1	4	28	1,200
14,001	15,000	1	4	2	7	4	2	5	1	6	3	3	4	42	1,242
15,001	16,000	2	2	6	2	1	3	1	1	-	2	1	2	23	1,265
16,001	17,000	3	4	7	6	2	3	2	4	5	6	6	6	54	1,319
17,001	18,000	4	3	4	2	4	2	3	7	4	5	4	2	44	1,363
18,001	19,000	-	5	3	3	3	2	2	5	1	5	1	2	32	1,395
19,001	20,000	1	4	-	3	2	2	3	1	3	4	3	5	31	1,426
20,001	21,000	4	4	4	5	4	4	5	1	3	2	2	1	39	1,465
21,001	22,000	6	3	3	3	3	2	4	6	4	3	3	1	41	1,506
22,001	23,000	8	3	3	6	4	5	5	2	2	1	6	4	49	1,555
23,001	24,000	2	3	3	4	5	3	7	4	3	3	3	1	41	1,596
24,001	25,000	3	6	4	5	5	3	2	3	6	3	3	3	46	1,642
25,001	26,000	3	2	4	3	4	2	4	6	2	5	6	1	42	1,684
26,001	27,000	2	4	1	2	-	5	4	5	1	3	3	3	33	1,717
27,001	28,000	2	3	4	3	1	4	2	3	3	2	6	1	34	1,751
28,001	29,000	3	5	3	3	3	3	1	3	5	4	2	2	37	1,788
29,001	30,000	2	2	1	1	3	4	5	4	3	4	2	7	38	1,826
30,001	31,000	3	1	4	1	3	2	3	2	2	1	-	3	25	1,851
31,001	32,000	2	1	1	2	4	2	1	1	5	5	2	3	29	1,880
32,001	33,000	-	2	3	3	1	-	4	4	-	1	2	2	22	1,902
33,001	34,000	2	4	-	2	1	2	1	-	3	2	2	2	21	1,923
34,001	35,000	3	-	3	5	1	4	3	2	4	3	2	1	31	1,954
35,001	36,000	-	1	3	-	1	1	2	2	2	1	3	2	18	1,972
36,001	37,000	4	2	2	1	-	1	-	1	-	1	1	-	13	1,985
37,001	38,000	-	2	-	1	2	3	1	-	-	3	3	2	17	2,002
38,001	39,000	2	2	2	1	-	3	2	1	4	-	2	1	20	2,022
39,001	40,000	2	-	2	-	5	1	1	1	1	3	2	2	20	2,042
40,001	41,000	1	4	-	1	2	1	-	-	1	1	2	5	18	2,060
41,001	42,000	1	2	1	-	4	-	1	1	2	1	1	1	15	2,075

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

2 Inch Commercial

Exhibit

Schedule H-5

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Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumul- ative Billing
42,001	43,000	1	2	1	-	1	1	-	-	1	-	2	1	10	2,085
43,001	44,000	2	2	1	-	1	1	-	-	1	-	-	2	10	2,095
44,001	45,000	-	1	1	1	2	2	2	-	3	3	1	-	16	2,111
45,001	46,000	2	2	1	1	1	3	-	1	-	3	1	2	17	2,128
46,001	47,000	-	3	1	1	-	2	1	3	2	1	1	2	17	2,145
47,001	48,000	1	-	1	2	1	-	-	1	1	3	3	1	14	2,159
48,001	49,000	2	2	2	2	-	3	3	2	1	-	2	-	19	2,178
49,001	50,000	1	1	1	3	2	1	1	2	-	-	2	3	17	2,195
50,001	51,000	4	-	-	2	-	1	-	3	3	6	7	-	26	2,221
51,001	52,000	2	1	1	-	1	2	1	-	-	2	3	1	14	2,235
52,001	53,000	2	2	2	2	1	4	-	1	4	2	1	3	24	2,259
53,001	54,000	-	2	1	2	3	1	3	-	1	-	-	1	14	2,273
54,001	55,000	4	-	-	-	1	1	2	1	1	-	-	4	14	2,287
55,001	56,000	1	1	1	-	-	-	1	4	1	4	-	1	14	2,301
56,001	57,000	1	-	1	2	2	-	2	3	3	1	-	-	15	2,316
57,001	58,000	2	4	1	1	1	-	-	2	3	3	1	1	16	2,332
58,001	59,000	-	3	-	2	-	1	1	1	2	1	2	2	15	2,347
59,001	60,000	1	1	-	1	4	-	2	1	1	3	1	2	17	2,364
60,001	61,000	1	1	1	-	1	2	2	2	1	1	1	-	13	2,377
61,001	62,000	1	-	1	2	1	1	3	4	-	1	1	2	17	2,394
62,001	63,000	2	-	1	-	-	1	1	-	1	1	3	2	12	2,406
63,001	64,000	1	1	-	2	-	-	-	-	2	3	2	1	12	2,418
64,001	65,000	2	1	1	-	3	-	1	1	-	1	2	4	16	2,434
65,001	66,000	-	-	-	-	-	1	-	-	4	3	1	2	11	2,445
66,001	67,000	3	1	-	2	1	1	1	2	1	3	-	2	17	2,462
67,001	68,000	-	2	1	1	2	5	-	-	1	1	-	2	15	2,477
68,001	69,000	-	1	1	2	2	1	3	4	-	-	-	-	14	2,491
69,001	70,000	1	1	2	3	-	3	1	1	3	-	1	1	17	2,508
70,001	71,000	1	1	-	-	1	1	-	-	-	2	4	-	10	2,518
71,001	72,000	-	1	1	1	-	3	1	-	4	-	3	1	15	2,533
72,001	73,000	-	4	1	-	1	1	3	1	2	1	1	1	16	2,549
73,001	74,000	-	1	3	1	2	1	1	1	3	1	-	1	15	2,564
74,001	75,000	1	1	1	-	-	-	1	2	-	1	1	3	11	2,575
75,001	76,000	4	2	1	1	1	1	1	1	-	1	-	1	14	2,589
76,001	77,000	3	1	-	2	2	-	1	2	1	3	-	-	15	2,604
77,001	78,000	(1)	1	-	1	1	-	2	-	-	1	1	2	8	2,612
78,001	79,000	3	1	1	1	-	-	1	2	2	-	1	1	13	2,625
79,001	80,000	-	1	-	-	2	-	1	3	-	3	-	-	10	2,635
80,001	81,000	2	-	1	-	3	1	1	3	-	1	-	-	12	2,647
81,001	82,000	1	1	-	-	2	-	-	-	-	2	-	3	9	2,656
82,001	83,000	1	-	-	2	2	4	2	3	1	2	2	3	22	2,678
83,001	84,000	2	1	1	3	1	1	2	-	1	-	5	1	18	2,696
84,001	85,000	2	-	1	-	2	1	-	-	-	1	2	-	9	2,705

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

2 Inch Commercial

Exhibit

Schedule H-5

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Witness: Bourassa

Usage From:	Usage To:	Month of <u>May-22</u>	Month of <u>Jun-22</u>	Month of <u>Jul-22</u>	Month of <u>Aug-22</u>	Month of <u>Sep-22</u>	Month of <u>Oct-22</u>	Month of <u>Nov-22</u>	Month of <u>Dec-22</u>	Month of <u>Jan-23</u>	Month of <u>Feb-23</u>	Month of <u>Mar-23</u>	Month of <u>Apr-23</u>	Total Year	Cumul- ative Billing
694,860	694,860	-	-	-	-	-	1	-	-	-	-	-	-	1	3,258
1,077,998	1,077,998	-	-	-	-	-	1	-	-	-	-	-	-	1	3,259
108,440	108,440	-	-	-	-	-	1	-	-	-	-	-	-	1	3,260
105,011	105,011	-	-	-	-	-	1	-	-	-	-	-	-	1	3,261
676,113	676,113	-	-	-	-	-	1	-	-	-	-	-	-	1	3,262
118,220	118,220	-	-	-	-	-	1	-	-	-	-	-	-	1	3,263
468,204	468,204	-	-	-	-	-	1	-	-	-	-	-	-	1	3,264
168,166	168,166	-	-	-	-	-	1	-	-	-	-	-	-	1	3,265
156,666	156,666	-	-	-	-	-	1	-	-	-	-	-	-	1	3,266
261,148	261,148	-	-	-	-	-	1	-	-	-	-	-	-	1	3,267
233,703	233,703	-	-	-	-	-	1	-	-	-	-	-	-	1	3,268
455,927	455,927	-	-	-	-	-	1	-	-	-	-	-	-	1	3,269
324,664	324,664	-	-	-	-	-	1	-	-	-	-	-	-	1	3,270
335,316	335,316	-	-	-	-	-	1	-	-	-	-	-	-	1	3,271
142,764	142,764	-	-	-	-	-	1	-	-	-	-	-	-	1	3,272
169,204	169,204	-	-	-	-	-	1	-	-	-	-	-	-	1	3,273
126,765	126,765	-	-	-	-	-	1	-	-	-	-	-	-	1	3,274
259,943	259,943	-	-	-	-	-	1	-	-	-	-	-	-	1	3,275
145,797	145,797	-	-	-	-	-	1	-	-	-	-	-	-	1	3,276
102,323	102,323	-	-	-	-	-	1	-	-	-	-	-	-	1	3,277
411,168	411,168	-	-	-	-	-	1	-	-	-	-	-	-	1	3,278
184,051	184,051	-	-	-	-	-	-	1	-	-	-	-	-	1	3,279
178,715	178,715	-	-	-	-	-	-	1	-	-	-	-	-	1	3,280
158,368	158,368	-	-	-	-	-	-	1	-	-	-	-	-	1	3,281
314,735	314,735	-	-	-	-	-	-	1	-	-	-	-	-	1	3,282
137,719	137,719	-	-	-	-	-	-	1	-	-	-	-	-	1	3,283
123,135	123,135	-	-	-	-	-	-	1	-	-	-	-	-	1	3,284
231,427	231,427	-	-	-	-	-	-	1	-	-	-	-	-	1	3,285
102,999	102,999	-	-	-	-	-	-	1	-	-	-	-	-	1	3,286
113,038	113,038	-	-	-	-	-	-	1	-	-	-	-	-	1	3,287
281,170	281,170	-	-	-	-	-	-	1	-	-	-	-	-	1	3,288
139,186	139,186	-	-	-	-	-	-	1	-	-	-	-	-	1	3,289
137,077	137,077	-	-	-	-	-	-	1	-	-	-	-	-	1	3,290
203,751	203,751	-	-	-	-	-	-	1	-	-	-	-	-	1	3,291
105,650	105,650	-	-	-	-	-	-	1	-	-	-	-	-	1	3,292
403,131	403,131	-	-	-	-	-	-	1	-	-	-	-	-	1	3,293
112,800	112,800	-	-	-	-	-	-	1	-	-	-	-	-	1	3,294
162,643	162,643	-	-	-	-	-	-	1	-	-	-	-	-	1	3,295
165,660	165,660	-	-	-	-	-	-	1	-	-	-	-	-	1	3,296
220,594	220,594	-	-	-	-	-	-	1	-	-	-	-	-	1	3,297
113,336	113,336	-	-	-	-	-	-	1	-	-	-	-	-	1	3,298
133,358	133,358	-	-	-	-	-	-	1	-	-	-	-	-	1	3,299
144,906	144,906	-	-	-	-	-	-	1	-	-	-	-	-	1	3,300

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

2 Inch Commercial

Exhibit

Schedule H-5

Page 8

Witness: Bourassa

Usage	Usage	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Total	Cumul-
From:	To:	of	of	of	of	of	of	of	of	of	of	of	of	Year	ative
		<u>May-22</u>	<u>Jun-22</u>	<u>Jul-22</u>	<u>Aug-22</u>	<u>Sep-22</u>	<u>Oct-22</u>	<u>Nov-22</u>	<u>Dec-22</u>	<u>Jan-23</u>	<u>Feb-23</u>	<u>Mar-23</u>	<u>Apr-23</u>		<u>Billing</u>
235,707	235,707	-	-	-	-	-	-	1	-	-	-	-	-	1	3,301
109,315	109,315	-	-	-	-	-	-	1	-	-	-	-	-	1	3,302
100,189	100,189	-	-	-	-	-	-	1	-	-	-	-	-	1	3,303
107,998	107,998	-	-	-	-	-	-	1	-	-	-	-	-	1	3,304
132,105	132,105	-	-	-	-	-	-	1	-	-	-	-	-	1	3,305
127,243	127,243	-	-	-	-	-	-	1	-	-	-	-	-	1	3,306
126,768	126,768	-	-	-	-	-	-	1	-	-	-	-	-	1	3,307
132,372	132,372	-	-	-	-	-	-	1	-	-	-	-	-	1	3,308
131,277	131,277	-	-	-	-	-	-	1	-	-	-	-	-	1	3,309
130,368	130,368	-	-	-	-	-	-	1	-	-	-	-	-	1	3,310
912,106	912,106	-	-	-	-	-	-	1	-	-	-	-	-	1	3,311
214,627	214,627	-	-	-	-	-	-	1	-	-	-	-	-	1	3,312
128,241	128,241	-	-	-	-	-	-	1	-	-	-	-	-	1	3,313
112,206	112,206	-	-	-	-	-	-	1	-	-	-	-	-	1	3,314
158,460	158,460	-	-	-	-	-	-	1	-	-	-	-	-	1	3,315
213,964	213,964	-	-	-	-	-	-	1	-	-	-	-	-	1	3,316
114,157	114,157	-	-	-	-	-	-	1	-	-	-	-	-	1	3,317
180,545	180,545	-	-	-	-	-	-	1	-	-	-	-	-	1	3,318
298,116	298,116	-	-	-	-	-	-	1	-	-	-	-	-	1	3,319
487,908	487,908	-	-	-	-	-	-	1	-	-	-	-	-	1	3,320
101,791	101,791	-	-	-	-	-	-	1	-	-	-	-	-	1	3,321
167,247	167,247	-	-	-	-	-	-	1	-	-	-	-	-	1	3,322
150,196	150,196	-	-	-	-	-	-	1	-	-	-	-	-	1	3,323
335,499	335,499	-	-	-	-	-	-	1	-	-	-	-	-	1	3,324
236,498	236,498	-	-	-	-	-	-	1	-	-	-	-	-	1	3,325
778,900	778,900	-	-	-	-	-	-	1	-	-	-	-	-	1	3,326
563,512	563,512	-	-	-	-	-	-	1	-	-	-	-	-	1	3,327
103,984	103,984	-	-	-	-	-	-	1	-	-	-	-	-	1	3,328
420,253	420,253	-	-	-	-	-	-	1	-	-	-	-	-	1	3,329
149,663	149,663	-	-	-	-	-	-	1	-	-	-	-	-	1	3,330
140,851	140,851	-	-	-	-	-	-	1	-	-	-	-	-	1	3,331
678,412	678,412	-	-	-	-	-	-	1	-	-	-	-	-	1	3,332
254,922	254,922	-	-	-	-	-	-	1	-	-	-	-	-	1	3,333
299,032	299,032	-	-	-	-	-	-	1	-	-	-	-	-	1	3,334
129,818	129,818	-	-	-	-	-	-	1	-	-	-	-	-	1	3,335
148,515	148,515	-	-	-	-	-	-	1	-	-	-	-	-	1	3,336
103,936	103,936	-	-	-	-	-	-	1	-	-	-	-	-	1	3,337
354,513	354,513	-	-	-	-	-	-	1	-	-	-	-	-	1	3,338
109,231	109,231	-	-	-	-	-	-	1	-	-	-	-	-	1	3,339
232,262	232,262	-	-	-	-	-	-	1	-	-	-	-	-	1	3,340
162,909	162,909	-	-	-	-	-	-	1	-	-	-	-	-	1	3,341
429,098	429,098	-	-	-	-	-	-	1	-	-	-	-	-	1	3,342
100,288	100,288	-	-	-	-	-	-	-	1	-	-	-	-	1	3,343

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

2 Inch Commercial

Exhibit

Schedule H-5

Page 8

Witness: Bourassa

Usage From:	Usage To:	Month of <u>May-22</u>	Month of <u>Jun-22</u>	Month of <u>Jul-22</u>	Month of <u>Aug-22</u>	Month of <u>Sep-22</u>	Month of <u>Oct-22</u>	Month of <u>Nov-22</u>	Month of <u>Dec-22</u>	Month of <u>Jan-23</u>	Month of <u>Feb-23</u>	Month of <u>Mar-23</u>	Month of <u>Apr-23</u>	Total Year	Cumul- ative Billing
105,181	105,181	-	-	-	-	-	-	-	1	-	-	-	-	1	3,344
200,456	200,456	-	-	-	-	-	-	-	1	-	-	-	-	1	3,345
195,661	195,661	-	-	-	-	-	-	-	1	-	-	-	-	1	3,346
171,890	171,890	-	-	-	-	-	-	-	1	-	-	-	-	1	3,347
277,554	277,554	-	-	-	-	-	-	-	1	-	-	-	-	1	3,348
149,221	149,221	-	-	-	-	-	-	-	1	-	-	-	-	1	3,349
107,540	107,540	-	-	-	-	-	-	-	1	-	-	-	-	1	3,350
115,215	115,215	-	-	-	-	-	-	-	1	-	-	-	-	1	3,351
124,824	124,824	-	-	-	-	-	-	-	1	-	-	-	-	1	3,352
255,524	255,524	-	-	-	-	-	-	-	1	-	-	-	-	1	3,353
135,062	135,062	-	-	-	-	-	-	-	1	-	-	-	-	1	3,354
252,157	252,157	-	-	-	-	-	-	-	1	-	-	-	-	1	3,355
108,469	108,469	-	-	-	-	-	-	-	1	-	-	-	-	1	3,356
182,759	182,759	-	-	-	-	-	-	-	1	-	-	-	-	1	3,357
100,074	100,074	-	-	-	-	-	-	-	1	-	-	-	-	1	3,358
299,297	299,297	-	-	-	-	-	-	-	1	-	-	-	-	1	3,359
252,027	252,027	-	-	-	-	-	-	-	1	-	-	-	-	1	3,360
150,920	150,920	-	-	-	-	-	-	-	1	-	-	-	-	1	3,361
176,470	176,470	-	-	-	-	-	-	-	1	-	-	-	-	1	3,362
106,381	106,381	-	-	-	-	-	-	-	1	-	-	-	-	1	3,363
129,713	129,713	-	-	-	-	-	-	-	1	-	-	-	-	1	3,364
109,384	109,384	-	-	-	-	-	-	-	1	-	-	-	-	1	3,365
270,629	270,629	-	-	-	-	-	-	-	1	-	-	-	-	1	3,366
121,659	121,659	-	-	-	-	-	-	-	1	-	-	-	-	1	3,367
118,369	118,369	-	-	-	-	-	-	-	1	-	-	-	-	1	3,368
796,704	796,704	-	-	-	-	-	-	-	1	-	-	-	-	1	3,369
192,934	192,934	-	-	-	-	-	-	-	1	-	-	-	-	1	3,370
140,012	140,012	-	-	-	-	-	-	-	1	-	-	-	-	1	3,371
101,867	101,867	-	-	-	-	-	-	-	1	-	-	-	-	1	3,372
147,820	147,820	-	-	-	-	-	-	-	1	-	-	-	-	1	3,373
152,426	152,426	-	-	-	-	-	-	-	1	-	-	-	-	1	3,374
147,685	147,685	-	-	-	-	-	-	-	1	-	-	-	-	1	3,375
119,599	119,599	-	-	-	-	-	-	-	1	-	-	-	-	1	3,376
115,929	115,929	-	-	-	-	-	-	-	1	-	-	-	-	1	3,377
205,415	205,415	-	-	-	-	-	-	-	1	-	-	-	-	1	3,378
529,926	529,926	-	-	-	-	-	-	-	1	-	-	-	-	1	3,379
657,618	657,618	-	-	-	-	-	-	-	1	-	-	-	-	1	3,380
109,935	109,935	-	-	-	-	-	-	-	1	-	-	-	-	1	3,381
280,623	280,623	-	-	-	-	-	-	-	1	-	-	-	-	1	3,382
510,878	510,878	-	-	-	-	-	-	-	1	-	-	-	-	1	3,383
158,863	158,863	-	-	-	-	-	-	-	1	-	-	-	-	1	3,384
124,962	124,962	-	-	-	-	-	-	-	1	-	-	-	-	1	3,385
141,682	141,682	-	-	-	-	-	-	-	1	-	-	-	-	1	3,386

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

2 Inch Commercial

Exhibit

Schedule H-5

Page 8

Witness: Bourassa

Usage	Usage	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Total	Cumul-
From:	To:	of	of	of	of	of	of	of	of	of	of	of	Year	ative	
		<u>May-22</u>	<u>Jun-22</u>	<u>Jul-22</u>	<u>Aug-22</u>	<u>Sep-22</u>	<u>Oct-22</u>	<u>Nov-22</u>	<u>Dec-22</u>	<u>Jan-23</u>	<u>Feb-23</u>	<u>Mar-23</u>	<u>Apr-23</u>		<u>Billing</u>
576,218	576,218	-	-	-	-	-	-	-	1	-	-	-	-	1	3,387
132,023	132,023	-	-	-	-	-	-	-	1	-	-	-	-	1	3,388
484,546	484,546	-	-	-	-	-	-	-	1	-	-	-	-	1	3,389
173,733	173,733	-	-	-	-	-	-	-	1	-	-	-	-	1	3,390
175,596	175,596	-	-	-	-	-	-	-	1	-	-	-	-	1	3,391
119,291	119,291	-	-	-	-	-	-	-	1	-	-	-	-	1	3,392
742,706	742,706	-	-	-	-	-	-	-	1	-	-	-	-	1	3,393
388,376	388,376	-	-	-	-	-	-	-	1	-	-	-	-	1	3,394
228,713	228,713	-	-	-	-	-	-	-	1	-	-	-	-	1	3,395
147,253	147,253	-	-	-	-	-	-	-	1	-	-	-	-	1	3,396
124,522	124,522	-	-	-	-	-	-	-	1	-	-	-	-	1	3,397
111,498	111,498	-	-	-	-	-	-	-	1	-	-	-	-	1	3,398
345,943	345,943	-	-	-	-	-	-	-	1	-	-	-	-	1	3,399
158,349	158,349	-	-	-	-	-	-	-	1	-	-	-	-	1	3,400
109,569	109,569	-	-	-	-	-	-	-	1	-	-	-	-	1	3,401
533,627	533,627	-	-	-	-	-	-	-	1	-	-	-	-	1	3,402
236,849	236,849	-	-	-	-	-	-	-	-	1	-	-	-	1	3,403
230,141	230,141	-	-	-	-	-	-	-	-	1	-	-	-	1	3,404
204,402	204,402	-	-	-	-	-	-	-	-	1	-	-	-	1	3,405
232,295	232,295	-	-	-	-	-	-	-	-	1	-	-	-	1	3,406
131,273	131,273	-	-	-	-	-	-	-	-	1	-	-	-	1	3,407
117,789	117,789	-	-	-	-	-	-	-	-	1	-	-	-	1	3,408
215,566	215,566	-	-	-	-	-	-	-	-	1	-	-	-	1	3,409
123,697	123,697	-	-	-	-	-	-	-	-	1	-	-	-	1	3,410
176,796	176,796	-	-	-	-	-	-	-	-	1	-	-	-	1	3,411
165,799	165,799	-	-	-	-	-	-	-	-	1	-	-	-	1	3,412
104,325	104,325	-	-	-	-	-	-	-	-	1	-	-	-	1	3,413
217,051	217,051	-	-	-	-	-	-	-	-	1	-	-	-	1	3,414
160,325	160,325	-	-	-	-	-	-	-	-	1	-	-	-	1	3,415
204,040	204,040	-	-	-	-	-	-	-	-	1	-	-	-	1	3,416
122,472	122,472	-	-	-	-	-	-	-	-	1	-	-	-	1	3,417
137,648	137,648	-	-	-	-	-	-	-	-	1	-	-	-	1	3,418
126,457	126,457	-	-	-	-	-	-	-	-	1	-	-	-	1	3,419
144,891	144,891	-	-	-	-	-	-	-	-	1	-	-	-	1	3,420
284,602	284,602	-	-	-	-	-	-	-	-	1	-	-	-	1	3,421
173,089	173,089	-	-	-	-	-	-	-	-	1	-	-	-	1	3,422
864,042	864,042	-	-	-	-	-	-	-	-	1	-	-	-	1	3,423
182,283	182,283	-	-	-	-	-	-	-	-	1	-	-	-	1	3,424
134,048	134,048	-	-	-	-	-	-	-	-	1	-	-	-	1	3,425
103,135	103,135	-	-	-	-	-	-	-	-	1	-	-	-	1	3,426
104,101	104,101	-	-	-	-	-	-	-	-	1	-	-	-	1	3,427
202,407	202,407	-	-	-	-	-	-	-	-	1	-	-	-	1	3,428
136,290	136,290	-	-	-	-	-	-	-	-	1	-	-	-	1	3,429

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

2 Inch Commercial

Exhibit

Schedule H-5

Page 8

Witness: Bourassa

Usage From:	Usage To:	Month of <u>May-22</u>	Month of <u>Jun-22</u>	Month of <u>Jul-22</u>	Month of <u>Aug-22</u>	Month of <u>Sep-22</u>	Month of <u>Oct-22</u>	Month of <u>Nov-22</u>	Month of <u>Dec-22</u>	Month of <u>Jan-23</u>	Month of <u>Feb-23</u>	Month of <u>Mar-23</u>	Month of <u>Apr-23</u>	Total Year	Cumul- ative Billing
181,947	181,947	-	-	-	-	-	-	-	-	1	-	-	-	1	3,430
235,887	235,887	-	-	-	-	-	-	-	-	1	-	-	-	1	3,431
384,654	384,654	-	-	-	-	-	-	-	-	1	-	-	-	1	3,432
524,124	524,124	-	-	-	-	-	-	-	-	1	-	-	-	1	3,433
132,416	132,416	-	-	-	-	-	-	-	-	1	-	-	-	1	3,434
190,397	190,397	-	-	-	-	-	-	-	-	1	-	-	-	1	3,435
126,162	126,162	-	-	-	-	-	-	-	-	1	-	-	-	1	3,436
100,651	100,651	-	-	-	-	-	-	-	-	1	-	-	-	1	3,437
176,231	176,231	-	-	-	-	-	-	-	-	1	-	-	-	1	3,438
110,892	110,892	-	-	-	-	-	-	-	-	1	-	-	-	1	3,439
775,377	775,377	-	-	-	-	-	-	-	-	1	-	-	-	1	3,440
110,725	110,725	-	-	-	-	-	-	-	-	1	-	-	-	1	3,441
444,899	444,899	-	-	-	-	-	-	-	-	1	-	-	-	1	3,442
162,507	162,507	-	-	-	-	-	-	-	-	1	-	-	-	1	3,443
156,541	156,541	-	-	-	-	-	-	-	-	1	-	-	-	1	3,444
738,302	738,302	-	-	-	-	-	-	-	-	1	-	-	-	1	3,445
220,987	220,987	-	-	-	-	-	-	-	-	1	-	-	-	1	3,446
217,325	217,325	-	-	-	-	-	-	-	-	1	-	-	-	1	3,447
137,583	137,583	-	-	-	-	-	-	-	-	1	-	-	-	1	3,448
273,108	273,108	-	-	-	-	-	-	-	-	1	-	-	-	1	3,449
137,140	137,140	-	-	-	-	-	-	-	-	1	-	-	-	1	3,450
483,160	483,160	-	-	-	-	-	-	-	-	1	-	-	-	1	3,451
104,723	104,723	-	-	-	-	-	-	-	-	1	-	-	-	1	3,452
113,936	113,936	-	-	-	-	-	-	-	-	1	-	-	-	1	3,453
184,957	184,957	-	-	-	-	-	-	-	-	-	1	-	-	1	3,454
180,804	180,804	-	-	-	-	-	-	-	-	-	1	-	-	1	3,455
159,651	159,651	-	-	-	-	-	-	-	-	-	1	-	-	1	3,456
214,768	214,768	-	-	-	-	-	-	-	-	-	1	-	-	1	3,457
133,237	133,237	-	-	-	-	-	-	-	-	-	1	-	-	1	3,458
101,825	101,825	-	-	-	-	-	-	-	-	-	1	-	-	1	3,459
214,259	214,259	-	-	-	-	-	-	-	-	-	1	-	-	1	3,460
107,334	107,334	-	-	-	-	-	-	-	-	-	1	-	-	1	3,461
142,842	142,842	-	-	-	-	-	-	-	-	-	1	-	-	1	3,462
176,917	176,917	-	-	-	-	-	-	-	-	-	1	-	-	1	3,463
162,297	162,297	-	-	-	-	-	-	-	-	-	1	-	-	1	3,464
118,900	118,900	-	-	-	-	-	-	-	-	-	1	-	-	1	3,465
146,287	146,287	-	-	-	-	-	-	-	-	-	1	-	-	1	3,466
232,244	232,244	-	-	-	-	-	-	-	-	-	1	-	-	1	3,467
135,426	135,426	-	-	-	-	-	-	-	-	-	1	-	-	1	3,468
134,858	134,858	-	-	-	-	-	-	-	-	-	1	-	-	1	3,469
147,619	147,619	-	-	-	-	-	-	-	-	-	1	-	-	1	3,470
256,788	256,788	-	-	-	-	-	-	-	-	-	1	-	-	1	3,471
181,629	181,629	-	-	-	-	-	-	-	-	-	1	-	-	1	3,472

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

2 Inch Commercial

Exhibit

Schedule H-5

Page 8

Witness: Bourassa

Usage From:	Usage To:	Month of <u>May-22</u>	Month of <u>Jun-22</u>	Month of <u>Jul-22</u>	Month of <u>Aug-22</u>	Month of <u>Sep-22</u>	Month of <u>Oct-22</u>	Month of <u>Nov-22</u>	Month of <u>Dec-22</u>	Month of <u>Jan-23</u>	Month of <u>Feb-23</u>	Month of <u>Mar-23</u>	Month of <u>Apr-23</u>	Total Year	Cumul- ative Billing
760,946	760,946	-	-	-	-	-	-	-	-	-	1	-	-	1	3,473
170,001	170,001	-	-	-	-	-	-	-	-	-	1	-	-	1	3,474
143,635	143,635	-	-	-	-	-	-	-	-	-	1	-	-	1	3,475
113,114	113,114	-	-	-	-	-	-	-	-	-	1	-	-	1	3,476
235,065	235,065	-	-	-	-	-	-	-	-	-	1	-	-	1	3,477
175,040	175,040	-	-	-	-	-	-	-	-	-	1	-	-	1	3,478
356,026	356,026	-	-	-	-	-	-	-	-	-	1	-	-	1	3,479
487,290	487,290	-	-	-	-	-	-	-	-	-	1	-	-	1	3,480
174,176	174,176	-	-	-	-	-	-	-	-	-	1	-	-	1	3,481
179,537	179,537	-	-	-	-	-	-	-	-	-	1	-	-	1	3,482
637,548	637,548	-	-	-	-	-	-	-	-	-	1	-	-	1	3,483
115,094	115,094	-	-	-	-	-	-	-	-	-	1	-	-	1	3,484
449,021	449,021	-	-	-	-	-	-	-	-	-	1	-	-	1	3,485
165,361	165,361	-	-	-	-	-	-	-	-	-	1	-	-	1	3,486
164,262	164,262	-	-	-	-	-	-	-	-	-	1	-	-	1	3,487
600,912	600,912	-	-	-	-	-	-	-	-	-	1	-	-	1	3,488
148,710	148,710	-	-	-	-	-	-	-	-	-	1	-	-	1	3,489
202,901	202,901	-	-	-	-	-	-	-	-	-	1	-	-	1	3,490
148,257	148,257	-	-	-	-	-	-	-	-	-	1	-	-	1	3,491
107,469	107,469	-	-	-	-	-	-	-	-	-	1	-	-	1	3,492
254,875	254,875	-	-	-	-	-	-	-	-	-	1	-	-	1	3,493
173,446	173,446	-	-	-	-	-	-	-	-	-	1	-	-	1	3,494
441,462	441,462	-	-	-	-	-	-	-	-	-	1	-	-	1	3,495
170,958	170,958	-	-	-	-	-	-	-	-	-	1	-	-	1	3,496
180,148	180,148	-	-	-	-	-	-	-	-	-	-	1	-	1	3,497
174,504	174,504	-	-	-	-	-	-	-	-	-	-	1	-	1	3,498
155,570	155,570	-	-	-	-	-	-	-	-	-	-	1	-	1	3,499
218,792	218,792	-	-	-	-	-	-	-	-	-	-	1	-	1	3,500
115,234	115,234	-	-	-	-	-	-	-	-	-	-	1	-	1	3,501
201,134	201,134	-	-	-	-	-	-	-	-	-	-	1	-	1	3,502
146,582	146,582	-	-	-	-	-	-	-	-	-	-	1	-	1	3,503
221,575	221,575	-	-	-	-	-	-	-	-	-	-	1	-	1	3,504
131,561	131,561	-	-	-	-	-	-	-	-	-	-	1	-	1	3,505
140,655	140,655	-	-	-	-	-	-	-	-	-	-	1	-	1	3,506
199,518	199,518	-	-	-	-	-	-	-	-	-	-	1	-	1	3,507
129,529	129,529	-	-	-	-	-	-	-	-	-	-	1	-	1	3,508
126,463	126,463	-	-	-	-	-	-	-	-	-	-	1	-	1	3,509
195,396	195,396	-	-	-	-	-	-	-	-	-	-	1	-	1	3,510
253,792	253,792	-	-	-	-	-	-	-	-	-	-	1	-	1	3,511
135,910	135,910	-	-	-	-	-	-	-	-	-	-	1	-	1	3,512
617,243	617,243	-	-	-	-	-	-	-	-	-	-	1	-	1	3,513
167,814	167,814	-	-	-	-	-	-	-	-	-	-	1	-	1	3,514
124,679	124,679	-	-	-	-	-	-	-	-	-	-	1	-	1	3,515

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

2 Inch Commercial

Exhibit

Schedule H-5

Page 8

Witness: Bourassa

Usage From:	Usage To:	Month of <u>May-22</u>	Month of <u>Jun-22</u>	Month of <u>Jul-22</u>	Month of <u>Aug-22</u>	Month of <u>Sep-22</u>	Month of <u>Oct-22</u>	Month of <u>Nov-22</u>	Month of <u>Dec-22</u>	Month of <u>Jan-23</u>	Month of <u>Feb-23</u>	Month of <u>Mar-23</u>	Month of <u>Apr-23</u>	Total Year	Cumul- ative Billing
101,743	101,743	-	-	-	-	-	-	-	-	-	-	1	-	1	3,516
163,087	163,087	-	-	-	-	-	-	-	-	-	-	1	-	1	3,517
185,221	185,221	-	-	-	-	-	-	-	-	-	-	1	-	1	3,518
356,277	356,277	-	-	-	-	-	-	-	-	-	-	1	-	1	3,519
454,744	454,744	-	-	-	-	-	-	-	-	-	-	1	-	1	3,520
158,190	158,190	-	-	-	-	-	-	-	-	-	-	1	-	1	3,521
116,151	116,151	-	-	-	-	-	-	-	-	-	-	1	-	1	3,522
157,566	157,566	-	-	-	-	-	-	-	-	-	-	1	-	1	3,523
407,713	407,713	-	-	-	-	-	-	-	-	-	-	1	-	1	3,524
109,844	109,844	-	-	-	-	-	-	-	-	-	-	1	-	1	3,525
423,698	423,698	-	-	-	-	-	-	-	-	-	-	1	-	1	3,526
154,737	154,737	-	-	-	-	-	-	-	-	-	-	1	-	1	3,527
170,586	170,586	-	-	-	-	-	-	-	-	-	-	1	-	1	3,528
491,452	491,452	-	-	-	-	-	-	-	-	-	-	1	-	1	3,529
173,231	173,231	-	-	-	-	-	-	-	-	-	-	1	-	1	3,530
218,997	218,997	-	-	-	-	-	-	-	-	-	-	1	-	1	3,531
147,505	147,505	-	-	-	-	-	-	-	-	-	-	1	-	1	3,532
123,497	123,497	-	-	-	-	-	-	-	-	-	-	1	-	1	3,533
162,519	162,519	-	-	-	-	-	-	-	-	-	-	1	-	1	3,534
158,375	158,375	-	-	-	-	-	-	-	-	-	-	-	1	1	3,535
155,359	155,359	-	-	-	-	-	-	-	-	-	-	-	1	1	3,536
137,254	137,254	-	-	-	-	-	-	-	-	-	-	-	1	1	3,537
275,951	275,951	-	-	-	-	-	-	-	-	-	-	-	1	1	3,538
152,442	152,442	-	-	-	-	-	-	-	-	-	-	-	1	1	3,539
103,777	103,777	-	-	-	-	-	-	-	-	-	-	-	1	1	3,540
106,125	106,125	-	-	-	-	-	-	-	-	-	-	-	1	1	3,541
241,174	241,174	-	-	-	-	-	-	-	-	-	-	-	1	1	3,542
103,390	103,390	-	-	-	-	-	-	-	-	-	-	-	1	1	3,543
262,680	262,680	-	-	-	-	-	-	-	-	-	-	-	1	1	3,544
256,497	256,497	-	-	-	-	-	-	-	-	-	-	-	1	1	3,545
100,061	100,061	-	-	-	-	-	-	-	-	-	-	-	1	1	3,546
110,174	110,174	-	-	-	-	-	-	-	-	-	-	-	1	1	3,547
441,448	441,448	-	-	-	-	-	-	-	-	-	-	-	1	1	3,548
104,500	104,500	-	-	-	-	-	-	-	-	-	-	-	1	1	3,549
153,991	153,991	-	-	-	-	-	-	-	-	-	-	-	1	1	3,550
198,561	198,561	-	-	-	-	-	-	-	-	-	-	-	1	1	3,551
153,214	153,214	-	-	-	-	-	-	-	-	-	-	-	1	1	3,552
157,428	157,428	-	-	-	-	-	-	-	-	-	-	-	1	1	3,553
130,907	130,907	-	-	-	-	-	-	-	-	-	-	-	1	1	3,554
176,197	176,197	-	-	-	-	-	-	-	-	-	-	-	1	1	3,555
107,500	107,500	-	-	-	-	-	-	-	-	-	-	-	1	1	3,556
133,329	133,329	-	-	-	-	-	-	-	-	-	-	-	1	1	3,557
312,920	312,920	-	-	-	-	-	-	-	-	-	-	-	1	1	3,558

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size: 2 Inch Commercial

Exhibit

Schedule H-5

Page 8

Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumulative Billing
136,262	136,262	-	-	-	-	-	-	-	-	-	-	-	1	1	3,559
137,692	137,692	-	-	-	-	-	-	-	-	-	-	-	1	1	3,560
882,252	882,252	-	-	-	-	-	-	-	-	-	-	-	1	1	3,561
294,816	294,816	-	-	-	-	-	-	-	-	-	-	-	1	1	3,562
142,252	142,252	-	-	-	-	-	-	-	-	-	-	-	1	1	3,563
123,338	123,338	-	-	-	-	-	-	-	-	-	-	-	1	1	3,564
101,542	101,542	-	-	-	-	-	-	-	-	-	-	-	1	1	3,565
121,154	121,154	-	-	-	-	-	-	-	-	-	-	-	1	1	3,566
259,828	259,828	-	-	-	-	-	-	-	-	-	-	-	1	1	3,567
105,957	105,957	-	-	-	-	-	-	-	-	-	-	-	1	1	3,568
118,257	118,257	-	-	-	-	-	-	-	-	-	-	-	1	1	3,569
220,230	220,230	-	-	-	-	-	-	-	-	-	-	-	1	1	3,570
360,561	360,561	-	-	-	-	-	-	-	-	-	-	-	1	1	3,571
445,166	445,166	-	-	-	-	-	-	-	-	-	-	-	1	1	3,572
101,514	101,514	-	-	-	-	-	-	-	-	-	-	-	1	1	3,573
231,046	231,046	-	-	-	-	-	-	-	-	-	-	-	1	1	3,574
122,916	122,916	-	-	-	-	-	-	-	-	-	-	-	1	1	3,575
182,682	182,682	-	-	-	-	-	-	-	-	-	-	-	1	1	3,576
138,283	138,283	-	-	-	-	-	-	-	-	-	-	-	1	1	3,577
114,102	114,102	-	-	-	-	-	-	-	-	-	-	-	1	1	3,578
351,844	351,844	-	-	-	-	-	-	-	-	-	-	-	1	1	3,579
270,061	270,061	-	-	-	-	-	-	-	-	-	-	-	1	1	3,580
390,002	390,002	-	-	-	-	-	-	-	-	-	-	-	1	1	3,581
108,886	108,886	-	-	-	-	-	-	-	-	-	-	-	1	1	3,582
100,017	100,017	-	-	-	-	-	-	-	-	-	-	-	1	1	3,583
358,701	358,701	-	-	-	-	-	-	-	-	-	-	-	1	1	3,584
430,743	430,743	-	-	-	-	-	-	-	-	-	-	-	1	1	3,585
158,779	158,779	-	-	-	-	-	-	-	-	-	-	-	1	1	3,586
161,236	161,236	-	-	-	-	-	-	-	-	-	-	-	1	1	3,587
516,899	516,899	-	-	-	-	-	-	-	-	-	-	-	1	1	3,588
263,022	263,022	-	-	-	-	-	-	-	-	-	-	-	1	1	3,589
222,887	222,887	-	-	-	-	-	-	-	-	-	-	-	1	1	3,590
151,198	151,198	-	-	-	-	-	-	-	-	-	-	-	1	1	3,591
144,326	144,326	-	-	-	-	-	-	-	-	-	-	-	1	1	3,592
178,239	178,239	-	-	-	-	-	-	-	-	-	-	-	1	1	3,593
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,593
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,593

Totals	297	310	291	300	300	301	298	297	297	298	300	304	3,593	
									Average Usage				72,926	
									Median Usage				29,500	
									Average # Customers				299	
									Change in Number of Customers				7	

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

3 Inch Commercial

Exhibit

Schedule H-5

Page 9

Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
-	-	1	1	1	1	-	-	1	2	2	1	2	-	12	12	-
1	1,000	-	1	1	1	1	2	1	-	-	1	1	1	10	22	5
1,001	2,000	-	-	-	1	-	-	-	-	1	-	-	-	2	24	8
2,001	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24	8
3,001	4,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24	8
4,001	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24	8
5,001	6,000	1	-	1	-	1	-	-	-	-	1	-	1	5	29	36
6,001	7,000	-	-	-	-	-	-	-	-	1	-	-	-	1	30	42
7,001	8,000	-	-	-	-	1	-	-	-	-	-	-	1	2	32	57
8,001	9,000	-	-	-	-	-	-	-	-	1	1	1	1	4	36	91
9,001	10,000	-	-	-	1	-	-	-	-	-	1	-	1	3	39	120
10,001	11,000	1	-	-	1	-	-	-	1	1	-	-	-	4	43	162
11,001	12,000	1	1	2	1	1	-	-	-	-	1	-	-	7	50	242
12,001	13,000	-	1	-	-	1	-	-	2	-	-	1	-	5	55	305
13,001	14,000	-	-	-	-	-	-	1	-	-	-	-	-	1	56	318
14,001	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	56	318
15,001	16,000	-	-	-	-	-	-	-	-	-	-	-	-	-	56	318
16,001	17,000	-	-	-	-	-	1	-	-	-	-	-	-	1	57	335
17,001	18,000	-	-	-	-	-	-	-	-	1	1	-	-	2	59	370
18,001	19,000	-	-	-	-	-	-	-	1	-	-	-	-	1	60	388
19,001	20,000	1	-	-	-	-	-	-	-	2	-	-	-	3	63	447
20,001	21,000	-	1	-	-	-	1	-	-	-	-	2	-	4	67	529
21,001	22,000	-	-	2	-	-	-	-	-	1	-	-	1	4	71	615
22,001	23,000	-	-	-	-	-	-	-	-	1	1	-	-	2	73	660
23,001	24,000	-	-	-	1	-	-	-	-	-	-	1	-	2	75	707
24,001	25,000	-	-	-	-	-	-	1	-	-	1	-	-	2	77	756
25,001	26,000	-	-	1	-	-	-	1	-	1	-	-	-	3	80	832
26,001	27,000	-	-	-	-	-	-	-	-	-	-	-	-	-	80	832
27,001	28,000	-	-	-	-	1	-	1	-	-	-	-	-	2	82	887
28,001	29,000	-	-	-	-	-	-	2	1	-	-	-	1	4	86	1,001
29,001	30,000	-	-	-	-	-	-	-	-	-	-	1	1	2	88	1,060
30,001	31,000	-	-	-	-	-	-	-	2	-	-	-	-	2	90	1,121
31,001	32,000	-	-	-	1	-	-	-	-	-	-	-	-	1	91	1,153
32,001	33,000	-	1	-	-	1	1	-	-	-	1	-	-	4	95	1,283
33,001	34,000	-	-	-	1	-	-	-	1	-	-	2	-	4	99	1,417
34,001	35,000	2	-	-	-	-	-	-	-	-	1	-	-	3	102	1,520
35,001	36,000	-	-	-	-	-	1	1	-	-	1	1	-	4	106	1,662
36,001	37,000	1	-	-	-	-	-	-	-	-	-	1	-	2	108	1,735
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	1,735
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	1,735

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

3 Inch Commercial

Exhibit

Schedule H-5

Page 9

Witness: Bourassa

Usage From:	Usage To:	Month of <u>May-22</u>	Month of <u>Jun-22</u>	Month of <u>Jul-22</u>	Month of <u>Aug-22</u>	Month of <u>Sep-22</u>	Month of <u>Oct-22</u>	Month of <u>Nov-22</u>	Month of <u>Dec-22</u>	Month of <u>Jan-23</u>	Month of <u>Feb-23</u>	Month of <u>Mar-23</u>	Month of <u>Apr-23</u>	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
39,001	40,000	-	1	1	1	-	-	-	-	1	-	-	-	4	112	1,893
40,001	41,000	-	-	-	-	1	-	-	-	-	-	-	-	1	113	1,934
41,001	42,000	-	-	-	-	-	-	1	-	-	-	-	-	1	114	1,975
42,001	43,000	1	1	-	-	-	1	-	-	-	-	-	1	4	118	2,145
43,001	44,000	1	-	-	-	-	-	-	-	-	-	-	-	1	119	2,189
44,001	45,000	-	-	-	-	1	-	-	1	-	-	-	-	2	121	2,278
45,001	46,000	-	-	-	-	-	-	-	-	-	-	-	-	-	121	2,278
46,001	47,000	-	-	1	1	1	-	-	-	-	-	-	-	3	124	2,417
47,001	48,000	-	-	-	-	-	-	-	-	-	1	-	-	1	125	2,465
48,001	49,000	-	1	-	-	-	1	-	-	-	-	-	-	2	127	2,562
49,001	50,000	-	-	-	1	-	1	-	-	1	-	-	-	3	130	2,710
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	130	2,710
51,001	52,000	-	1	-	1	-	-	-	-	-	-	-	-	2	132	2,813
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	132	2,813
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	132	2,813
54,001	55,000	1	-	-	-	-	-	-	-	-	-	-	-	1	133	2,868
55,001	56,000	-	-	-	-	1	-	-	1	-	-	-	-	2	135	2,979
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	135	2,979
57,001	58,000	-	-	-	-	-	1	2	1	-	-	-	-	4	139	3,209
58,001	59,000	-	-	-	-	-	-	-	-	-	-	1	-	1	140	3,267
59,001	60,000	1	-	-	-	-	-	-	-	-	-	-	-	1	141	3,327
60,001	61,000	-	-	1	-	-	-	-	-	-	-	1	-	2	143	3,448
61,001	62,000	-	-	-	-	1	1	-	-	-	-	-	-	2	145	3,571
62,001	63,000	-	-	-	-	-	-	1	-	-	1	-	-	2	147	3,696
63,001	64,000	-	-	1	-	-	-	-	-	-	-	-	-	1	148	3,759
64,001	65,000	-	-	-	-	-	-	-	1	-	-	-	-	1	149	3,824
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	149	3,824
66,001	67,000	-	-	-	-	-	-	1	-	-	-	-	1	2	151	3,957
67,001	68,000	-	-	-	-	-	-	1	-	-	1	-	-	2	153	4,092
68,001	69,000	-	-	-	-	-	1	-	-	-	-	-	-	1	154	4,160
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	154	4,160
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	1	1	155	4,231
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	155	4,231
72,001	73,000	-	-	-	-	-	-	-	-	1	-	-	-	1	156	4,303
73,001	74,000	-	-	-	-	-	-	-	1	-	-	-	-	1	157	4,377
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	157	4,377
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	157	4,377
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	157	4,377
77,001	78,000	-	-	-	1	-	-	-	-	-	-	-	-	1	158	4,454
78,001	79,000	-	-	-	-	1	-	-	-	-	-	-	-	1	159	4,533

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

3 Inch Commercial

Exhibit

Schedule H-5

Page 9

Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	159	4,533
80,001	81,000	1	-	-	-	1	-	-	1	-	-	-	1	4	163	4,855
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	163	4,855
82,001	83,000	-	-	-	-	-	1	-	-	-	1	-	-	2	165	5,020
83,001	84,000	1	1	-	-	-	1	-	-	1	-	-	-	4	169	5,354
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	169	5,354
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	169	5,354
86,001	87,000	-	-	-	-	-	1	-	-	-	-	-	-	1	170	5,440
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	170	5,440
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	170	5,440
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	170	5,440
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	170	5,440
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	170	5,440
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	170	5,440
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	170	5,440
94,001	95,000	-	2	-	-	1	-	-	-	-	-	-	-	3	173	5,724
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	173	5,724
96,001	97,000	-	-	-	-	-	1	-	-	-	-	-	-	1	174	5,820
97,001	98,000	-	-	1	-	-	-	-	-	-	-	-	-	1	175	5,918
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	175	5,918
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	175	5,918
161,536	161,536	1	-	-	-	-	-	-	-	-	-	-	-	1	176	6,079
219,817	219,817	1	-	-	-	-	-	-	-	-	-	-	-	1	177	6,299
210,428	210,428	1	-	-	-	-	-	-	-	-	-	-	-	1	178	6,509
287,136	287,136	1	-	-	-	-	-	-	-	-	-	-	-	1	179	6,796
158,500	158,500	1	-	-	-	-	-	-	-	-	-	-	-	1	180	6,955
151,331	151,331	1	-	-	-	-	-	-	-	-	-	-	-	1	181	7,106
541,404	541,404	1	-	-	-	-	-	-	-	-	-	-	-	1	182	7,648
184,501	184,501	1	-	-	-	-	-	-	-	-	-	-	-	1	183	7,832
101,376	101,376	1	-	-	-	-	-	-	-	-	-	-	-	1	184	7,934
580,796	580,796	1	-	-	-	-	-	-	-	-	-	-	-	1	185	8,514
256,789	256,789	1	-	-	-	-	-	-	-	-	-	-	-	1	186	8,771
108,692	108,692	1	-	-	-	-	-	-	-	-	-	-	-	1	187	8,880
298,144	298,144	1	-	-	-	-	-	-	-	-	-	-	-	1	188	9,178
719,283	719,283	1	-	-	-	-	-	-	-	-	-	-	-	1	189	9,897
181,108	181,108	-	1	-	-	-	-	-	-	-	-	-	-	1	190	10,078
229,051	229,051	-	1	-	-	-	-	-	-	-	-	-	-	1	191	10,307
237,356	237,356	-	1	-	-	-	-	-	-	-	-	-	-	1	192	10,545
276,988	276,988	-	1	-	-	-	-	-	-	-	-	-	-	1	193	10,822
113,962	113,962	-	1	-	-	-	-	-	-	-	-	-	-	1	194	10,936

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

3 Inch Commercial

Exhibit

Schedule H-5

Page 9

Witness: Bourassa

Usage From:	Usage To:	Month of <u>May-22</u>	Month of <u>Jun-22</u>	Month of <u>Jul-22</u>	Month of <u>Aug-22</u>	Month of <u>Sep-22</u>	Month of <u>Oct-22</u>	Month of <u>Nov-22</u>	Month of <u>Dec-22</u>	Month of <u>Jan-23</u>	Month of <u>Feb-23</u>	Month of <u>Mar-23</u>	Month of <u>Apr-23</u>	Total Year	Cumul- ative Billing	Cumul- ative Gallons (in 1,000's)
152,600	152,600	-	1	-	-	-	-	-	-	-	-	-	-	1	195	11,088
150,386	150,386	-	1	-	-	-	-	-	-	-	-	-	-	1	196	11,239
667,862	667,862	-	1	-	-	-	-	-	-	-	-	-	-	1	197	11,907
175,271	175,271	-	1	-	-	-	-	-	-	-	-	-	-	1	198	12,082
121,469	121,469	-	1	-	-	-	-	-	-	-	-	-	-	1	199	12,203
1,130,626	1,130,626	-	1	-	-	-	-	-	-	-	-	-	-	1	200	13,334
109,801	109,801	-	1	-	-	-	-	-	-	-	-	-	-	1	201	13,444
309,055	309,055	-	1	-	-	-	-	-	-	-	-	-	-	1	202	13,753
329,078	329,078	-	1	-	-	-	-	-	-	-	-	-	-	1	203	14,082
729,420	729,420	-	1	-	-	-	-	-	-	-	-	-	-	1	204	14,811
205,897	205,897	-	-	1	-	-	-	-	-	-	-	-	-	1	205	15,017
262,596	262,596	-	-	1	-	-	-	-	-	-	-	-	-	1	206	15,280
269,800	269,800	-	-	1	-	-	-	-	-	-	-	-	-	1	207	15,550
329,877	329,877	-	-	1	-	-	-	-	-	-	-	-	-	1	208	15,880
100,275	100,275	-	-	1	-	-	-	-	-	-	-	-	-	1	209	15,980
130,800	130,800	-	-	1	-	-	-	-	-	-	-	-	-	1	210	16,111
156,200	156,200	-	-	1	-	-	-	-	-	-	-	-	-	1	211	16,267
205,054	205,054	-	-	1	-	-	-	-	-	-	-	-	-	1	212	16,472
768,209	768,209	-	-	1	-	-	-	-	-	-	-	-	-	1	213	17,240
147,311	147,311	-	-	1	-	-	-	-	-	-	-	-	-	1	214	17,387
145,892	145,892	-	-	1	-	-	-	-	-	-	-	-	-	1	215	17,533
147,195	147,195	-	-	1	-	-	-	-	-	-	-	-	-	1	216	17,680
207,477	207,477	-	-	1	-	-	-	-	-	-	-	-	-	1	217	17,888
352,557	352,557	-	-	1	-	-	-	-	-	-	-	-	-	1	218	18,240
724,488	724,488	-	-	1	-	-	-	-	-	-	-	-	-	1	219	18,965
144,581	144,581	-	-	-	1	-	-	-	-	-	-	-	-	1	220	19,110
208,267	208,267	-	-	-	1	-	-	-	-	-	-	-	-	1	221	19,318
215,236	215,236	-	-	-	1	-	-	-	-	-	-	-	-	1	222	19,533
270,137	270,137	-	-	-	1	-	-	-	-	-	-	-	-	1	223	19,803
181,100	181,100	-	-	-	1	-	-	-	-	-	-	-	-	1	224	19,984
134,646	134,646	-	-	-	1	-	-	-	-	-	-	-	-	1	225	20,119
665,158	665,158	-	-	-	1	-	-	-	-	-	-	-	-	1	226	20,784
177,146	177,146	-	-	-	1	-	-	-	-	-	-	-	-	1	227	20,961
110,100	110,100	-	-	-	1	-	-	-	-	-	-	-	-	1	228	21,071
154,540	154,540	-	-	-	1	-	-	-	-	-	-	-	-	1	229	21,226
187,079	187,079	-	-	-	1	-	-	-	-	-	-	-	-	1	230	21,413
116,398	116,398	-	-	-	1	-	-	-	-	-	-	-	-	1	231	21,529
283,427	283,427	-	-	-	1	-	-	-	-	-	-	-	-	1	232	21,813
574,343	574,343	-	-	-	1	-	-	-	-	-	-	-	-	1	233	22,387
155,901	155,901	-	-	-	-	1	-	-	-	-	-	-	-	1	234	22,543

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

3 Inch Commercial

Exhibit

Schedule H-5

Page 9

Witness: Bourassa

Usage From:	Usage To:	Month of <u>May-22</u>	Month of <u>Jun-22</u>	Month of <u>Jul-22</u>	Month of <u>Aug-22</u>	Month of <u>Sep-22</u>	Month of <u>Oct-22</u>	Month of <u>Nov-22</u>	Month of <u>Dec-22</u>	Month of <u>Jan-23</u>	Month of <u>Feb-23</u>	Month of <u>Mar-23</u>	Month of <u>Apr-23</u>	Total Year	Cumul- ative Billing	Cumul- ative Gallons (in 1,000's)
239,150	239,150	-	-	-	-	1	-	-	-	-	-	-	-	1	235	22,782
268,058	268,058	-	-	-	-	1	-	-	-	-	-	-	-	1	236	23,050
331,786	331,786	-	-	-	-	1	-	-	-	-	-	-	-	1	237	23,382
183,900	183,900	-	-	-	-	1	-	-	-	-	-	-	-	1	238	23,566
145,639	145,639	-	-	-	-	1	-	-	-	-	-	-	-	1	239	23,712
629,011	629,011	-	-	-	-	1	-	-	-	-	-	-	-	1	240	24,341
174,613	174,613	-	-	-	-	1	-	-	-	-	-	-	-	1	241	24,515
169,701	169,701	-	-	-	-	1	-	-	-	-	-	-	-	1	242	24,685
238,426	238,426	-	-	-	-	1	-	-	-	-	-	-	-	1	243	24,923
139,383	139,383	-	-	-	-	1	-	-	-	-	-	-	-	1	244	25,063
270,930	270,930	-	-	-	-	1	-	-	-	-	-	-	-	1	245	25,334
645,836	645,836	-	-	-	-	1	-	-	-	-	-	-	-	1	246	25,979
220,657	220,657	-	-	-	-	-	1	-	-	-	-	-	-	1	247	26,200
227,726	227,726	-	-	-	-	-	1	-	-	-	-	-	-	1	248	26,428
272,946	272,946	-	-	-	-	-	1	-	-	-	-	-	-	1	249	26,701
307,615	307,615	-	-	-	-	-	1	-	-	-	-	-	-	1	250	27,008
195,200	195,200	-	-	-	-	-	1	-	-	-	-	-	-	1	251	27,204
162,255	162,255	-	-	-	-	-	1	-	-	-	-	-	-	1	252	27,366
385,935	385,935	-	-	-	-	-	1	-	-	-	-	-	-	1	253	27,752
174,056	174,056	-	-	-	-	-	1	-	-	-	-	-	-	1	254	27,926
108,271	108,271	-	-	-	-	-	1	-	-	-	-	-	-	1	255	28,034
172,622	172,622	-	-	-	-	-	1	-	-	-	-	-	-	1	256	28,207
254,016	254,016	-	-	-	-	-	1	-	-	-	-	-	-	1	257	28,461
737,559	737,559	-	-	-	-	-	1	-	-	-	-	-	-	1	258	29,198
272,587	272,587	-	-	-	-	-	-	1	-	-	-	-	-	1	259	29,471
146,756	146,756	-	-	-	-	-	-	1	-	-	-	-	-	1	260	29,618
219,929	219,929	-	-	-	-	-	-	1	-	-	-	-	-	1	261	29,838
251,553	251,553	-	-	-	-	-	-	1	-	-	-	-	-	1	262	30,089
102,638	102,638	-	-	-	-	-	-	1	-	-	-	-	-	1	263	30,192
168,400	168,400	-	-	-	-	-	-	1	-	-	-	-	-	1	264	30,360
163,374	163,374	-	-	-	-	-	-	1	-	-	-	-	-	1	265	30,524
371,075	371,075	-	-	-	-	-	-	1	-	-	-	-	-	1	266	30,895
189,796	189,796	-	-	-	-	-	-	1	-	-	-	-	-	1	267	31,084
126,619	126,619	-	-	-	-	-	-	1	-	-	-	-	-	1	268	31,211
137,711	137,711	-	-	-	-	-	-	1	-	-	-	-	-	1	269	31,349
217,818	217,818	-	-	-	-	-	-	1	-	-	-	-	-	1	270	31,567
538,950	538,950	-	-	-	-	-	-	1	-	-	-	-	-	1	271	32,106
276,120	276,120	-	-	-	-	-	-	-	1	-	-	-	-	1	272	32,382
124,798	124,798	-	-	-	-	-	-	-	1	-	-	-	-	1	273	32,506
237,267	237,267	-	-	-	-	-	-	-	1	-	-	-	-	1	274	32,744

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

3 Inch Commercial

Exhibit

Schedule H-5

Page 9

Witness: Bourassa

Usage From:	Usage To:	Month of <u>May-22</u>	Month of <u>Jun-22</u>	Month of <u>Jul-22</u>	Month of <u>Aug-22</u>	Month of <u>Sep-22</u>	Month of <u>Oct-22</u>	Month of <u>Nov-22</u>	Month of <u>Dec-22</u>	Month of <u>Jan-23</u>	Month of <u>Feb-23</u>	Month of <u>Mar-23</u>	Month of <u>Apr-23</u>	Total Year	Cumul- ative Billing	Cumul- ative Gallons (in 1,000's)
275,762	275,762	-	-	-	-	-	-	-	1	-	-	-	-	1	275	33,019
148,400	148,400	-	-	-	-	-	-	-	1	-	-	-	-	1	276	33,168
161,370	161,370	-	-	-	-	-	-	-	1	-	-	-	-	1	277	33,329
218,488	218,488	-	-	-	-	-	-	-	1	-	-	-	-	1	278	33,548
158,528	158,528	-	-	-	-	-	-	-	1	-	-	-	-	1	279	33,706
141,310	141,310	-	-	-	-	-	-	-	1	-	-	-	-	1	280	33,848
129,421	129,421	-	-	-	-	-	-	-	1	-	-	-	-	1	281	33,977
219,386	219,386	-	-	-	-	-	-	-	1	-	-	-	-	1	282	34,196
591,414	591,414	-	-	-	-	-	-	-	1	-	-	-	-	1	283	34,788
205,449	205,449	-	-	-	-	-	-	-	-	1	-	-	-	1	284	34,993
125,024	125,024	-	-	-	-	-	-	-	-	1	-	-	-	1	285	35,118
265,827	265,827	-	-	-	-	-	-	-	-	1	-	-	-	1	286	35,384
298,900	298,900	-	-	-	-	-	-	-	-	1	-	-	-	1	287	35,683
100,486	100,486	-	-	-	-	-	-	-	-	1	-	-	-	1	288	35,783
145,600	145,600	-	-	-	-	-	-	-	-	1	-	-	-	1	289	35,929
149,532	149,532	-	-	-	-	-	-	-	-	1	-	-	-	1	290	36,079
197,332	197,332	-	-	-	-	-	-	-	-	1	-	-	-	1	291	36,276
166,525	166,525	-	-	-	-	-	-	-	-	1	-	-	-	1	292	36,442
126,971	126,971	-	-	-	-	-	-	-	-	1	-	-	-	1	293	36,569
192,498	192,498	-	-	-	-	-	-	-	-	1	-	-	-	1	294	36,762
498,916	498,916	-	-	-	-	-	-	-	-	1	-	-	-	1	295	37,261
208,112	208,112	-	-	-	-	-	-	-	-	-	1	-	-	1	296	37,469
116,793	116,793	-	-	-	-	-	-	-	-	-	1	-	-	1	297	37,586
226,699	226,699	-	-	-	-	-	-	-	-	-	1	-	-	1	298	37,812
272,034	272,034	-	-	-	-	-	-	-	-	-	1	-	-	1	299	38,084
157,700	157,700	-	-	-	-	-	-	-	-	-	1	-	-	1	300	38,242
153,789	153,789	-	-	-	-	-	-	-	-	-	1	-	-	1	301	38,396
215,459	215,459	-	-	-	-	-	-	-	-	-	1	-	-	1	302	38,611
156,737	156,737	-	-	-	-	-	-	-	-	-	1	-	-	1	303	38,768
170,395	170,395	-	-	-	-	-	-	-	-	-	1	-	-	1	304	38,939
120,508	120,508	-	-	-	-	-	-	-	-	-	1	-	-	1	305	39,059
214,438	214,438	-	-	-	-	-	-	-	-	-	1	-	-	1	306	39,274
510,568	510,568	-	-	-	-	-	-	-	-	-	1	-	-	1	307	39,784
188,882	188,882	-	-	-	-	-	-	-	-	-	-	1	-	1	308	39,973
109,827	109,827	-	-	-	-	-	-	-	-	-	-	1	-	1	309	40,083
204,830	204,830	-	-	-	-	-	-	-	-	-	-	1	-	1	310	40,288
240,886	240,886	-	-	-	-	-	-	-	-	-	-	1	-	1	311	40,529
119,200	119,200	-	-	-	-	-	-	-	-	-	-	1	-	1	312	40,648
154,830	154,830	-	-	-	-	-	-	-	-	-	-	1	-	1	313	40,803
212,548	212,548	-	-	-	-	-	-	-	-	-	-	1	-	1	314	41,015

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

3 Inch Commercial

Exhibit

Schedule H-5

Page 9

Witness: Bourassa

Usage From:	Usage To:	Month of <u>May-22</u>	Month of <u>Jun-22</u>	Month of <u>Jul-22</u>	Month of <u>Aug-22</u>	Month of <u>Sep-22</u>	Month of <u>Oct-22</u>	Month of <u>Nov-22</u>	Month of <u>Dec-22</u>	Month of <u>Jan-23</u>	Month of <u>Feb-23</u>	Month of <u>Mar-23</u>	Month of <u>Apr-23</u>	Total Year	Cumul- ative Billing	Cumul- ative Gallons (in 1,000's)
162,484	162,484	-	-	-	-	-	-	-	-	-	-	1	-	1	315	41,178
123,267	123,267	-	-	-	-	-	-	-	-	-	-	1	-	1	316	41,301
128,296	128,296	-	-	-	-	-	-	-	-	-	-	1	-	1	317	41,429
189,987	189,987	-	-	-	-	-	-	-	-	-	-	1	-	1	318	41,619
469,920	469,920	-	-	-	-	-	-	-	-	-	-	1	-	1	319	42,089
220,001	220,001	-	-	-	-	-	-	-	-	-	-	-	1	1	320	42,309
134,630	134,630	-	-	-	-	-	-	-	-	-	-	-	1	1	321	42,444
256,261	256,261	-	-	-	-	-	-	-	-	-	-	-	1	1	322	42,700
293,575	293,575	-	-	-	-	-	-	-	-	-	-	-	1	1	323	42,994
142,800	142,800	-	-	-	-	-	-	-	-	-	-	-	1	1	324	43,136
273,660	273,660	-	-	-	-	-	-	-	-	-	-	-	1	1	325	43,410
200,024	200,024	-	-	-	-	-	-	-	-	-	-	-	1	1	326	43,610
114,625	114,625	-	-	-	-	-	-	-	-	-	-	-	1	1	327	43,725
208,100	208,100	-	-	-	-	-	-	-	-	-	-	-	1	1	328	43,933
665,136	665,136	-	-	-	-	-	-	-	-	-	-	-	1	1	329	44,598
151,166	151,166	-	-	-	-	-	-	-	-	-	-	-	1	1	330	44,749
133990	133,990	-	-	-	-	-	-	-	-	-	-	-	1	1	331	44,883
271397	271,397	-	-	-	-	-	-	-	-	-	-	-	1	1	332	45,154
559665	559,665	-	-	-	-	-	-	-	-	-	-	-	1	1	333	45,714
230358	230,358	-	-	-	-	-	-	-	-	-	-	-	1	1	334	45,944
-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	334	45,944
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45,944
Totals		<u>28</u>	<u>28</u>	<u>28</u>	<u>28</u>	<u>28</u>	<u>28</u>	<u>28</u>	<u>28</u>	<u>28</u>	<u>28</u>	<u>27</u>	<u>27</u>	<u>334</u>		

Average Usage	137,558
Median Usage	83,000
Average # Customers	28
Change in Number of Customers	(1)

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

4 Inch Commercial

Exhibit

Schedule H-5

Page 10

Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	16	279
82,001	83,000	-	-	-	-	-	-	-	-	-	-	1	-	1	17	362
83,001	84,000	-	-	-	-	-	-	-	-	-	1	-	-	1	18	445
84,001	85,000	-	-	-	-	-	-	2	-	-	-	-	-	2	20	614
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	20	614
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	20	614
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	20	614
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	20	614
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	20	614
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	20	614
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	20	614
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	20	614
93,001	94,000	1	-	-	-	-	-	-	-	-	-	-	-	1	21	708
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	21	708
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	21	708
96,001	97,000	-	-	-	-	-	-	-	-	-	-	1	-	1	22	804
97,001	98,000	-	-	-	-	1	-	-	-	1	-	-	-	2	24	999
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	1	1	25	1,098
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	25	1,098
100,910	100,910	-	1	-	-	-	-	-	-	-	-	-	-	1	26	1,198
101,200	101,200	1	-	-	-	-	-	-	-	-	-	-	-	1	27	1,300
101,900	101,900	-	-	-	-	-	1	-	-	-	-	-	-	1	28	1,402
102,710	102,710	-	-	-	1	-	-	-	-	-	-	-	-	1	29	1,504
102,960	102,960	-	-	-	-	-	-	-	-	-	-	-	1	1	30	1,607
105,000	105,000	-	1	-	-	-	-	-	-	-	-	-	-	1	31	1,712
120,160	120,160	-	-	1	-	-	-	-	-	-	-	-	-	1	32	1,832
121,000	121,000	-	-	-	-	-	1	-	-	1	-	-	-	2	34	2,074
133,000	133,000	-	-	-	-	1	-	-	-	-	1	-	-	2	36	2,340
145,000	145,000	-	-	-	1	-	-	-	-	-	-	-	-	1	37	2,485
175,000	175,000	-	-	1	-	-	-	-	-	-	-	-	-	1	38	2,660
211,060	211,060	-	-	-	-	-	-	-	-	-	-	1	-	1	39	2,871
218,030	218,030	1	-	-	-	-	-	-	-	-	-	-	-	1	40	3,089
221,550	221,550	-	-	-	-	-	-	-	-	1	-	-	-	1	41	3,311
223,690	223,690	-	-	-	-	-	-	-	-	-	-	1	-	1	42	3,535
227,321	227,321	-	1	-	-	-	-	-	-	-	-	-	-	1	43	3,762
233,120	233,120	1	-	-	-	-	-	-	-	-	-	-	-	1	44	3,995
236,200	236,200	-	-	-	-	-	-	-	1	-	-	-	-	1	45	4,231
237,630	237,630	-	-	1	-	-	-	-	-	-	-	-	-	1	46	4,469
240,620	240,620	-	-	-	-	-	-	-	-	1	-	-	-	1	47	4,710
242,900	242,900	-	-	-	1	-	-	-	-	-	-	-	-	1	48	4,952
243,160	243,160	-	-	-	-	-	-	-	-	-	-	-	1	1	49	5,196

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

6 Inch Commercial

Meter Size:

Exhibit

Schedule H-5

Page 11

Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)				
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	464				
82,001	83,000	-	1	-	-	-	-	-	-	-	-	-	-	1	11	547				
83,001	84,000	-	-	-	-	-	1	-	-	-	-	-	-	1	12	630				
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	630				
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	630				
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	630				
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	630				
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	630				
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	630				
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	630				
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	630				
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	630				
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	630				
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	630				
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	630				
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	630				
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	630				
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	630				
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	630				
225,000	225,000	-	-	-	-	-	1	-	-	-	-	-	-	1	13	855				
228,000	228,000	-	-	-	1	-	-	-	-	-	-	-	-	1	14	1,083				
240,000	240,000	-	-	-	-	1	-	-	-	-	-	-	-	1	15	1,323				
256,000	256,000	-	-	1	-	-	-	-	-	-	-	-	-	1	16	1,579				
267,000	267,000	-	1	-	-	-	-	-	-	-	-	-	-	1	17	1,846				
281,000	281,000	-	-	-	-	-	-	-	1	-	-	-	-	1	18	2,127				
283,000	283,000	-	-	-	-	-	-	-	-	1	-	-	-	1	19	2,410				
286,000	286,000	-	-	-	-	-	-	-	-	-	1	1	-	2	21	2,982				
294,000	294,000	1	-	-	-	-	-	-	-	-	-	-	-	1	22	3,276				
300,000	300,000	-	-	-	-	-	-	1	-	-	-	-	-	1	23	3,576				
341,000	341,000	-	-	-	-	-	-	-	-	-	-	-	1	1	24	3,917				
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24	3,917				
Totals		2	2	2	2	2	2	2	2	2	2	2	2	24						
																Average Usage	163,209			
																	Median Usage	154,250		
																		Average # Customers	2	
																			Change in Number of Customers	-

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

8 Inch Commercial

Meter Size:

Exhibit

Schedule H-5

Page 12

Witness: Bourassa

Usage From:	Usage To:	Month of <u>May-22</u>	Month of <u>Jun-22</u>	Month of <u>Jul-22</u>	Month of <u>Aug-22</u>	Month of <u>Sep-22</u>	Month of <u>Oct-22</u>	Month of <u>Nov-22</u>	Month of <u>Dec-22</u>	Month of <u>Jan-23</u>	Month of <u>Feb-23</u>	Month of <u>Mar-23</u>	Month of <u>Apr-23</u>	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	8
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	8
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	8
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	8
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	8
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	8
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	8
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	8
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	8
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	8
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	8
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	8
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	8
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	8
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	8
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	8
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	8
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	8
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	8
500000	500,000	-	-	-	-	-	-	-	1	-	-	-	-	1	10	508
599690	599,690	-	-	-	-	-	-	-	-	-	-	1	1	2	12	1,707
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12	1,707
Totals		1	1	1	1	1	1	1	1	1	1	1	1	12		

Average Usage	142,240
Median Usage	500
Average # Customers	1
Change in Number of Customers	-

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

1 Inch Irrigation

Exhibit

Schedule H-5

Page 13

Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)		
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	15	81		
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	15	81		
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	15	81		
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	15	81		
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	15	81		
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	15	81		
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	15	81		
84,001	85,000	-	-	-	1	-	-	-	-	-	-	-	-	1	16	165		
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	16	165		
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	16	165		
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	16	165		
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	16	165		
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	16	165		
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	16	165		
91,001	92,000	-	-	1	-	-	-	-	-	-	-	-	-	1	17	257		
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	17	257		
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	17	257		
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	17	257		
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	17	257		
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	17	257		
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	17	257		
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	17	257		
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	17	257		
138,678	138,678	-	1	-	-	-	-	-	-	-	-	-	-	1	18	395		
125,396	125,396	-	-	-	-	1	-	-	-	-	-	-	-	1	19	521		
190,906	190,906	-	-	-	-	-	1	-	-	-	-	-	-	1	20	711		
218,021	218,021	-	-	-	-	-	-	1	-	-	-	-	-	1	21	930		
149,541	149,541	-	-	-	-	-	-	-	1	-	-	-	-	1	22	1,079		
146,869	146,869	-	-	-	-	-	-	-	-	1	-	-	-	1	23	1,226		
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23	1,226		
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23	1,226		
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23	1,226		
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23	1,226		
Totals		1	2	2	2	2	2	2	2	2	2	2	2	23				
																Average Usage	53,301	
																	Median Usage	6,500
																	Average # Customers	2
																	Change in Number of Customers	1

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

Fire Lines 4 Inch

Exhibit

Schedule H-5

Page 14

Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
-	-	142	142	143	143	143	143	143	142	143	144	144	143	1,715	1,715	-
1	1,000													-	1,715	-
1,001	2,000													-	1,715	-
2,001	3,000													-	1,715	-
3,001	4,000													-	1,715	-
4,001	5,000													-	1,715	-
5,001	6,000													-	1,715	-
6,001	7,000													-	1,715	-
7,001	8,000													-	1,715	-
8,001	9,000													-	1,715	-
9,001	10,000													-	1,715	-
10,001	11,000													-	1,715	-
11,001	12,000													-	1,715	-
12,001	13,000													-	1,715	-
13,001	14,000													-	1,715	-
14,001	15,000													-	1,715	-
15,001	16,000													-	1,715	-
16,001	17,000													-	1,715	-
17,001	18,000													-	1,715	-
18,001	19,000													-	1,715	-
19,001	20,000													-	1,715	-
20,001	21,000													-	1,715	-
21,001	22,000													-	1,715	-
22,001	23,000													-	1,715	-
23,001	24,000													-	1,715	-
24,001	25,000													-	1,715	-
25,001	26,000													-	1,715	-
26,001	27,000													-	1,715	-
27,001	28,000													-	1,715	-
28,001	29,000													-	1,715	-
29,001	30,000													-	1,715	-
30,001	31,000													-	1,715	-
31,001	32,000													-	1,715	-
32,001	33,000													-	1,715	-
33,001	34,000													-	1,715	-
34,001	35,000													-	1,715	-
35,001	36,000													-	1,715	-
36,001	37,000													-	1,715	-
37,001	38,000													-	1,715	-

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

Fire Lines 4 Inch

Exhibit

Schedule H-5

Page 14

Witness: Bourassa

Usage From:	Usage To:	Month of <u>May-22</u>	Month of <u>Jun-22</u>	Month of <u>Jul-22</u>	Month of <u>Aug-22</u>	Month of <u>Sep-22</u>	Month of <u>Oct-22</u>	Month of <u>Nov-22</u>	Month of <u>Dec-22</u>	Month of <u>Jan-23</u>	Month of <u>Feb-23</u>	Month of <u>Mar-23</u>	Month of <u>Apr-23</u>	Total Year	Cumul- ative Billing	Cumul- ative Gallons (in 1,000's)
38,001	39,000													-	1,715	-
39,001	40,000													-	1,715	-
40,001	41,000													-	1,715	-
41,001	42,000													-	1,715	-
42,001	43,000													-	1,715	-
43,001	44,000													-	1,715	-
44,001	45,000													-	1,715	-
45,001	46,000													-	1,715	-
46,001	47,000													-	1,715	-
47,001	48,000													-	1,715	-
48,001	49,000													-	1,715	-
49,001	50,000													-	1,715	-
50,001	51,000													-	1,715	-
51,001	52,000													-	1,715	-
52,001	53,000													-	1,715	-
53,001	54,000													-	1,715	-
54,001	55,000													-	1,715	-
55,001	56,000													-	1,715	-
56,001	57,000													-	1,715	-
57,001	58,000													-	1,715	-
58,001	59,000													-	1,715	-
59,001	60,000													-	1,715	-
60,001	61,000													-	1,715	-
61,001	62,000													-	1,715	-
62,001	63,000													-	1,715	-
63,001	64,000													-	1,715	-
64,001	65,000													-	1,715	-
65,001	66,000													-	1,715	-
66,001	67,000													-	1,715	-
67,001	68,000													-	1,715	-
68,001	69,000													-	1,715	-
69,001	70,000													-	1,715	-
70,001	71,000													-	1,715	-
71,001	72,000													-	1,715	-
72,001	73,000													-	1,715	-
73,001	74,000													-	1,715	-
74,001	75,000													-	1,715	-
75,001	76,000													-	1,715	-
76,001	77,000													-	1,715	-

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

Fire Lines 6 Inch

Exhibit

Schedule H-5

Page 15

Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
-	-	46	44	46	45	45	45	45	45	45	46	46	46	544	544	-
1	1,000													-	544	-
1,001	2,000													-	544	-
2,001	3,000													-	544	-
3,001	4,000													-	544	-
4,001	5,000													-	544	-
5,001	6,000													-	544	-
6,001	7,000													-	544	-
7,001	8,000													-	544	-
8,001	9,000													-	544	-
9,001	10,000													-	544	-
10,001	11,000													-	544	-
11,001	12,000													-	544	-
12,001	13,000													-	544	-
13,001	14,000													-	544	-
14,001	15,000													-	544	-
15,001	16,000													-	544	-
16,001	17,000													-	544	-
17,001	18,000													-	544	-
18,001	19,000													-	544	-
19,001	20,000													-	544	-
20,001	21,000													-	544	-
21,001	22,000													-	544	-
22,001	23,000													-	544	-
23,001	24,000													-	544	-
24,001	25,000													-	544	-
25,001	26,000													-	544	-
26,001	27,000													-	544	-
27,001	28,000													-	544	-
28,001	29,000													-	544	-
29,001	30,000													-	544	-
30,001	31,000													-	544	-
31,001	32,000													-	544	-
32,001	33,000													-	544	-
33,001	34,000													-	544	-
34,001	35,000													-	544	-
35,001	36,000													-	544	-
36,001	37,000													-	544	-
37,001	38,000													-	544	-

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

Fire Lines 6 Inch

Exhibit

Schedule H-5

Page 15

Witness: Bourassa

Usage From:	Usage To:	Month of <u>May-22</u>	Month of <u>Jun-22</u>	Month of <u>Jul-22</u>	Month of <u>Aug-22</u>	Month of <u>Sep-22</u>	Month of <u>Oct-22</u>	Month of <u>Nov-22</u>	Month of <u>Dec-22</u>	Month of <u>Jan-23</u>	Month of <u>Feb-23</u>	Month of <u>Mar-23</u>	Month of <u>Apr-23</u>	Total Year	Cumul- ative Billing	Cumul- ative Gallons (in 1,000's)
38,001	39,000													-	544	-
39,001	40,000													-	544	-
40,001	41,000													-	544	-
41,001	42,000													-	544	-
42,001	43,000													-	544	-
43,001	44,000													-	544	-
44,001	45,000													-	544	-
45,001	46,000													-	544	-
46,001	47,000													-	544	-
47,001	48,000													-	544	-
48,001	49,000													-	544	-
49,001	50,000													-	544	-
50,001	51,000													-	544	-
51,001	52,000													-	544	-
52,001	53,000													-	544	-
53,001	54,000													-	544	-
54,001	55,000													-	544	-
55,001	56,000													-	544	-
56,001	57,000													-	544	-
57,001	58,000													-	544	-
58,001	59,000													-	544	-
59,001	60,000													-	544	-
60,001	61,000													-	544	-
61,001	62,000													-	544	-
62,001	63,000													-	544	-
63,001	64,000													-	544	-
64,001	65,000													-	544	-
65,001	66,000													-	544	-
66,001	67,000													-	544	-
67,001	68,000													-	544	-
68,001	69,000													-	544	-
69,001	70,000													-	544	-
70,001	71,000													-	544	-
71,001	72,000													-	544	-
72,001	73,000													-	544	-
73,001	74,000													-	544	-
74,001	75,000													-	544	-
75,001	76,000													-	544	-
76,001	77,000													-	544	-

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

Fire Lines 8 Inch

Exhibit

Schedule H-5

Page 16

Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	10	10	9	11	10	10	10	10	10	10	10	10	120	120	-
1	1,000													-	120	-
1,001	2,000													-	120	-
2,001	3,000													-	120	-
3,001	4,000													-	120	-
4,001	5,000													-	120	-
5,001	6,000													-	120	-
6,001	7,000													-	120	-
7,001	8,000													-	120	-
8,001	9,000													-	120	-
9,001	10,000													-	120	-
10,001	11,000													-	120	-
11,001	12,000													-	120	-
12,001	13,000													-	120	-
13,001	14,000													-	120	-
14,001	15,000													-	120	-
15,001	16,000													-	120	-
16,001	17,000													-	120	-
17,001	18,000													-	120	-
18,001	19,000													-	120	-
19,001	20,000													-	120	-
20,001	21,000													-	120	-
21,001	22,000													-	120	-
22,001	23,000													-	120	-
23,001	24,000													-	120	-
24,001	25,000													-	120	-
25,001	26,000													-	120	-
26,001	27,000													-	120	-
27,001	28,000													-	120	-
28,001	29,000													-	120	-
29,001	30,000													-	120	-
30,001	31,000													-	120	-
31,001	32,000													-	120	-
32,001	33,000													-	120	-
33,001	34,000													-	120	-
34,001	35,000													-	120	-
35,001	36,000													-	120	-
36,001	37,000													-	120	-
37,001	38,000													-	120	-

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

Fire Lines 8 Inch

Exhibit

Schedule H-5

Page 16

Witness: Bourassa

Usage From:	Usage To:	Month of <u>May-22</u>	Month of <u>Jun-22</u>	Month of <u>Jul-22</u>	Month of <u>Aug-22</u>	Month of <u>Sep-22</u>	Month of <u>Oct-22</u>	Month of <u>Nov-22</u>	Month of <u>Dec-22</u>	Month of <u>Jan-23</u>	Month of <u>Feb-23</u>	Month of <u>Mar-23</u>	Month of <u>Apr-23</u>	Total Year	Cumul- ative Billing	Cumul- ative Gallons (in 1,000's)
38,001	39,000													-	120	-
39,001	40,000													-	120	-
40,001	41,000													-	120	-
41,001	42,000													-	120	-
42,001	43,000													-	120	-
43,001	44,000													-	120	-
44,001	45,000													-	120	-
45,001	46,000													-	120	-
46,001	47,000													-	120	-
47,001	48,000													-	120	-
48,001	49,000													-	120	-
49,001	50,000													-	120	-
50,001	51,000													-	120	-
51,001	52,000													-	120	-
52,001	53,000													-	120	-
53,001	54,000													-	120	-
54,001	55,000													-	120	-
55,001	56,000													-	120	-
56,001	57,000													-	120	-
57,001	58,000													-	120	-
58,001	59,000													-	120	-
59,001	60,000													-	120	-
60,001	61,000													-	120	-
61,001	62,000													-	120	-
62,001	63,000													-	120	-
63,001	64,000													-	120	-
64,001	65,000													-	120	-
65,001	66,000													-	120	-
66,001	67,000													-	120	-
67,001	68,000													-	120	-
68,001	69,000													-	120	-
69,001	70,000													-	120	-
70,001	71,000													-	120	-
71,001	72,000													-	120	-
72,001	73,000													-	120	-
73,001	74,000													-	120	-
74,001	75,000													-	120	-
75,001	76,000													-	120	-
76,001	77,000													-	120	-

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

3 Inch Hydrant

Exhibit

Schedule H-5

Page 17

Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
-	-	1	1	1	2	3	6	3	4	4	3	4	3	35	35	-
1	1,000	2	1	2	1	1	-	2	-	-	-	1	-	10	45	5
1,001	2,000	4	2	2	2	1	-	1	-	-	-	-	-	12	57	23
2,001	3,000	-	1	-	1	3	1	-	-	-	-	-	-	6	63	38
3,001	4,000	-	-	1	1	-	2	-	-	2	1	1	1	9	72	70
4,001	5,000	-	1	2	1	1	-	-	1	-	-	2	-	8	80	106
5,001	6,000	-	-	1	-	-	1	-	2	-	-	-	-	4	84	128
6,001	7,000	-	-	-	-	-	-	-	-	-	-	-	-	-	84	128
7,001	8,000	-	-	1	-	-	-	-	1	-	-	-	-	2	86	143
8,001	9,000	-	1	-	-	2	-	-	-	-	-	-	1	4	90	177
9,001	10,000	-	-	-	1	-	2	-	-	-	-	1	-	4	94	215
10,001	11,000	-	-	-	-	-	-	-	-	-	1	-	-	1	95	225
11,001	12,000	-	-	-	-	-	-	-	-	-	-	-	-	-	95	225
12,001	13,000	-	1	1	-	-	-	-	-	-	-	1	-	3	98	263
13,001	14,000	-	-	-	-	-	-	-	-	-	-	-	-	-	98	263
14,001	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	98	263
15,001	16,000	-	-	-	-	-	-	2	-	-	-	-	-	2	100	294
16,001	17,000	1	-	-	-	-	-	-	-	1	-	-	-	2	102	327
17,001	18,000	-	-	-	1	-	-	-	-	-	-	-	-	1	103	344
18,001	19,000	-	-	-	-	-	-	-	-	-	-	2	-	2	105	381
19,001	20,000	-	-	-	-	-	-	-	-	-	1	-	-	1	106	401
20,001	21,000	-	-	-	-	-	-	-	-	-	-	-	-	-	106	401
21,001	22,000	-	-	-	-	-	-	-	-	-	-	-	-	-	106	401
22,001	23,000	-	-	-	-	-	-	-	-	-	-	-	-	-	106	401
23,001	24,000	-	-	-	-	1	-	-	-	-	-	-	-	1	107	424
24,001	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	107	424
25,001	26,000	-	-	-	-	-	-	-	-	-	-	-	-	-	107	424
26,001	27,000	-	-	-	-	-	-	-	-	-	-	-	-	-	107	424
27,001	28,000	-	-	-	-	-	-	-	-	-	-	-	-	-	107	424
28,001	29,000	-	-	-	-	-	-	-	-	1	-	-	-	1	108	453
29,001	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	453
30,001	31,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	453
31,001	32,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	453
32,001	33,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	453
33,001	34,000	-	-	-	1	-	-	-	-	-	-	-	-	1	109	486
34,001	35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	109	486
35,001	36,000	-	-	-	-	-	-	-	-	-	1	-	-	1	110	522
36,001	37,000	-	-	-	-	-	-	-	-	-	-	-	-	-	110	522
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	110	522
38,001	39,000	-	-	-	-	-	-	-	1	-	-	-	-	1	111	560

Liberty Utilities (Bella Vista Water) Corp.

Test Year Ended April 30, 2023

Meter Size:

3 Inch Hydrant

Exhibit

Schedule H-5

Page 17

Witness: Bourassa

Usage From:	Usage To:	Month of May-22	Month of Jun-22	Month of Jul-22	Month of Aug-22	Month of Sep-22	Month of Oct-22	Month of Nov-22	Month of Dec-22	Month of Jan-23	Month of Feb-23	Month of Mar-23	Month of Apr-23	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	117	932
80,001	81,000	-	-	-	-	-	-	1	-	-	-	-	-	1	118	1,013
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	118	1,013
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	118	1,013
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	118	1,013
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	118	1,013
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	118	1,013
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	118	1,013
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	118	1,013
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	118	1,013
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	118	1,013
90,001	91,000	-	1	-	-	-	-	-	-	-	-	-	-	1	119	1,103
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	119	1,103
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	119	1,103
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	119	1,103
94,001	95,000	1	-	-	-	-	-	-	-	-	-	-	-	1	120	1,198
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	120	1,198
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	120	1,198
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	120	1,198
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	120	1,198
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	120	1,198
136,238	136,238	1	-	-	-	-	-	-	-	-	-	-	-	1	121	1,334
109,830	109,830	1	-	-	-	-	-	-	-	-	-	-	-	1	122	1,444
124,665	124,665	-	1	-	-	-	-	-	-	-	-	-	-	1	123	1,568
244,645	244,645	-	1	-	-	-	-	-	-	-	-	-	-	1	124	1,813
118,918	118,918	-	-	1	-	-	-	-	-	-	-	-	-	1	125	1,932
247,197	247,197	-	-	-	-	-	-	-	-	-	-	1	-	1	126	2,179
198,201	198,201	-	-	-	-	-	-	-	-	-	-	-	1	1	127	2,377
104,891	104,891	-	-	-	-	-	-	-	-	-	-	-	1	1	128	2,482
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	128	2,482
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	128	2,482
Totals		11	11	14	11	12	12	10	10	8	7	14	8	128		
										Average Usage				19,392		
										Median Usage				3,500		
										Average # Customers				11		
										Change in Number of Customers				(3)		

1 Kelly A. Daly (No. 029509)
Paloma Scheiferstein (No. 035672)
2 SNELL & WILMER L.L.P.
1 East Washington Street, Suite 2700
3 Phoenix, AZ 85004
Telephone: 602.382.6000
4 E-Mail: kdaly@swlaw.com
pscheiferstein@swlaw.com

5
6 Liberty Utilities
Lisa C. Lance (No. 038506)
14920 W. Camelback Road
7 Litchfield Park, AZ 85340
Telephone: 602-550-3846
8 Lisa.Lance@libertyutilities.com

9 Attorneys for Liberty Utilities (Bella Vista Water) Corp.
10

11 **BEFORE THE ARIZONA CORPORATION COMMISSION**

12 **COMMISSIONERS**

13 JIM O'CONNOR, Chairman
LEA MÁRQUEZ PETERSON
14 ANNA TOVAR
15 NICK MYERS
KEVIN THOMPSON

16
17 IN THE MATTER OF THE APPLICATION OF
LIBERTY UTILITIES (BELLA VISTA WATER)
18 CORP., AN ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE OF
19 ITS UTILITY PLANTS AND PROPERTY AND
FOR INCREASES IN ITS RATES AND
20 CHARGES FOR UTILITY SERVICE BASED
THEREON.

DOCKET NO: W-02465A-23-

21
22 **DIRECT TESTIMONY**

23 **OF**

24 **THOMAS J. BOURASSA**

25 **COST OF CAPITAL**

26
27 **December 28, 2023**
28

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1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

3 A. My name is Thomas J. Bourassa. My business address is 139 W. Wood Drive, Phoenix,
4 Arizona 85029.

5 **Q. WHAT IS YOUR PROFESSION AND BACKGROUND?**

6 A. I am a Certified Public Accountant and am self-employed, providing consulting services to
7 utility companies as well as general accounting services. I have a B.S. in Chemistry and
8 Accounting from Northern Arizona University (1980) and an M.B.A. with an emphasis in
9 Finance from the University of Phoenix (1991).

10 **Q. COULD YOU BRIEFLY SUMMARIZE YOUR PRIOR WORK AND**
11 **REGULATORY EXPERIENCE?**

12 A. Yes. Prior to becoming a private consultant, I was employed by High-Tech Institute, Inc.,
13 and served as controller and chief financial officer. Prior to working for High-Tech
14 Institute, I worked as a division controller for the Apollo Group, Inc. Before joining the
15 Apollo Group, I was employed at Kozoman & Kermodé, CPAs. In that position, I prepared
16 compilations and other write-up work for water and wastewater utilities, as well as tax
17 returns.

18 In my private practice, I have prepared and/or assisted in the preparation of several
19 water and wastewater utility rate applications before the Arizona Corporation Commission
20 (“Commission”).

21 **Q. WHAT IS THE PURPOSE OF THIS DIRECT TESTIMONY?**

22 A. I am testifying in this proceeding on behalf of applicants Liberty Utilities (Rio Rico Water
23 and Sewer) Corp. (“Liberty Rio Rico”), Liberty Utilities (Bella Vista Water) Corp.
24 (“Liberty Bella Vista”), Liberty Utilities (Cordes Lakes Water) Corp. (“Liberty Cordes
25 Lakes”), and Liberty Utilities (Beardsley Water) Corp. (“Liberty Beardsley”). As stated in
26 the testimony of Matthew Garlick, Liberty is seeking approval to transfer all the of the assets
27 of Liberty Bella Vista, Liberty Beardsley and Liberty Cordes Lakes to Liberty Rio Rico
28 with the consolidated entity owning all the of the assets of the four utilities. Since the

1 appropriate return on equity is based on a total of Liberty Rio Rico (Consolidated)'s
2 consolidated capital structure, I refer to the consolidated entity as "Liberty Rio Rico
3 (Consolidated)" or the "Company".

4 **Q. HAVE YOU PREPARED ANY TABLES AND EXHIBITS TO ACCOMPANY**
5 **YOUR TESTIMONY?**

6 A. Yes. I have prepared 11 tables that support my testimony. I also sponsor exhibits TJB-
7 COC-DT1, TJB-COC-DT2, and TJB-COC-DT3 that also support my testimony.

8 **Q. PLEASE DESCRIBE HOW YOUR TESTIMONY IS ORGANIZED.**

9 A. In this Section I, a summary of my analysis and my approach is presented. In Section II, I
10 discuss the meaning of just and reasonable rates. In Section III, I provide an overview of
11 the risk and expected return on investment. In Section IV, I discuss the sample of seven
12 publicly traded water utilities in my sample group and provide a comparison to Liberty Rio
13 Rico (Consolidated). I then discuss recent developments in the water utility industry and
14 their impact on investments. In Section V, I provide an overview of each of the methods
15 (Discounted Cash Flow and Risk Premium including the Capital Asset Pricing Model) that
16 I employ in my analysis. In Section VI, I discuss the additional business risks faced by
17 Liberty Rio Rico (Consolidated), my comparative risk study, and my recommended risk
18 premium for Liberty Rio Rico (Consolidated). Finally, in Section VII, I summarize my
19 testimony and present a summary of the equity costs of the water proxy group and Liberty
20 Rio Rico (Consolidated).

21 **Q. BRIEFLY SUMMARIZE YOUR FINDINGS CONCERNING LIBERTY RIO RICO**
22 **(CONSOLIDATED)'S COST OF COMMON EQUITY.**

23 A. I have determined that the cost of equity for the publicly traded water utilities falls in the
24 range of 8.60 percent to 11.40 percent with an average of 10.1 percent. After considering
25 differences in financial risk and business risk between Liberty Rio Rico (Consolidated) and
26 the publicly traded water utilities, I am recommending the adoption of an ROE of 10.95
27 percent for Liberty Rio Rico (Consolidated).

28 My recommendation is based on consideration of (i) cost of equity estimates using

1 a Discounted Cash Flow (“DCF”) and three risk premium (“RP”) methods (Capital Asset
2 Pricing Model (“CAPM”) is one of the RP methods) using a sample group of publicly traded
3 water utilities, (ii) my review of the economic conditions expected to prevail during the
4 period in which new rates will be in effect, (iii) my judgments about the risks associated
5 with relatively small utilities like Liberty Rio Rico (Consolidated) that are not captured by
6 the market data of publicly traded water utilities, (iv) the financial risk associated with the
7 level of debt in Liberty Rio Rico (Consolidated)’s recommended capital structure, and
8 (v) additional, specific business and operational risks faced by Liberty Rio Rico
9 (Consolidated).

10 The results of the DCF and RP methodologies were adjusted upward by 20 basis
11 points to account for Liberty Rio Rico (Consolidated)’s higher than average business risk
12 compared to the proxy group. My recommended ROE is based on the Commission
13 adoption of a 54 percent common equity ratio for ratemaking purposes.

14 **Q. WHAT IS THE RECOMMENDED CAPITAL STRUCTURE FOR LIBERTY RIO**
15 **RICO (CONSOLIDATED) FOR RATE MAKING PURPOSES?**

16 A. Liberty Rio Rico (Consolidated) is recommending a capital structure consisting of 46
17 percent debt and 54 percent equity for setting base rates in the instant case.

18 **Q. WHY A 46 PERCENT DEBT AND 54 PERCENT EQUITY CAPITAL**
19 **STRUCTURE?**

20 A. In a recent rate case for Liberty Utilities (Litchfield Park Water and Sewer), Corp., Liberty
21 Utilities informally agreed with the parties to that case to file the next Liberty Utilities rate
22 cases in Arizona using a capital structure of 46 percent debt and 54 percent equity. This
23 capital structure was used in the recent Liberty Utilities (Black Mountain Sewer), Corp. rate
24 case for this reason. *See* Decision 78017 (May 18, 2021)

25 Because the Company’s current capital structure is different than the 46 percent debt
26 and 54 percent equity capital structure, the Company intends to file a financing application
27 for approval of additional debt in order to maintain a capital structure of 46 percent debt
28 and 54 percent equity.

1 **Q. WHAT IS THE COMPANY’S PROPOSED WEIGHTED COST OF DEBT?**

2 A. The proposed weighted cost of debt is 6.57 percent. The weighted cost is based on current

3 debt costing 3.48 percent and the proposed additional debt financing at 6.60 percent. (See

4 Schedule D-2. Regarding the proposed additional debt, the Company intends to file a

5 financing application concurrently with this rate case. The terms specify that the debt cost

6 is based upon a 15-year U.S Treasury plus 160 basis points as will be proposed in the

7 Company’s financing application. A recent spot rate for the 15-year treasury is 5.0 percent.

8 Thus, the proposed cost of debt at this stage of the proceeding for the new debt is 6.60

9 percent (5.0% plus 1.60%). I would note that the actual interest rate may be higher or lower

10 depending on the prevailing U.S. Treasury yields at the time the debt is issued.

11 **Q. WHAT IS YOUR RECOMMENDATION FOR THE WEIGHTED AVERAGE**

12 **COST OF CAPITAL?**

13 A. Based upon Liberty Rio Rico (Consolidated) proposed capital structure of 43 percent debt

14 and 57 percent equity, a cost of debt of 6.57 percent, and a cost of equity of 10.95 percent,

15 the WACC is 8.93 percent (rounded) as shown in Figure 1.

Figure 1

	Ratio	Rate	Weighted Cost
Debt	46%	6.57%	3.02%
Equity	54%	10.95%	5.91%
Weighted Average			8.93%

16

17

18

19

20 **Q. PLEASE SUMMARIZE THE APPROACH YOU USED TO ESTIMATE THE COST**

21 **OF EQUITY FOR THE COMPANY.**

22 A. The cost of equity for Liberty Rio Rico (Consolidated) cannot be estimated directly because

23 there is no market data for Liberty Rio Rico (Consolidated) as the Company’s equity is not

24 in the form of a publicly traded security. Consequently, I have assessed the market-based

25 common equity cost rates of companies of similar, but not necessarily identical, risk for

26 insight into a recommended common equity cost rate applicable to Liberty Rio Rico

27 (Consolidated). Analysis of a proxy group serves as a starting point, because no proxy group

28

1 can be selected to be identical in risk to Liberty Rio Rico (Consolidated). Therefore, the
2 proxy group's results must be adjusted to reflect the unique, relative financial and/or
3 business risks of Liberty Rio Rico (Consolidated), as I will discuss in detail.

4 **II. THE MEANING OF “JUST AND REASONABLE” RATE OF RETURN**

5 **Q. HAVE THE COURTS SET FORTH ANY CRITERIA THAT GOVERN THE RATE**
6 **OF RETURN THAT A UTILITY’S RATES SHOULD PRODUCE?**

7 A. Yes. In 1923, the U.S. Supreme Court set forth the following criteria for determining
8 whether a rate of return is reasonable in *Bluefield Water Works and Improvement Co. v.*
9 *Public Service Commission of West Virginia*, 262 U.S. 679, 692-93 (1923):

10 A public utility is entitled to such rates as will permit it to earn a
11 return on the value of the property which it employs for the
12 convenience of the public equal to that generally being made at the
13 same time and in the same general part of the country on investments
14 in other business undertakings which are attended by corresponding
15 risks and uncertainties ... The return should be reasonably sufficient
16 to assure confidence in the financial soundness of the utility, and
should be adequate, under efficient and economical management, to
maintain and support its credit and enable it to raise the money
necessary for the proper discharge of its public duties. A rate of
return may be reasonable at one time and become too high or too low
by changes affecting opportunities for investment, the money
market, and business conditions generally.

17 Then, in *Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 591 (1944), the
18 U.S. Supreme Court stated the following regarding the return to owners of an entity:

19 [T]he return to the equity owner should be commensurate with
20 returns on investments in other enterprises having corresponding
21 risks. That return, moreover, should be sufficient to assure
confidence in the financial integrity of the enterprise, so as to
maintain its credit and to attract capital. 320 U.S. at 603.

22 In summary, under *Hope* and *Bluefield*:

- 23 (1) The rate of return should be similar to the return in businesses with similar or
24 comparable risks;
- 25 (2) The return should be sufficient to ensure the confidence in the financial integrity of
26 the utility; and
- 27 (3) The return should be sufficient to maintain and support the utility’s credit.
- 28

1 **Q. HAVE THESE CRITERIA BEEN APPLIED IN REGULATORY PROCEEDINGS?**

2 A. Yes, but the application of the “reasonableness” criteria laid down by the Supreme Court
3 has resulted in controversy. The typical method of computing the overall cost of capital is
4 quite straightforward; it is the composite, weighted cost of the various classes of capital
5 (debt, preferred stock, and common equity) used by the utility. Calculating the proportion
6 that each class of capital bears to total capital does the weighting. However, there is no
7 consensus regarding the best method of estimating the cost of equity capital. To date, the
8 increasing regulatory use of market-based finance models in equity return determinations
9 has not led to a universally accepted means of estimating the ROE. In addition, the market-
10 based results are too often applied to a book-value investment base, which, as I will discuss
11 later in my testimony, understates the return expected by investors who invest in actual
12 markets based on market values.

13 The cost of capital is based on the concept of opportunity cost *i.e.*, the prospective
14 return to investors must be comparable to investments of similar risk. If a utility’s return is
15 less than the returns on investments with similar risk, investors can and will invest
16 elsewhere. As explained by Dr. Roger Morin in his book, *New Regulatory Finance*:

17 The concept of cost of capital is firmly anchored in the opportunity cost
18 notion of economics. The cost of a specific source of capital is basically
19 determined by the riskiness of that investment in light of alternative
20 opportunities and equals investor’s current opportunity cost of investing
21 in the securities of that utility. A rational investor is maximizing the
22 performance of his or her portfolio only if returns expected on investor
23 investments of comparable risk are the same. If not, the investor will
24 switch out of those investments yielding low returns at a given risk level
25 in favor of those investments offering higher returns for the same degree
26 of risk. This implies that a utility will be unable to attract capital unless it
27 can offer returns to capital suppliers comparable to those achieved on
28 alternate competing investments of similar risk.¹

The *Bluefield* decision suggests that opportunity cost is an appropriate measure of the
actual cost of common equity for a utility. This necessarily involves the direct

¹ Morin, Roger A., *New Regulatory Finance*, (Vienna, Virginia, Public Utility Reports, Inc. 2006), pp. 21-22.
 (“Morin”).

1 observation of returns on equity actually earned by entities with comparable risk to ensure
2 that the authorized rate of return is equivalent to the returns those entities are earning.

3 **III. OVERVIEW OF THE RELATIONSHIP BETWEEN RISK AND THE EXPECTED**
4 **RETURN ON AN INVESTMENT**

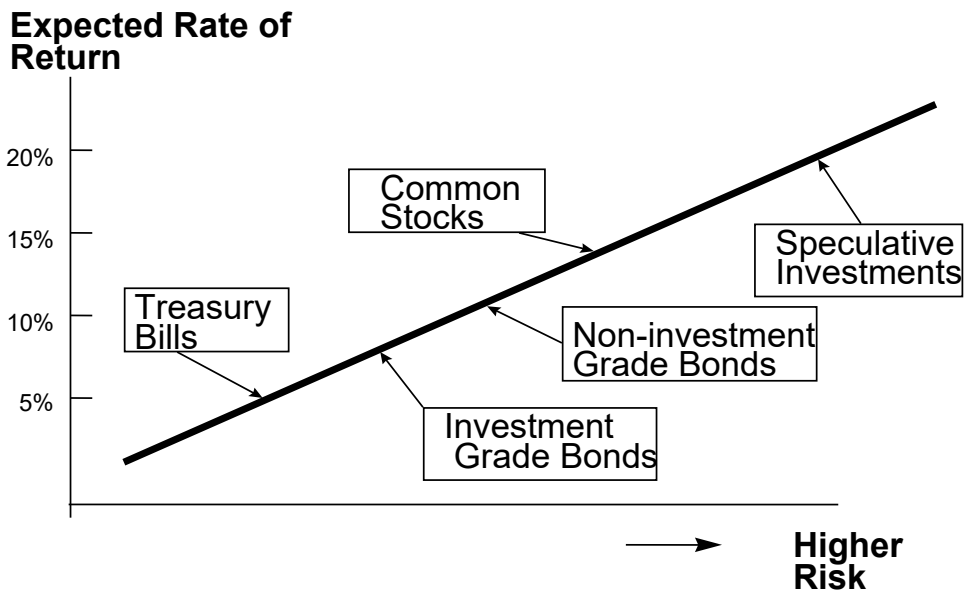
5 **Q. HOW IS THE COST OF EQUITY TYPICALLY ANALYZED?**

6 A. The cost of equity is the rate of return that equity investors expect to receive on their
7 investment. Investors can choose from numerous investment options, not simply publicly
8 traded stocks. Investments have varying degrees of risk, ranging from relatively low risk
9 assets such as Treasury securities to somewhat higher risk corporate bonds to even higher
10 risk common stocks. As the level of risk increases, investors require higher returns on their
11 investment. Finance models used to estimate the cost of equity often rely on this basic
12 concept.

13 **Q. CAN YOU ILLUSTRATE THE CAPITAL MARKET RISK-RETURN CONCEPT?**

14 A. Yes. The following graph depicts the risk-return relationship that has become widely
15 known as the Capital Market Line (“CML”). The CML illustrates in a general way the risk-
16 return relationship.

17
18 **The Capital Market Line (CML)**



1 The CML can be viewed as a continuum of the available investment opportunities for
2 investors. Investment risk increases move upward and to the right along the CML. Again,
3 the return required by investor's increases with the risk.

4 **Q. HOW DOES THE RISK-RETURN TRADE OFF CONCEPT WORK IN THE**
5 **CAPITAL MARKET?**

6 A. As shown by the CML, the allocation of capital in a free market economy is based upon the
7 relative risk of, and expected return from, an investment. In general, investors rank
8 investment opportunities in the order of their relative risks. Investment alternatives in which
9 the expected return is commensurate with the perceived risk become viable investment
10 options. If all other factors remain equal, the greater the risk, the higher the rate of return
11 investors will require to compensate them for the possibility of loss of either the principal
12 amount invested or the expected annual income from such investment.

13 Short-term Treasury bills provide a high degree of certainty and in nominal terms
14 (after considering inflation) are considered virtually risk free. Long-term bonds and
15 preferred stocks, having priority claims to assets and fixed income payments, are relatively
16 low risk, but are not risk free. The market values of long-term bonds often fluctuate when
17 government policies or other factors cause interest rates to change. Common stocks are
18 higher and to the right on the CML continuum, because they have greater investment risk.
19 Common stock risk is impacted by the nature of the underlying business and the financial
20 strength of the issuing corporation and market-wide factors, such as general changes in
21 capital costs.

22 The capital markets reflect investor expectations and requirements each day through
23 market prices. Prices for stocks and bonds change to reflect investor expectations and the
24 relative attractiveness of one investment relative to others. While the example provided
25 above seems straightforward, returns on common stocks are not directly observable in
26 advance as compared to debt or preferred stocks with fixed payment terms. This means that
27 these returns must be estimated from market data. Estimating the cost of equity capital
28 should be a matter of informed judgment about the relative risk of the company in question

1 and the expected rate of return characteristics of other alternative investments.

2 **Q. HOW IS THE COST OF EQUITY TO BE DETERMINED FOR A PARTICULAR**
3 **COMPANY?**

4 A. Estimating a company's cost of equity is complex. It requires an analysis of the factors
5 influencing the cost of various types of capital, such as interest on long-term debt, dividends
6 on preferred stock, and earnings on common equity. The data for such an analysis comes
7 from highly competitive capital markets, where the firm raises funds by issuing common
8 stock, selling bonds, and by borrowing (both long-term and short-term) from banks and
9 other financial institutions. In the capital markets, the cost of capital, whether the capital is
10 in the form of debt or equity, is determined by two important factors:

- 11 1) The pure or real rate of interest, often called the risk-free rate of interest,
12 and,
- 13 2) The uncertainty or risk premium (or the compensation the investor requires,
14 over and above the real or pure rate of interest for subjecting his or her capital
15 to additional risk).

16 **Q. PLEASE DISCUSS THESE FACTORS IN GREATER DETAIL.**

17 A. The pure rate of interest essentially reflects both the time preference for and the productivity
18 of capital. From the standpoint of the individual, it is the rate of interest required to induce
19 the individual to forgo present consumption and offer the funds, thus saved, to others for a
20 specified length of time. Moreover, the pure rate of interest concept is based on the
21 assumption that no uncertainty affects the investment undertaken by the individual, *i.e.*,
22 there is no doubt that the periodic interest payments will be made and the principal returned
23 at the end of the time period. In reality, investments without any risk do not exist. Every
24 commitment of funds involves some degree of uncertainty.

25 Turning to the second factor affecting the cost of capital, it is generally accepted that
26 the higher the degree of uncertainty, the higher the cost of capital. Investors are regarded
27 as risk averse and require that the rate of return increase as the risks and uncertainty
28 associated with an investment increases.

1 **Q. CAN YOU PROVIDE SOME PERSPECTIVE ON YOUR PREVIOUS DISCUSSION**
2 **WITH RESPECT TO RETURNS ON COMMON STOCKS?**

3 A. Yes. Conceptually, the required return on common stocks can be quantified by the
4 following equation:

$$5 \quad [1] \quad \text{Required Return for} \quad \text{Return on a} \\ 6 \quad \text{Common Stocks} \quad = \quad \text{risk-free asset} \quad + \quad \text{Risk Premium}$$

7 The risk premium investors require for common stocks will be higher than the risk premium
8 they require for investment grade bonds. This relationship is depicted in the graph of the
9 CML above. As I will discuss later in this testimony, this concept is the basis of risk
10 premium methods, such as the CAPM, that are used to estimate the cost of equity.

11 **Q. PLEASE DISCUSS IN MORE DETAIL THE IMPACT OF RISK ON CAPITAL**
12 **COSTS.**

13 A. With reference to specific utilities, risk is often discussed as consisting of two separate types
14 of risk: business risk and financial risk.

15 Business risk, the basic risk associated with any business undertaking, is the
16 uncertainty associated with the enterprise's day-to-day operations. In essence, it is a
17 function of the normal day-to-day business environment, both locally and nationally.
18 Business risks include the condition of the economy and capital markets, the state of labor
19 markets, regional stability, government regulation, technological obsolescence, and other
20 similar factors that may impact demand for the business' products or services and its cost
21 of production. For utilities, business risk also includes the volatility of revenues arising
22 from abnormal weather conditions, degrees of operational leverage, regulation, and
23 regulatory climate. Regulation, for example, can compound the business risk if it is
24 unpredictable in reacting to cost increases, both in terms of the time lag and magnitude for
25 recovery of such increases.

26 Financial risk, on the other hand, concerns the distribution of business risk to the
27 various capital investors in the utility. Permanent capital is normally divided into three
28 categories: long-term debt, preferred stock, and common equity. Because common equity

1 owners have only a residual claim on earnings after debt and preferred stockholders are
2 paid, financial risk tends to be concentrated in that element of the firm’s capital. Thus, a
3 decision by management to raise additional capital by issuing additional debt concentrates
4 even more of the financial risk of the utility on the common equity owners.

5 **Q. WHAT ARE THE DETERMINANTS OF THE RISK FREE RATE IN EQUATION**
6 **[1]?**

7 A. The risk-free rate can be disaggregated into a “real” rate of interest and an inflation premium
8 (*i.e.*, expected future inflation).

9 **Q. WHAT ARE THE DETERMINANTS OF THE REQUIRED RISK PREMIUM**
10 **FROM EQUATION [1] ABOVE?**

11 A. The risk premium can be disaggregated into five general components: (1) Interest Rate Risk;
12 (2) Business Risk; (3) Regulatory Risk; (4) Financial Risk; and (5) Liquidity Risk.

13 Interest Rate Risk refers to the variability in return caused by subsequent changes in
14 interest rates and stems from the inverse relationship between interest rates and asset prices.
15 For example, bond prices fall when interest rates rise and vice versa. As discussed earlier,
16 business risk is the basic risk associated with any business undertaking.

17 Regulatory risk refers to the quality and consistency of regulation applied to a given
18 regulated utility. Regulatory jurisdictions are evaluated on the basis of three major factors:
19 (1) earnable return on equity, (2) regulatory quality, and (3) regulatory practices.
20 Collectively, these three factors influence a utility’s ability to earn its authorized return.
21 The type of test year employed (historical or future), capital structure and rate base issues,
22 and the length of regulatory lag are among the reasons a utility may or may not have a
23 reasonable opportunity to earn its authorized return.

24 As detailed above, financial risk concerns the distribution of business risk to the
25 various capital investors in the utility. It relates to the additional variability imparted to
26 income available to common shareholders stemming from the entity’s method of financing
27 its capital needs.

28 Construction risk is an important component of financial risk. Construction risk is

1 the risk of tying capital up in projects that are not earning returns, or not having sufficient
2 capital to build the assets needed to keep generating returns. If an entity has a large
3 construction budget relative to internally generated cash flows, it will require external
4 financing, which will result in greater financial risk. It is essential that such entities have
5 access to capital funds on reasonable terms and conditions.

6 Utilities are more susceptible to construction risk for two reasons. First, water and
7 wastewater utilities generally have high capital requirements to build plants to serve
8 customers. Second, utilities have a mandated obligation to serve, leaving less flexibility
9 both in the timing and discretion of scheduling capital projects. This is compounded by the
10 limited ability to wait for more favorable market conditions to raise the capital necessary to
11 fund the capital projects, and then the lag between when capital is invested and when rates
12 can be approved to provide returns on and of that capital. It is imperative that the utility
13 maintain access to needed capital and on reasonable terms and conditions. The return
14 allowed on common equity plays a critical role in determining those terms and conditions.

15 Although often discussed separately, the business and financial risks are
16 interrelated. A study by Scott and Martin found statistically significant results for
17 unregulated firms in twelve industries that “smaller equity ratios (higher leverage use) are
18 generally associated with larger companies.”² While unregulated enterprises would be
19 expected to seek the optimal balance between debt and equity to achieve the lowest overall
20 cost of capital, the findings of Scott and Martin suggest smaller firms found it prudent to
21 offset higher business risks related to being small by reducing financial risk. This evidence
22 suggests the lowest cost equity ratio for these two utilities may be higher than the average
23 equity ratio for the benchmark water proxy group.

24 Finally, Liquidity Risk refers to the ability to readily convert an investment into cash
25 without sustaining a loss. Capital market theory generally assumes that investments are
26 liquid and observations about risk and return are drawn from information about liquid

27 _____
28 ² Scott, D.F. and Martin, J.D., “Industry Influence on Financial Structure,” *Financial Management*, Spring 1975,
pp. 67-71.

1 investments. Non-publicly traded or privately-held investments possess little liquidity.

2 **Q. IS INVESTMENT RISK IMPACTED BY COMPANY SIZE?**

3 A. Yes. Investment risk bears a direct relationship to size and increases as company size
4 decreases. Investment liquidity may be a significant factor in explaining this relationship.
5 However, the illiquidity of smaller stocks does not capture the size effect completely. Size
6 may be a proxy for one or more true unknown factors correlated with size.³

7 **IV. THE PUBLICLY TRADED UTILITIES THAT COMPRISE THE SAMPLE GROUP**
8 **USED TO ESTIMATE THE COST OF EQUITY**

9 **Q. WHICH COMPANIES COMPRISE YOUR WATER PROXY GROUP?**

10 A. There are seven water utilities in my sample: American States Water (“AWR”), American
11 Water Works (“AWK”), Essential Utilities (“WTRG”), California Water Company
12 (“CWT”), Middlesex Water (“MSEX”), SJW Corp. (“SJW”), and York Water Company
13 (“YORW”). For the methods employed in my analysis, I used data on these sample entities
14 from a sample of publicly traded water utilities, or proxy group, selected from the *Value*
15 *Line Investment Survey* as a starting point.

16 The seven water companies comprising the proxy group were selected by meeting
17 the following criteria: (1) they are followed by the *Value Line Investment Survey*; (2) they
18 have at least ten years of historical financial and market information; (3) they have a *Value*
19 *Line* adjusted beta; (4) they have not cut or omitted their common dividends during the five
20 years ending 2022 or through the time of the preparation of this testimony; (5) they have
21 operating revenues primarily from regulated operations; and (6) at the time of the
22 preparation of this testimony, they had not publicly announced that they were involved in
23 any major merger or acquisition activity.

24 **Q. BUT THE WATER UTILITIES IN YOUR SAMPLE ARE NOT DIRECTLY**
25 **COMPARABLE TO LIBERTY RIO RICO (CONSOLIDATED)?**

27 _____
28 ³ Rolf W. Banz, “The Relationship between Return and Market Value of Common Stocks”, *Journal of Financial Economics*, March 1981, pp. 3-18.

1 A. That is correct. However, they are utilities for which market data is available. All of them
2 primarily provide water service (although some provide both water and wastewater
3 services) and their primary source of revenues is from regulated services. They are also
4 commonly used in regulatory proceedings where sample companies are selected to measure
5 the cost of equity. Therefore, they provide a useful *starting point* for developing the cost
6 of equity for Liberty Rio Rico (Consolidated) while recognizing that the proxies are not
7 perfectly comparable.

8 **Q. BRIEFLY, WHY IS A PROXY GROUP NECESSARY FOR COMPARISON IN A**
9 **COST OF CAPITAL ANALYSIS?**

10 A. First, a fair rate of return for a specific utility is the return required by investors to hold
11 assets with corresponding levels of risk. Market data for a sample of comparable companies
12 provides insight into the investors' required return, and such data comports with the
13 guidance from the U.S. Supreme Court's decisions in *Bluefield* and *Hope*, which I discussed
14 earlier. The comparable earnings standard set forth in the *Hope* and *Bluefield* decisions
15 requires that the rate of return afforded to utilities be similar to the return for businesses
16 with similar or comparable risks. It follows that a proxy group of companies with
17 comparable risk is the starting point in a cost of capital analysis.

18 Second, a primary objective of rate regulation is to determine an authorized ROE
19 that is both fair to customers and provides reasonable returns for the subject utility. The
20 best estimate of that ROE is the cost of equity for Liberty Rio Rico (Consolidated). The cost
21 of equity is a cost of service fairly recovered from customers through rates. For investors
22 in Liberty Rio Rico (Consolidated), the cost of equity is commensurate with returns an
23 investor in these utilities would expect to earn from investments of comparable risk. To
24 estimate the cost of equity requires market data that reveal investor-required returns. Since
25 Liberty Rio Rico (Consolidated) is not publicly traded, there is no market information to
26 determine the cost of equity. This necessitates the selection and use of a proxy group.

27 **Q. PLEASE PROVIDE A GENERAL DESCRIPTION OF THE WATER UTILITIES**
28 **IN YOUR WATER PROXY GROUP?**

1 A. Yes. Table 2 lists the percentages of regulated revenues, operating revenues, net plant, the
2 number of customers or population served, *Value Line* Financial strength, *Value Line* betas,
3 market capitalization, and market size category for the seven water utilities. Comparative
4 data for Liberty Rio Rico (Consolidated) (where available) is also shown in Table 2. The
5 water utilities in the water proxy group consist of Micro-Cap to Large-Cap companies. Four
6 of the seven companies are Mid-Cap or larger.⁴ The market capitalizations range from
7 about \$577 million to over \$27.1 billion with an average of approximately \$7 billion.
8 Operating revenues range from about \$60 million to nearly \$3.8 billion with an average of
9 over \$1.18 billion. Net plant ranges from \$431 million to over \$23 billion, with an average
10 of over \$6.1 billion. Most of the companies operate in multiple jurisdictions.

11 **Q. HOW DOES LIBERTY RIO RICO (CONSOLIDATED) COMPARE TO THE**
12 **UTILITES IN YOUR PROXY GROUP?**

13 A. On average, the utilities in the water proxy group are much larger and, according to the
14 empirical financial data, they are less risky than Liberty Rio Rico (Consolidated). Liberty
15 Rio Rico (Consolidated) is much smaller with fewer customers and has far less revenues,
16 far less net plant and a relatively small and limited service territory. At the end of 2022,
17 Liberty Rio Rico (Consolidated) had approximately 25,000 water and sewer connections as
18 compared to the average of the water proxy group of nearly 963,000 connections per
19 company. Liberty Rio Rico (Consolidated)'s revenues totaled approximately \$13.8 million,
20 and net plant-in-service was approximately \$69 million. The average revenues of the water
21 proxy group are over 85 times greater than Liberty Rio Rico (Consolidated), and those
22 entities have on average over 89 times the net plant of Liberty Rio Rico (Consolidated).

23 **Q. DO RECENT DEVELOPMENTS IN THE WATER UTILITY INDUSTRY IMPACT**
24 **INVESTMENTS AND THE DETERMINATION OF THE COST OF EQUITY?**

25
26 ⁴ Based upon 2021 market data from the Center for Research in Security Prices: Micro-Cap companies are Decile 9-
27 10 with market capitalization less than \$628 million; Low-Cap companies are Decile 6-8 with market capitalization
28 over \$628 million but less than \$3,277 million; Mid-Cap companies are Decile 3-5 companies with market
capitalization of over \$3,277 million but less than \$16,738 million; and, Large-Cap companies are Decile 1 -2
companies and have market capitalization of over \$16,738 million.

1 A. Yes. On the whole, the water and wastewater utility industry continues to confront
2 increasing need for infrastructure upgrades and replacement. See *Value Line Investment*
3 *Survey, Ratings and Reports – Water Utility Industry* (October 6, 2023). *Value Line* notes
4 that higher interest rates are typically not good for utilities as fixed income investments
5 become more attractive and utilities heavily rely of debt to fund their capital improvements.
6 Accordingly, *Value Line* recognizes that heavy reliance on debt for financing does not lead
7 to strong finances. As *Value Line* notes, the balance sheets in this sector are not in stellar
8 condition.

9 *Value Line* also recognizes that the stocks in the water sector ordinarily trade with
10 P/E ratios that are higher than the average stock. Part of this is due to scarcity, as it is a
11 small industry. In other words, the demand to own shares by large institutional investors
12 outstrips the supply which is a prime reason for water utility stocks trading at seemingly
13 inflated P/E ratios. See *Value Line Investment Survey, Ratings and Reports – Water Utility*
14 *Industry* (January 23, 2023).

15 A copy of the most recent *Value Line* report on the water industry along with each
16 water utility in my proxy group is attached as Exhibit TJB-COC-DT1.

17 **Q. CAN YOU PROVIDE A SUMMARY OF RECENT EVENTS THAT HAVE**
18 **IMPACTED CAPITAL MARKET CONDITIONS?**

19 A. Over the past few years, the capital markets experienced unprecedented levels of
20 uncertainty due to the impact of the COVID-19 pandemic on the global economy and US
21 economy. To mitigate the impact on the economy, the Federal Reserve cut its policy rate
22 to 0 to 0.25 percent in March 2020 and announced unlimited quantitative easing and
23 emergency liquidity programs.⁵ During 2020 the U.S. passed several large spending
24 programs including the \$2.2 trillion CARES Act (March 2020) which was then the largest
25 economic stimulus package in U.S. history.⁶ Despite these efforts in 2020, the U.S.

27 ⁵ U.S. Federal Reserve, “Federal Reserve Announces Extensive New Measures to Support the Economy,” Press
28 Release, March 23, 2020.

⁶ See, for example, https://en.wikipedia.org/wiki/CARES_Act signed into law in March 2020.

1 economy actually contracted and entered a technical recession by mid-2020.⁷ To help
2 mitigate this situation, the U.S. government then passed a \$1.7 trillion American Rescue
3 Plan of 2021 (March 2021) which was intended to stimulate the economy.⁸ Despite the
4 passage of significant stimulus packages by the U.S. government, the U.S. entered a
5 “technical” recession by the 2nd quarter of 2022.⁹

6 Because the annualized inflation rate rose to 7.0 percent by the end of 2021, the
7 Federal Reserve began raising interest rates in March 2022 in attempt to tame inflation.¹⁰
8 Since March 2022 and through July 2023, the Federal Reserve has increased the federal
9 funds rate by 525 basis points to a target rate of 5.25 to 5.50 percent.¹¹ Despite the attempts
10 to tackle inflation, inflation has remained stubbornly high peaking at over 9.0 percent in
11 June 2022.¹² By February 2023, the annualized inflation rate was still at about 6.0 percent
12 and far above the Federal Reserve’s targeted 2.0 percent inflation rate.¹³ The *Value Line*
13 *Investment Survey, Selection and Opinion* (September 29, 2023) notes that inflation remains
14 sticky and well above the Fed’s target rate of 2.0 percent after trending lower in the spring
15 and summer. Value Line also notes that the central bank may keep interest rates higher for
16 an extended period. The federal funds rate has stayed steady at 5.0 percent to 5.25 percent
17 as the Fed had been more hawkish during the summer of 2023, which has put pressure on
18 Treasury yields. The average 20-year and 30-year U.S. Treasury bond yields reached peaks
19 of 4.77 percent and 4.65 percent respectively in September 2023. Finally, *Value Line* notes
20 that market volatility has picked up as the market is dealing with several headwinds during
21 a traditionally tough period for equities.

22
23 ⁷ See <https://www.bea.gov/news/2020/gross-domestic-product-third-estimate-corporate-profits-revised-and-gdp-industry-annual>. In the 1st and 2nd Quarter 2020, real GDP decreased by an annualized rate of 5.0% and 31.4%, respectively

24 ⁸ See, for example, https://en.wikipedia.org/wiki/American_Rescue_Plan_Act_of_2021 signed into law in March 2021.

25 ⁹ See <https://www.bea.gov/news/2022/gross-domestic-product-third-estimate-gdp-industry-and-corporate-profits-revised-first> and <https://www.bea.gov/news/2022/gross-domestic-product-third-estimate-gdp-industry-and-corporate-profits-revised-2nd>. In the 1st and 2nd Quarter 2022, real GDP decreased by an annualized rate of 1.6% and 0.6%, respectively.

27 ¹⁰ See <https://cpiinflationcalculator.com/2021-cpi-and-inflation-rate-for-the-united-states/> and

28 ¹¹ See <https://www.bankrate.com/banking/federal-reserve/history-of-federal-reserve/>

¹² See <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>

¹³ See <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>

1 **Q. WHAT ARE THE EXPECTATIONS FOR INTEREST RATES AND THE**
2 **ECONOMY MOVING FORWARD?**

3 A. According to *Blue Chip Financial Forecasts* (“BCFF”), the expectations are for more
4 monetary tightening by the Federal Reserve and for interest rates to remain elevated for
5 longer.¹⁴ *Blue Chip* long-range forecasts from June 2023 projects that long-term treasuries
6 will average 3.7 percent of the 2024-26 period, the period new rates are expected to be in
7 effect.

8 **Q. CAN YOU DISCUSS RISK FACTORS DISTINGUISH LIBERTY RIO RICO**
9 **(CONSOLIDATED) FROM THE LARGER WATER UTILITIES IN YOUR PROXY**
10 **GROUP?**

11 A. First, water and wastewater utilities are capital intensive and typically have large
12 construction budgets. Firms with large construction budgets face greater construction risk
13 (a component of financial risk). The size of a utility’s capital budget relative to the size of
14 the utility itself often increases construction risk. Large utilities are better able to fund their
15 capital budgets from their earnings, cash flows, and short-term borrowings. For smaller
16 utilities, the ability to fund their capital budgets from earnings, cash flows, and short-term
17 debt is difficult, if not impossible, and must rely on additional outside capital.

18 Second, smaller companies are simply less able to cope with significant events that
19 affect sales, revenues and earnings. For example, the loss of revenues from a few larger
20 customers or from trends in the reduction of usage by customers through conservation or
21 the makeup of the customer base would have a greater effect on a small company than on a
22 much larger company with a larger customer base.

23 Third, there are a number of other factors, including the differences in regulatory
24 environments, differences in the type of test year used for rate making, and differences in
25 the available regulatory mechanisms for recovery of costs outside of a rate case. The large
26 water utilities in my water proxy group are generally not subject to the adverse impacts of
27

28 ¹⁴ Blue Chip Financial Forecasts, Vol.42, No. 3. March 2023.

1 an unfavorable regulatory environment of one jurisdiction.

2 In summary, there are several factors that impact the ability of a smaller utility to
3 actually earn its authorized return. An inadequate opportunity to earn the revenues in a rate
4 case leads to a greater variability of earnings for entities like Liberty Rio Rico
5 (Consolidated) when compared to the proxy group. This volatility means greater risk, and
6 the greater risk requires higher returns to maintain and support the utility's credit.

7 **Q. WHAT QUANTITATIVE MEASURES CAN BE USED TO HELP IDENTIFY**
8 **DIFFERENCES IN BUSINESS RISK?**

9 A. There are a number of fundamental accounting-based business risk measures that can be
10 used to assess the relative differences between firms. Those include: (1) the co-efficient of
11 variance of ROE; (2) the co-efficient of variance of operating income; (3) the co-efficient
12 of variance of operating margin; and (4) Operating Leverage. The first three reflect the
13 distributions of earnings. These are meaningful when measured against the distribution of
14 earnings of alternative investments, like the water utilities in my water proxy group. The
15 fourth business risk measure reflects the impact of sales fluctuations and the impact of fixed
16 operating costs on earnings.

17 The co-efficient of variance of ROE can be quantified using the following equation:

18 [2] Co-efficient of Variance of ROE = Standard Deviation of ROE/Mean of ROE

19 The co-efficient of variance of operating income can be quantified using a relatively
20 simple equation:

21 [3] Co-efficient of Variance of Operating Income = Standard Deviation of Operating
22 Income/Mean of Operating Income

23 The co-efficient of variance of operating margin can be quantified using the
24 following equation:

25 [4] Co-efficient of Variance of Operating Margin = Standard Deviation of Operating
26 Margin/Mean of Operating Margin

27 And, the Operating Leverage formula is expressed as:

28 [5] Operating Leverage = Percentage Change in Operating Income/Percentage

1 Change in Sales

2 Using the business risk measures expressed in equations [2], [3], and [4], the greater
 3 the co-efficient of variation or Operating Leverage, the greater the risk to investors of not
 4 receiving expected returns.¹⁵ Below are the computed co-efficient of variation for ROE,
 5 Operating Income, and Operating Margin, as well as Operating Leverage using the five
 6 most recent years of historical data for the water proxy group and Liberty Rio Rico
 7 (Consolidated):

8	9	10	11	12	13
	Business Risk	Business Risk	Business Risk	Business Risk	Operating
	Co-efficient of	Co-efficient of	Co-efficient of	Co-efficient of	Leverage
	variance of	variance of	variance of	variance of	
	ROE	Operating	Operating	Operating	
		Income	Margin	Margin	
10	Company				
11	Water Proxy			0.0816	4.06
12	Group	0.1778	0.1585		
13	Liberty Rio Rico			0.3584	77.34
14	(Consolidated)	0.6127	0.2793		
15	Relative Risk of				
16	Liberty Rio Rico				
17	(Consolidated) to				
18	Water Proxy				
19	Group	3.45	1.76	4.39	19.03

16 These metrics show that Liberty Rio Rico (Consolidated) is riskier than the average water
 17 proxy group companies which is why my analysis indicates a 90 to 110 basis point risk
 18 premium over the water proxy group based upon these metrics.

19 **Q. CAN METRICS LIKE A COMPANY’S CO-EFFICIENT OF VARIATION IN ROE,**
 20 **CO-EFFICIENT OF VARIATION IN OPERATING INCOME, AND OPERATING**
 21 **MARGIN BE USED ALONG WITH MARKET DATA TO DEVELOP COMPANY**
 22 **SPECIFIC RISK PREMIUMS?**

23 A. Yes. *Duff & Phelps* publishes comparative risk characteristics using market data that
 24 provides a nexus between a market beta and the metrics operating margin, the coefficient
 25 of variation in operating margin, and the coefficient of variation in return on equity.¹⁶ This

26 ¹⁵ Tuller, Lawrence W., *The Small Business Valuation* (Avon, MA: Adams Media Corporation, 1994), p. 89.

27 ¹⁶ Duff & Phelps, LLC. *2017 Valuation Handbook; Guide to Cost of Capital*. Hoboken, NJ: John Wiley and Sons,
 28 2017 (“*Duff & Phelps*”), page 7-13. See also Online at www.dpcostofcapital.com: *Duff & Phelps Cost of Capital*
 Navigator platform (“*Duff & Phelps Cost of Capital Navigator*”)

1 information can be used to develop implied betas for Liberty Rio Rico (Consolidated) for
2 use in the CAPM. *See* Exhibit TJB-COC-DT3. By comparing the results of the CAPM for
3 the water proxy group with the CAPM for Liberty Rio Rico (Consolidated) using the
4 implied betas, informed risk premiums can be developed. As one would expect, the implied
5 beta for Liberty Rio Rico (Consolidated) is higher than the beta of the water proxy group.
6 A risk premium of 90 to 110 basis points over the cost of equity of the water proxy group
7 is indicated for Liberty Rio Rico (Consolidated). I will discuss the indicated risk premiums
8 and implied betas in more detail in Section VI of this direct testimony.

9 **Q. WHAT ABOUT LIQUIDITY RISK?**

10 A. A rational investor would regard an investment in Liberty Rio Rico (Consolidated) as
11 having a higher level of risk as AWK or even the smaller MSEX) because of the previously
12 mentioned small size characteristics of Liberty Rio Rico (Consolidated) and the fact that an
13 investment in Liberty Rio Rico (Consolidated) is relatively illiquid compared to the publicly
14 traded water utilities. An investor in a publicly traded stock can sell stock in a very short
15 period of time if dissatisfied with the returns. Whereas an investor in a privately held stock
16 does not have this ability to sell quickly. Consequently, investors will require a greater risk
17 premium, often called liquidity risk premium. As a consequence of these differences in
18 risk, the results produced by the DCF and RP methodologies, utilizing data for the sample
19 utilities, often understate the appropriate ROE for a small, regulated water utility such as
20 Liberty Rio Rico (Consolidated).

21 **Q. IS THERE A RELATIONSHIP BETWEEN A UTILITY'S CAPITAL STRUCTURE
22 AND ITS COST OF CAPITAL?**

23 A. Yes. Generally speaking, when an entity engages in debt financing, it exposes itself to
24 greater risk. As debt grows relative to the total capital structure, the risk increases in a
25 geometric fashion compared to the linear percentage increase in the debt ratio itself. This
26 risk is illustrated by considering the effect of leverage on net earnings. For example, as
27 leverage increases, the equity ratio falls. This creates two adverse effects. First, equity
28 earnings decline rapidly and may even disappear. Second, the "cushion" of equity

1 protection for debt falls. A decline in the protection afforded to debt holders, or the
2 possibility of a serious decline in debt protection, will act to increase the cost of debt
3 financing. Therefore, one may conclude that each new financing, whether through debt or
4 equity, impacts the marginal cost of future financing by any alternative method.

5 For an entity already perceived as being over-leveraged, this additional borrowing
6 would cause the marginal costs of both equity and debt to increase. On the other hand, if
7 the same entity instead successfully employed equity funding, this could actually reduce the
8 real marginal cost of additional borrowing, even if the particular equity issuance occurred
9 at a higher unit cost than an equivalent amount of debt.

10 **Q. HOW DO THE CAPITAL STRUCTURES OF THE SAMPLE WATER UTILITIES**
11 **COMPARE TO THE PROPOSED PRO FORMA CAPITAL STRUCTURES FOR**
12 **LIBERTY RIO RICO (CONSOLIDATED)?**

13 A. Table 3 shows that the debt and equity capital structure used to develop the cost of capital
14 for Liberty Rio Rico (Consolidated). This structure contains 54 percent equity and 46
15 percent debt, compared to the average of the water utility sample of approximately 52
16 percent equity and 48 percent debt. Having less debt in its capital structure implies that the
17 Company has lower financial risk than those in the water proxy group. However, the 46
18 percent level of debt for Liberty Rio Rico (Consolidated) is not significantly less than the
19 average of the proxy group of 48 percent. The differences in the levels of debt and equity
20 between the proxy group utilities and Liberty Rio Rico (Consolidated) are not significant
21 and in my view do not result in a material difference in overall investment risk.¹⁷
22 Consequently, I do not recommend a financial risk adjustment at this time based on Liberty
23 Rio Rico (Consolidated)'s proposed capital structure.

24
25
26
27
28

¹⁷ Smaller firms tend to offset higher business risk with lower financial risk. See Scott, D.F. and Martin, J.D., "Industry
Influence on Financial Structure," *Financial Management*, Spring 1975, pp. 67-71

1 **V. OVERVIEW OF THE DCF AND RISK PREMIUM METHODS**

2 **Q. PLEASE EXPLAIN THE GENERAL APPROACHES TO ESTIMATING THE**
3 **COST OF CAPITAL.**

4 A. There are two broad approaches:

- 5 1) identify comparable-risk sample companies and estimate the cost of capital
6 directly, or
- 7 2) find the location on the CML and estimate the relative risk of the entity, which
8 jointly determines the cost of capital.

9 The DCF method falls into the first approach. It is a direct method, but uses only a subset
10 of the total capital market evidence. The DCF rests on the premise that the fundamental
11 value of an asset (i.e. stock) is its ability to generate future cash flows to the owner of that
12 asset. The DCF is simply the sum of a stock's expected dividend yield and the expected
13 long-term growth rate. Dividend yields are readily available, but long-term growth
14 estimates are not. I will explain the DCF in greater detail later.

15 The RP methods fall into the second approach. An equity risk premium is
16 established by determining the relationship between the cost of equity and an interest rate
17 over time. The CAPM method falls into the category of RP methods. To implement, it is
18 generally assumed that the past correlation will continue on into the future. The RP
19 generally uses a small subset of the capital market evidence whereas the CAPM uses
20 information on all securities, rather than a small subset. I will explain the RP methods in
21 more detail later. For now, the RP methods reflect a risk-return relationship, often depicted
22 graphically as the CML.

23 Each of these methods measures investor expectations. In the final analysis, ROE
24 estimates are subjective and should be based on sound, informed judgment and supported
25 by competent evidence. I have applied one version of the DCF and three versions of the
26 RP methods (including the CAPM as one of the RP methods.) I believe these methods
27 provide the foundation for evaluating the fair cost of equity capital for the publicly traded
28 water utilities in my proxy group. I then add a risk premium to the results of these models

1 for the water proxy group to account for the differences in risk (business, regulatory,
2 liquidity, size) between the water proxy group and Liberty Rio Rico (Consolidated).

3 **A. Explanation of the DCF Model And its Inputs**

4 **Q. PLEASE EXPLAIN THE DCF METHOD OF ESTIMATING THE COST OF**
5 **EQUITY.**

6 A. The DCF model is based on the concept that the current price of a share of stock is equal to
7 the present value of future cash flows from the purchase of the stock. In other words, the
8 DCF model seeks to replicate the market valuation process that sets the price investors are
9 willing to pay for a share of an entity's stock. It rests on the assumption that investors rely
10 on the expected returns (i.e., cash flow they expect to receive) to set the price of a security.

11 The DCF model in its most general form is:

12 [6]
$$P_0 = CF_1/(1+k) + CF_2/(1+k)^2 + \dots + CF_n/(1+k)^n$$

13 where k is the cost of equity; n is the number of years; P₀ is the current stock price; and,
14 CF₁, through CF_n are the expected future cash flows expected to be received in periods 1
15 through n.

16 Equation [6] can be written to show that the current price (P₀) is also equal to

17 [7]
$$P_0 = CF_1/(1+k) + CF_2/(1+k)^2 + \dots + P_t/(1+k)^t$$

18 where P_t is the price expected to be received at the end of the period t. If the future price
19 (P_t) included a premium (an expected increase in the stock price or capital gain), the price
20 the investor would pay today (in anticipation of receiving that premium) would increase.
21 In other words, by estimating the cash flows from the purchase of a stock in the form of
22 dividends and capital gains, we can calculate the investor's required rate of return, i.e., the
23 rate of return an investor presumptively used in bidding the current price to the stock (P₀)
24 to its current level.

25 Equation [7] is a Market Price version of the DCF model. As with the general form
26 of the DCF model in equation [6], the current stock price (P₀) is the present value of the
27 expected cash inflows in the Market Price approach. The cash flows are comprised of
28 dividends and the final selling price of the stock. The estimated cost of equity (k) is the rate

1 of return investors expect if they bought the stock at today's price, held the stock and
2 received dividends through the transition period, and then sold it for price in period t (P_t).

3 **Q. CAN YOU PROVIDE AN EXAMPLE TO ILLUSTRATE THE MARKET PRICE**
4 **VERSION OF THE DCF MODEL?**

5 A. Yes. Assume an investor buys a share of common stock for \$40. If the expected dividend
6 during the coming year is \$2.00, then the expected dividend yield is 5 percent ($\$2.00/\$40 =$
7 5.0 percent). If the stock price is also expected to increase to \$43.00 after one year, this
8 \$3.00 expected gain adds an additional 7.5 percent to the expected total rate of return
9 ($\$3.00/\$40 = 7.5$ percent). Thus, the investor buying the stock at \$40 per share expects a
10 total return of 12.5 percent (5 percent dividend yield plus 7.5 percent price appreciation).
11 The total return of 12.5 percent is the appropriate measure of the cost of capital because this
12 is the rate of return that caused the investor to commit \$40 of his or her capital by purchasing
13 the stock.

14 **Q. PLEASE CONTINUE WITH YOUR DESCRIPTION OF THE DCF MODEL.**

15 A. Under the assumption that future cash flow is expected to grow at a constant rate ("g"),
16 equation [6] can be solved for k and rearranged into the simple form:

17 [8] $k = CF_1/P_0 + g$

18 where CF_1/P_0 is the expected dividend yield (also expressed as D_0/P_0) and g is the expected
19 long-term dividend (price) growth rate. The expected dividend yield is computed as the
20 ratio of next period's expected dividend ("D₀") divided by the current stock price ("P₀").

21 This form of the DCF model is known as the "constant growth" DCF model and
22 recognizes that investors expect to receive a portion of their total return in the form of
23 current dividends and the remainder through future dividends and capital (*i.e.* price)
24 appreciation. A key assumption of this form of the model is that investors expect that same
25 rate of return (k) every year and that market price grows at the same rate as dividends. As
26 already discussed, this has not been historically true for the water utility sample, as shown
27 by the data in Table 4.

28

1 Q. ARE THERE ANY CONCERNS ABOUT APPLYING THE DCF MODEL TO
2 UTILITY STOCKS?

3 A. Yes, there are a number of reasons why caution must be used when applying the DCF model
4 to utility stocks. First, a non-publicly traded company does not have a stock market price.
5 Using the stock prices from a proxy group assumes that the stock of Liberty Rio Rico
6 (Consolidated) would be similarly priced and has a dividend yield similar to the publicly
7 traded water companies. Second, the stock price and dividend yield components may be
8 unduly influenced by structural changes in the industry, such as mergers and acquisitions,
9 which influence investor expectations. Third, the DCF model is based on a number of
10 assumptions that may not be realistic given the current capital market environment. The
11 traditional DCF model assumes that the market price per share (“MPPS”), book value per
12 share (“BVPS”), earnings per share (“EPS”), and dividends per share (“DPS”), all grow at
13 the same rate. This has not been historically true for the sample water utility companies.
14 For example, Table 4 shows that over the past 5 years the average MPPS growth has
15 significantly exceeded the average BVPS, EPS, and DPS.

16 We should be especially concerned with the DCF model’s applicability under
17 current market conditions. Over the past several years, *Value Line* has taken note of these
18 fundamental changes surrounding water utility stocks. The *Value Line* Investment Survey
19 (October 14, 2016) for the Water Utility Industry noted:

20 When we went to press last July, institutional investors, spurred by
21 low rates on U.S. Treasury securities, had plowed large amounts of
22 funds into this relatively minor segment of the U.S. equity market.
23 Consisting of only nine stocks, the industry has a combined market
24 capitalization of less than \$25 billion. Long known to many retail
25 investors for their modest, but well-defined earnings, many accounts
26 have also been attracted to these shares because of their higher-than-
27 average yields, solid dividend growth prospects, low volatility, and
28 defensive nature. During the first half of 2016, however, demand for
certain income-generating stocks reached peak levels. Indeed, the
price of the equities in this industry were pushed to such all-time
highs, that their yields (the primary reason to buy the stocks) fell
below the median of the *Value Line* universe.

1 The *Value Line* Investment Survey (January 13, 2017) for the Water Utility Industry
2 noted:

3 The average dividend yield on the eight regulated water utilities we
4 follow is currently 2.1%, or exactly the same as the median for all
5 stocks in the *Value Line* universe. Historically, the yield on these
6 stocks has been much higher. As an example, the typical yield on an
7 electric utility equity is about 3.6%, or 150 basis points higher than
8 the water utility industry. Why is this? One reason is that when taken
9 as a whole, the market capitalization of the group is very modest.
10 Thus, it doesn't take a large shift into the sector by institutional
11 investors to drive the price of these stocks higher and their yields
12 lower. Indeed, the three stocks with the best returns over the last three
13 months were all small cap stocks. *York Water* and *SJW* each surged
14 30% while *Middlesex Water* rose about 25%. Before these moves,
15 the market capitalization of each individual stock was \$375 million,
16 \$850 million, and \$550 million, respectively. The spike in prices has
17 also left the equities with respective yields of 1.7%, 1.5%, and 2.1%.

18 The *Value Line* Investment Survey (January 12, 2018) for the Water Utility Industry
19 noted:

20 Shares of water utilities are currently trading in uncharted territory.
21 Aided most likely by strong institutional demand, and a limited
22 supply of equity, the large- and mid-cap stocks in the group have
23 done extremely well.

24 We caution investors that these stocks may not be as safe as they
25 have been in the past. That is because the larger utilities have seen
26 their stocks rise to near all-time highs. For example, the current yield
27 on this group's stocks is only about equal to the *Value Line* median.
28 Also, though inflation remains tame, the Federal Reserve has
indicated more interest rate hikes next year. This could make bonds
more attractive to income-oriented investors. In any case,
subscribers should be aware that these stocks may carry more risk
than their Beta co-efficients and Safety ranks indicate.

The *Value Line* Investment Survey (April 12, 2019) for the Water Utility Industry
continues this theme and notes:

Despite its reputation as being defensive sector of the equity market,
the Water Utility Industry continues to perform relatively well in an
up market. Indeed, typically purchased for their yield and dividend
growth prospects, the average yield in this group is now below the
Value Line median. Based, on other key financial metrics, this
Industry is trading at historically high levels. For example, the P/E
ratios of these stocks is probably close to 30. That's over 1.7 times

1 the average stock's P/E. Not only are other stocks offering an
2 alternative to this group, but short-term Treasury notes are looking
3 attractive on a relative basis as well. The yield on a three-month
4 Treasury note is currently over 2.4%. Thus, it is yielding more than
5 50 basis points higher than most water equities. True, there is not the
6 possibility of dividend hikes for this security, but there also is just
7 about no risk whatsoever. All in all, we think investors should take a
8 hard look at the offerings on the front end of the yield curve rather
9 than invest in water utility stocks.

10 ... Despite their low Beta co-efficient, and high scores for Price
11 Stability and Earnings Predictability, these stocks may hold more
12 risk than a typical utility investor may want to undertake. This
13 opinion is based purely on what we believe are elevated valuations
14 of the equities. We continue to think that the industry is
15 fundamentally sound, but better alternatives are available elsewhere.

16 Finally, the most recent *Value Line* Investment Survey (January 6, 2023) (emphasis
17 added) for the Water Utility Industry noted:

18 The total market capitalization of the Water Utility Industry
19 is about \$51 billion, or slightly below that of Dominion Energy, the
20 nation's fourth largest electric utility. Moreover American Water
21 Works accounts for over 54% of the total. Thus, in the group there
22 are only two large cap stocks. (The other *Essential Utilities*.) That
23 leaves 4 companies that have market caps ranging from \$2.5 billion
24 to \$3.4 billion. **The demand to own shares by the large
25 institutional investors clearly outstrips the supply. This is one of
26 the prime reasons for these stocks trading at such seemingly
27 inflated P/E ratios.** Of the six water stocks covered by Value Line,
28 the P/E's range from a low of 24.8, to a high of 38.8, with the average
being 32.4. *Essential Utilities* is the only equity with a P/E below 30,
mostly because of its gas utility operations.

Over the past several years while the price-earnings ratios for water utility stocks have reached all-time highs and dividend yields have reached all-time lows, yet the 5 and 10-year average annual total return for the water proxy group are 11.8, and 16.8 percent, respectively, from advances in stock prices and reinvestment of dividends.¹⁸ These returns are significantly higher than the DCF estimate of the cost of equity of just 8.6 percent and is a source of my concern in the application of the DCF at this time. The expected equity returns suggested by the market based DCF model do not line up with recent experience in the markets. As Dr. Morin notes:

¹⁸ *Value Line Investment Analyzer* weekly data from September 13, 2023.

1 To the extent that increases (decreases) in relative market valuation
2 are anticipated by investors, especially myopic investors with short-
3 term investment horizons, the standard DCF model will understate
4 (overstate) the cost of equity.¹⁹

5 Another way of stating this point is that the DCF model does not account for the ebb and
6 flow of investor sentiments over the course of the business cycle. The problem was
7 particularly acute in the mid 1990's and mid 2000's where investors, faced with very low
8 returns on short-term fixed-income securities and an uncertain market outlook, sought
9 higher yields offered by utility stocks in a so-called flight to quality, boosting utility stock
10 price and lowering the dividend yield.²⁰ The circumstances then are not so different from
11 what is occurring today.

12 Fourth, the application of the DCF model produces estimates of the cost of equity
13 that are consistent with investor expectations *only* when the market price of a stock and the
14 stock's book value are approximately the same. The DCF model will understate the cost of
15 equity when the market-to-book ratio exceeds 1.0 and, conversely, the model will overstate
16 the cost of equity when the market-to-book ratio is less than 1.0. The reason for this is that
17 the market-derived return produced by the DCF is often applied to book value rate base by
18 regulators.

19 Fifth, the assumption of a constant growth rate may be unrealistic, and there may be
20 difficulty in finding an adequate proxy for the growth rate. Historical growth rates can be
21 downward biased as a result of the impact of anemic historical growth rates in earnings,
22 mergers and acquisitions, restructuring, unfavorable regulatory decisions, and even
23 abnormal weather patterns. Conversely, historical growth rates can be upwardly biased as
24 well, particularly under current market conditions as discussed previously.

25 **Q. WHAT DATA HAVE YOU USED TO COMPUTE THE EXPECTED DIVIDEND**
26 **YIELD (D_1/P_0) IN YOUR DCF MODEL?**

27 A. First, I computed a current dividend yield (D_0/P_0). The time value of money should be taken
28 into account when determining dividend yields. This adjustment is required because the

¹⁹ Morin, p. 433.

²⁰ Morin, pp. 21-22.

1 basic model assumes dividends are paid once a year, but investors actually receive dividend
2 payments on a quarterly basis. Prices they pay for the stock (P_0), would reflect the
3 anticipated payment and potential re-investment of quarterly dividends. To approximate
4 the time value of money and the payment of quarterly dividends, I computed expected
5 dividend yield (D_1/P_0) as the current dividend yield (D_0/P_0) times one plus the growth rate
6 (g) divided by 2. I used the spot price for each of the stocks of the water utilities in the
7 sample group as reported by the *Value Line Investment Analyzer* for September 22, 2023
8 for P_0 . The current dividend (D_0) is the current indicated dividend as reported by *Value*
9 *Line*. In my tables, the current dividend yield is denoted as (D_0/P_0), where D_0 is the current
10 dividend and P_0 is the spot stock price. (D_1/P_0) is used to denote the expected dividend
11 yield in the tables.

12 **Q. WHAT MEASURES OF GROWTH (“g”) HAVE YOU USED?**

13 A. My estimates of growth are based upon analysts’ estimates of growth. For my forecast
14 growth estimate, I have used the growth forecasts from *Value Line*, *Zacks Investment*
15 *Research*, and *Yahoo Finance*. I report the analysts’ forecasts of future growth in Table 4.

16 **Q. WHY DID YOU USE FORECASTED GROWTH RATES IN YOUR GROWTH**
17 **ESTIMATES?**

18 A. The empirical evidence indicates that analyst estimates of EPS growth are the best measure
19 of growth for use in the DCF for utility stocks.²¹ Further, the DCF model requires estimates
20 of growth that investors expect in the future and not past estimates of growth that have
21

22 ²¹ Gordon, David A., Gordon, Myron J. and Gould, Lawrence I., “Choice Among Methods of Estimating Share Yield,”
23 *Journal of Portfolio Management*, Spring 1989, pp. 50-55. Gordon, Gordon and Gould found that a consensus of
24 analysts’ forecasts of earnings per share growth for the next five years provides a more accurate estimate of growth
25 required in the DCF model than three different historical measures of growth (historical EPS, historical DPS, and
26 historical retention growth). They explain that this result makes sense because analysts would take into account such
27 past growth as indicators of future growth as well as any new information. Other studies confirm the superiority of
28 analysts’ estimates such as Vander Weide, James H. and Carleton, Willard T., “Investor Growth Expectations:
Analysts vs. History,” *Journal of Portfolio Management*, Spring 1988, pp. 78-87; Brown, Lawrence D. and Rozeff,
Michael S., “The Superiority of Analyst Forecasts as Measures of Expectations: Evidence from Earnings,” *Journal of*
Finance, March 1978, pp. 1-16; and Timme, Stephen G. and Eisemann, Peter C., “On the Use of Consensus Forecasts
of Growth in the Constant Growth Model: The Case for Electric Utilities,” *Journal of Financial Management*, Winter
1989, pp. 23-35. A 2004 study by the Kentucky Public Service Commission Advance Research Center updated the
study by Vander Weide and Carleton (1988) and confirmed the superiority of analyst estimates over historical
averages.

1 already occurred. Logically, in estimating future growth, financial institutions and analysts
2 have taken into account all relevant historical information on an entity, as well as other more
3 recent information.²² To the extent that past results provide useful indications of future
4 growth prospects, analysts' forecasts would already incorporate that information. In
5 addition, the current price of a stock reflects known historic information on that entity,
6 including its past earnings history. Any further recognition of the past will double count
7 what has already occurred. Therefore, forward-looking growth rates should be used.

8 **Q. DID YOU APPLY A REASONABLENESS TEST TO THE INDIVIDUAL RESULTS**
9 **THE DCF?**

10 A. Yes. DCF results that are less than the forecast Baa investment grade bond yield plus 100
11 basis points or 6.7 percent are excluded. An indicated return of 6.7 percent is the minimum
12 plausible expected cost of equity. This reasonableness approach is consistent with methods
13 the Federal Energy Regulatory Commission ("FERC") adopted in the past and consistent
14 with common sense.²³

15 **Q. PLEASE SUMMARIZE THE EQUITY COST ESTIMATES YOU MAKE WITH**
16 **THE DCF APPROACH.**

17 A. In Table 6, my DCF estimate for the cost of equity of the water proxy group is 9.6 percent.
18 For Liberty Rio Rico (Consolidated) my estimate is 9.8 percent as shown in Table 1.

19 **B. Explanation of the RP And its Inputs**

20 **Q. PLEASE EXPLAIN THE RP METHODOLOGY FOR ESTIMATING THE COST**
21 **OF EQUITY.**

22 A. The RP method is sometimes referred to as the "bond yield plus risk premium method."
23 The general approach is to determine the spread between the return on debt and the return
24 on equity, and then add this spread to the current debt yield to derive an estimate of the cost
25

26
27 ²² Gordon, Gordon, and Gould, p.54.

28 ²³ In its 2008 Order for Southern California Edison, 122 FERC ¶61236 at page 25, the FERC lists screens which included exclusion of any company whose low-end ROE fails to exceed the average bond yield by about 100 basis points, or more.

1 of equity. To implement the RP, it is assumed that the past relationship will continue into
2 the future. The RP is widely used by analysts and investors.²⁴

3 The RPM formula provides a formal risk-return relationship and is stated as:

4 (9) $k = K_d + \text{bond-equity spread}$

5 Where k is the expected return on equity and K_d is the cost of debt or debt yield.

6 **Q. PLEASE TURN TO YOUR RISK PREMIUM EQUITY COST ESTIMATES. HOW**
7 **MANY RP ANALYSES HAVE YOU PERFORMED?**

8 A. I performed two risk premium analyses, not including the CAPM. My first analysis is
9 presented in Table 8. It is an updated and modified version of the risk premium analysis
10 used in a prior California Public Utility Commission rate case. In that case, the Public
11 Advocates Office (“Cal Advocates”) presented in San Jose Water Company’s GRC (A.06-
12 02-014) in June 2006. In that case, Cal Advocates adopted annual averages of actual returns
13 on average equity for water utilities in its sample as proxies for the costs of equity for the
14 period 1996 to 2005, subtracted contemporaneous Treasury rates from those equity cost
15 proxies to determine annual average risk premiums, then added 5-year and 10-year averages
16 of those risk premiums to forecasts of the respective Treasury rates to determine an equity
17 cost range. Table 8 adopts annual averages of available DCF equity costs for utilities in the
18 sample as the annual proxies for the costs of equity. This analysis was based on data for
19 the period 2013 to 2022. See Table 9. Current dividend yields are annual averages of yields
20 for the water utilities sample in the various years as reported by *Value Line*. Growth rates
21 are averages of EPS growth rates forecasted by *Value Line*. This RP analysis indicates a
22 cost of equity of 10.66 percent for the water proxy group. For Liberty Rio Rico
23 (Consolidated), the indicated cost of equity is 11.47 percent as shown in Table 1. My
24 analysis assumes that the sample of seven utilities is large enough to provide meaningful
25 estimates.

26 **Q. PLEASE EXPLAIN YOUR SECOND RP APPROACH.**

27
28

²⁴ Morin, p. 108.

1 A. The second RP analysis is analysis is presented in Table 9. For the period 1977 to 2022 (46
2 years), I subtract average annual long-term US. Treasury yields from total returns of the
3 S&P 500 Utility Index to determine the annual risk premium for each year. The average
4 risk premium over the period adjusted to reflect the estimated impact on the risk premium
5 due to the difference between the average interest rate over the period and the current
6 forecast estimate for interest rates. This adjustment is necessary because the risk premium
7 varies inversely with interest rates. That said, the adjusted risk premium is then added to
8 the average expected long-term U.S. Treasury yield (2024-2026) of 2.7 percent from Table
9 7 to estimate the cost of equity. This RP analysis indicates a cost of equity of 11.3 percent
10 for the water proxy group. For Liberty Rio Rico (Consolidated), the indicated cost of equity
11 is 12.11 percent as shown in Table 1.

12 **Q. SHOULD STUDIES OF HISTORICAL RISK PREMIUMS RELY ON**
13 **ARITHMETIC AVERAGE RETURNS OR ON GEOMETRIC AVERAGE**
14 **RETURNS?**

15 A. Whenever relying on historical risk premiums, only arithmetic average returns
16 over long periods are appropriate for forecasting and estimating the cost of capital, and
17 geometric average returns are not. As various finance experts have explained, an arithmetic
18 mean is the correct approach to use in estimating the cost of capital, particularly for a risk
19 premium model.²⁵ As Dr. Morin states:

20 Because valuation is forward-looking, the appropriate
21 average is the one that most accurately approximates the
22 expected future rate of return. *The best estimate of the*
23 *expected returns over a future holding period is the*
24 *arithmetic average. Only arithmetic means are correct for*
25 *forecasting purposes and for estimating the cost of capital.*
26 There is no theoretical or empirical justification for the use
27 of geometric rates of return as a measure of the appropriate
28 discount rate in computing the cost of capital or in
computing present values.²⁶

25 Zvi Bode, Alex Kane, Alan J. Marcus, *Investments* (McGraw-Hill 6th ed., 2005) (“Bode”), pp. 864 – 865; Richard A. Brealey, Stewart C. Myers, Frankin Allen, *Principles of Corporate Finance* (McGraw-Hill 11th ed.) (“Brealey”), pp. 162 – 163.

26 Morin, pp. 116 – 117 (emphasis added).

1 The consensus among these experts makes sense. Only arithmetic mean return rates and
2 yields are appropriate for cost of capital purposes because ex-post (historical) total returns
3 and equity risk premiums differ in size and direction over time, providing insight into the
4 variance and standard deviation of returns. The geometric mean of ex-post (after the fact)
5 equity risk premiums provides no insight into the potential variance of future returns
6 because the geometric mean relates the change over many periods to a constant rate of
7 change, rather than the year-to-year fluctuations, or variance, which are critical to risk
8 analysis. In short, the conclusion of these financial experts is that, while the geometric
9 mean is useful in comparing what happened in the past, it should not be used to determine
10 estimates of expected future returns or market risk premiums.

11 **Q. LET'S TURN TO THE CAPM. PLEASE EXPLAIN THE CAPM METHODOLOGY**
12 **FOR ESTIMATING THE COST OF EQUITY.**

13 A. Like all RP methods, the CAPM is the sum of a risk-free rate plus a risk premium. Like the
14 RPM, it quantifies the additional return required by investors for bearing incremental risk.
15 The CAPM was developed by William Sharpe and John Lintner in the mid-1960s and is a
16 common topic in college finance textbooks. The CAPM provides a formal risk-return
17 relationship premised on the idea that only market risk matters, as measured by beta. The
18 traditional version of CAPM is represented by the formula:

$$19 \quad [10] \quad k = R_f + \beta(R_m - R_f)$$

20 Where k is the expected return, R_f is the risk-free rate (or zero beta asset), R_m is the market
21 return, $(R_m - R_f)$ is the market risk premium, and β is beta.

22 **Q. WHAT IS BETA AND WHAT DOES IT MEASURE?**

23 A. Beta is a measure of the relative risk of a security in relation to the market. In other words,
24 it is a measure of the sensitivity of a security to the market as a whole. This sensitivity is
25 also known as systematic risk. It is estimated by regressing a security's excess returns
26 against a market portfolio's excess returns. The slope of the regression line is the beta.

1 Beta for the market is 1.0. A security with a beta greater than 1.0 is considered
2 riskier than the market. A security with a beta less than 1.0 is considered less risky than the
3 market.

4 **Q. ARE THERE ANY CONCERNS ABOUT APPLYING THE CAPM MODEL TO**
5 **UTILITY STOCKS?**

6 A. Yes. I have concerns with using this model in most periods because mechanical application
7 of the model may produce unreasonable results. The traditional CAPM only captures a
8 single measure of systematic risk as measured by beta, but there are other forms of
9 systematic risk priced by the market such as company size. A size premium is necessary
10 because the empirical evidence indicates that beta alone does not measure the risk of smaller
11 companies.²⁷ Further, there are computational problems surrounding beta since it depends
12 on the return data, the time period used, its duration, the choice of the market index, and
13 whether annual, monthly, or weekly return figures are used. Betas are estimated with error.
14 Based on empirical evidence, high betas will tend to have a positive error (risk is
15 overestimated) and low betas will have a negative error (risk is underestimated).²⁸

16 **Q. ARE THERE ALTERNATIVES TO THE TRADITIONAL CAPM?**

17 A. Yes, alternative versions of the CAPM have been developed that provide more robust
18 explanations of returns required by investors. A version of the CAPM called the Empirical
19 CAPM or ECAPM was developed to recognize that estimations of R_f are higher than the
20 return on long-term Treasuries. Dr. Roger Morin discusses ECAPM at pages 189-191 of
21 his book, *New Regulatory Finance*. The ECPAM is represented as follows:

$$[11] k = R_f + .25(R_m - R_f) + .75\beta(R_m - R_f)$$

22
23 The ECAPM was developed from the empirical findings that show the slope of the CML is
24 flatter and the risk-free rate is at a higher point than predicted by the pure CAPM. The
25 ECAPM has been shown to do a better job at predicting market returns.

26
27 ²⁷ Duff & Phelps 2018 *Valuation Handbook*, Chapter 2, p. 7.

28 ²⁸ Fama, Eugene F. and Kenneth R. French, "The Capital Asset Pricing Model: Theory and Evidence," *Journal of Economic Perspectives*, Summer 2004, pp. 25-46.

1 *Duff & Phelps* also suggests a version of the CAPM in which a size premium is
2 included.²⁹ This modified CAPM or MCAPM is represented as follows:

3 [12] $k = R_f + \beta(R_m - R_f) + RP_s$

4 Where k is the expected return, R_f is the risk-free rate (or zero beta asset), R_m is the market
5 return, $(R_m - R_f)$ is the market risk premium, β is beta, and RP_s is the size premium. Both the
6 ECAPM and MCAPM recognize the pure CAPM is incomplete and does not fully account
7 for the higher returns that are needed on smaller company stocks. In other words, the higher
8 risks associated with smaller firms are not fully accounted for by beta.³⁰

9 **Q. IS FIRM SIZE A UNIQUE RISK?**

10 A. No, firm size is a systematic risk factor and is an adjustment to the pure CAPM.³¹ Putting
11 aside the empirical financial data, the need for a risk premium for size makes sense.
12 Company size is a significant element of business risk for which investors expect to be
13 compensated through greater returns. As discussed earlier, smaller companies are simply
14 less able to cope with significant events that impact sales, revenues, and earnings. For
15 example, smaller companies face more risk exposure to business cycles and economic
16 conditions, both nationally and locally. Additionally, the loss of revenues from a few larger
17 customers would have a greater effect on a small entity than on a much larger entity with a
18 larger, more diverse, customer base. Moreover, smaller companies are generally less
19 diverse in their operations and have less financial flexibility.

20 **Q. DID YOU EMPLOY EITHER OF THESE ALTERNATIVE CAPM METHODS**
21 **(EQUATIONS 11 AND 12) AS PART OF YOUR ANALYSIS?**

22 A. Yes. I employed all three versions of the CAPM to estimate the cost of equity for the water
23 proxy group, which does somewhat mitigate my concerns about the traditional CAPM.

24 **Q. WHAT IS THE RISK-FREE RATE (R_f)?**

25
26
27 ²⁹ *Duff & Phelps 2018 Valuation Handbook*, Chapter 2, p. 14.

28 ³⁰ Morningstar, *Ibbotson SBBi 2013 Valuation Yearbook*, pp. 85-88. (“Morningstar”).

³¹ Pratt, Shannon P. and Roger J. Grabowski, *Cost of Capital: Applications and Examples* (John Wiley and Sons, 4th Ed. 2010) p. 56.

1 A. It is the return on an investment with no risk. The U.S. Treasury rate serves as the basis for
2 the risk-free rate because the yields are directly observable in the market and are backed by
3 the U.S. government. Practically speaking, short-term rates are volatile, fluctuate widely
4 and are subject to more random disturbances than long-term rates. In short, long-term
5 Treasury rates are preferred for these reasons and because long-term rates are more
6 appropriately matched to securities with an indefinite life or long-term investment horizon.

7 **Q. WHAT DO YOU USE AS THE RISK FREE RATE (R_f)?**

8 A. I used the expected U.S. Long-term Treasury rate for 2024-2026 as the basis for the risk
9 free rate. Since the cost of capital is an opportunity cost and is prospective, it necessarily
10 requires the use of a forward-looking bond yield. In recent years, interest rates have
11 dropped to very low levels when compared to interest rates for similar securities in the past.
12 From 1999 to 2007, the annual average yield for long-term Treasury bonds was
13 5.24 percent, ranging from a low of 4.84 percent in 2007 to a high of 5.94 percent in 2000.
14 In 2008, and during the recent recession, that annual average dropped to 4.24 percent and
15 dropped further in 2012 to 2.9 percent.

16 The drop in long-term Treasury rates has been largely attributed to the market
17 intervention by the Federal Reserve through its quantitative easing programs. Long-term
18 Treasury rates for 2013 and 2014 averaged 3.45 percent and 3.34 percent, respectively. For
19 2017, 2018, 2020, and 2021 long-term Treasury rates have averaged 2.90 percent, 3.11
20 percent, 2.58 percent, 1.56 percent, and 2.06 percent, respectively.

21 Since March 2022, the Federal Reserve raised the key interest rate by 525 basis
22 points in an attempt to tame high inflation and is expected to raise interest rates further as
23 inflation remains stubbornly high. The average annual long-term Treasury rates for 2022
24 was 3.11 percent. The September, 2023 average monthly yield on 30-year U.S. Treasury
25 had risen to about 4.66 percent.

26 Economists expect the 30-year U.S. Treasury yields to be 3.9 percent in 2024-2026
27 timeframe. See Table 7.

28 **Q. WHY DO YOU USE LONG-TERM U.S. TREASURY YIELDS?**

1 A. The yields on long-term Treasury bonds match more closely with the perpetual nature of
2 common stock investments.³² In addition, short-term rates are more volatile, fluctuate
3 widely and are subject to more random disturbances than long-term rates. Long-term
4 Treasury rates are more appropriately matched to securities with an indefinite life or long-
5 term investment horizon. For these reasons, long-term rates are preferred.

6 **Q. WHAT DO YOU ADOPT AS THE RETURN FOR THE RISK-FREE RATE?**

7 A. I used long-term expected Treasury bond rates as the measure of the risk-free return for use
8 with CAPM cost of equity estimates from the *Blue Chip Financial Forecasts*.³³ The
9 appropriate choice for the risk-free rate is the *expected* return for long-term Treasury
10 securities.³⁴ Thus, when determining an estimate of the risk-free rate, it is appropriate to
11 adopt a return that is no less than the expected return on the long-term Treasury bond rate.
12 Models to determine the cost of capital are prospective in nature, which require
13 expectational inputs, such as forecasted interest rates.³⁵ The CAPM, ECAPM, and
14 MCAPM estimates are based on expected yields of the long-term Treasury rates for 2024-
15 2026, the average of which is 3.7 percent. See Table 7.

16 **Q. WHAT DID YOU USE AS THE PROXY OF THE BETA IN YOUR CAPM**
17 **MODELS?**

18 A. For the CAPM and ECAPM, I used the average beta of the sample water utility companies.
19 These betas were obtained from *Value Line Investment Analyzer* (weekly data as of
20 September 13, 2023). *Value Line* is the source for estimated betas that I regularly employ.
21 The average *Value Line* beta for my water proxy group as shown on Table 2 is 0.80.

22 For the MCAPM, I use sum beta. Sum beta is an alternative method of computing
23 betas. Since *Duff & Phelps* size premiums are derived using sum beta, I use sum beta to be
24 internally consistent with the size risk premiums for the water proxy group derived from
25 the *Duff & Phelps* 2022 Size Study. I computed the sum beta over a 60 month period (5-
26

27 ³² Morin, p. 112.

28 ³³ See Table 9.

³⁴ *Duff & Phelps*, Chapter 3, p. 1.

³⁵ Morin, p 172.

1 years) and use the S&P 500 as the market index. Weekly data over 5-year period is the
2 same period used to estimate beta by *Value Line*. However, *Value Line* uses the NYSE as
3 the market index.

4 I should note that because Liberty Rio Rico (Consolidated) is not publicly traded, it
5 has no beta. In my expert opinion, I strongly believe Liberty Rio Rico (Consolidated), if it
6 were publicly traded, would have a higher *Value Line* beta and sum beta than the sample
7 water utility companies. *Morningstar* reports that when betas (a measure of market risk)
8 are properly estimated, betas are greater for small companies than for larger companies.³⁶
9 *Morningstar* also finds that, even after accounting for differences in beta risk, small firms
10 require an additional risk premium over and above the added risk premium indicated by
11 differences in beta risk.

12 **Q. PLEASE EXPLAIN THE MARKET RISK PREMIUM.**

13 A. The market-risk premium ($R_m - R_f$) is the return an investor expects to receive as
14 compensation for market risk. It is the expected market return minus the risk-free rate.
15 Approaches for estimating the market risk premium can be historical or prospective.

16 Since expected returns are not directly observable, historical realized returns are
17 often used as a proxy for expected returns on the basis that the historical market risk
18 premium follows what is known in statistics as a “random walk.” If the historical risk
19 premium does follow the random walk, then one should expect the risk premium to remain
20 at its historical mean. Based on this, the best estimate of the future market risk premium is
21 the historical mean. *Duff & Phelps* provides historical market returns for various asset
22 classes from various historical time periods. This publication also provides market risk
23 premiums over U.S. Treasury bonds, which makes it an excellent source for historical
24 market risk premiums.

25 A current market risk premium estimation approach necessarily requires examining
26 the returns expected from common equities and bonds. One method employs application
27

28 ³⁶ *Morningstar*, Chapter 7.

1 of the DCF model to a representative market index such as the *Value Line* 1700 stocks. The
2 expected return from the DCF is measured for a number of periods of time, and then
3 subtracted from the prevailing risk-free rate for each period to arrive at market risk premium
4 for each period. The market risk premium that is subsequently employed in the CAPM is
5 the average market risk premium of the overall period.

6 **Q. HOW DID YOU ESTIMATE THE MARKET RISK PREMIUMS FOR USE IN THE**
7 **CAPM MODELS?**

8 A. For the traditional CAPM and ECAPM, I averaged two market risk premium estimates: an
9 average of an historical market risk premium (1926-2022) and a current market risk
10 premium. For the MCAPM, I used a historical market risk premium (1963-2022) and a
11 current market risk premium.

12 For the historical market risk premiums, I used the *Duff & Phelps* measure of the
13 average premium of the market over long-term treasury securities from 1926 through 2022
14 and 1963 through 2022, both of which use the S&P 500 market index (which is considered
15 a large-cap index). The average historical market risk premium over long-term treasury
16 securities is 7.46 percent for the 1926 to 2022 period and 6.5 percent for the 1963 through
17 2022 period.

18 For the current market risk premium, I derived a market risk premium by first using
19 the DCF model to compute an expected market return for each of the past 12 months using
20 *Value Line's* projections of the average dividend yield for the dividend yield in the DCF
21 and an average of the median EPS, DPS and BVPS growth on the *Value Line* 1700 stocks.
22 I then subtracted the historical monthly average 30-year Treasury yield for each month from
23 the expected market returns to arrive at the expected market risk premiums. Finally, I
24 averaged the computed market risk premiums to determine the current market risk premium
25 for the last 12 months, 9 months, 6 months, and 3 months. The data and computations are
26 shown on Table 10. The recent 12-month average current market risk premium is 7.73
27 percent. Estimates of the current market risk premium have ranged from 6.89 percent to
28 8.95 percent over the past 12 months. My recommended market risk premium is based on

1 the recent 3-month average estimate of 7.03 percent, well below the mid-point of the range
2 of the past 12 months of 7.73 percent.

3 **Q. WHY USE TWO DIFFERENT HISTORICAL RISK PREMIUM ESTIMATES?**

4 A. I have typically used a historical market risk premium (1926-2022) in my CAPM and
5 ECAPM. I concur with *Morningstar*, which recommends use of a historical market risk
6 premium based upon the longest period practicable.³⁷ *Duff & Phelps* Risk Premium Report
7 size and risk premia are calculated over the time horizon 1963 – 2022, so I used the
8 historical market risk premium for this period for the MCAPM.

9 **Q. WHY IS IT NECESSARY TO USE A CURRENT MARKET RISK PREMIUM?**

10 A. Long-term historical interest rates used to estimate market risk premiums are much higher
11 than current interest rates. As a result, risk premiums are higher today than the average
12 long-term historical risk premium.

13 **Q. WHY?**

14 A. Because risk premiums vary inversely with interest rates. Dr. Morin found this inverse
15 relationship between risk premiums and interest rates and reported it in chapter 4 of his
16 2006 book, *New Regulatory Finance*. He stated a risk premium technique that can be used
17 to determine the cost of equity “consists of examining the risk premiums implied in returns
18 on equity allowed by regulatory commissions for utilities over some past period relative to
19 the contemporaneous level of the long-term Treasury bond yield.”³⁸ Professor Morin reports
20 the following statistical relationship between risk premiums (RPm) and long-term Treasury
21 bond yields (Yield) for the period 1987 to 2005 for electric utilities:

22
$$\text{RPm} = 8.2049 - 0.4833 \times \text{Yield}, \text{ with } R^2 = .81.$$

23 The slope was found to be statistically significantly less than zero (i.e., the t-statistic was -
24 8.4). In his analysis, annual averages of allowed equity returns reported by Regulatory
25 Research Associates were adopted as the proxies for equity costs. This risk premium method
26 is presented by Dr. Morin in Section 4.5 of his book.

27
28 ³⁷ Morningstar at 59.

³⁸ Morin. p. 123.

1 **Q. HAVE OTHERS FOUND AN INVERSE RELATIONSHIP BETWEEN RISK**
2 **PREMIUMS AND INTEREST RATES?**

3 A. Yes. Harris and Marston, “Estimating Shareholders Risk Premia Using Analysts’ Growth
4 Rates,” *Financial Management*, Summer 1992 found an inverse relationship. In Decision
5 97-12-089, which established the cost of equity for Pacific Gas & Electric Company
6 (“PG&E”), the Commission also found that costs of equity for energy utilities move in the
7 same direction as interest rates, but to a lesser degree. In Decision 02-11-027, an interim
8 opinion on rates of return on equity for PG&E, Southern California Edison Company, Sierra
9 Pacific Power Company, and San Diego Gas & Electric Company for the year 2003, the
10 Commission confirmed that its practice is to adjust ROEs for energy utilities by one-half to
11 two-thirds of the change in the benchmark interest rate.³⁹

12 **Q. HOW DID YOU ESTIMATE THE SIZE PREMIUM FOR THE WATER PROXY**
13 **GROUP FOR USE IN THE MCAPM?**

14 A. *Duff & Phelps’s* Size Study sorts companies by eight measures of size, breaking down the
15 NYSE universe of companies into 25 size-ranked portfolios.⁴⁰ The Size Study provides
16 two ways to match a company’s size (or risk) characteristics to the appropriate size (or risk)
17 premium – a guideline portfolio method and a regression equation method. I used the
18 regression equation method to find the CAPM size risk premium for each of the publicly
19 traded utilities in the proxy group for six measures of size (namely, market value of equity,
20 book equity, market value of invested capital, 5-year average of net income, total assets,
21 and earnings before interest, taxes, depreciation and amortization).⁴¹ I determined the
22 average size premium of all size measures for the proxy group (3.81 percent) and then
23 adjusted the average size premium to reflect the lower risk of the water proxy group
24 compared to the companies that make up the respective size-ranked portfolios. This

25 _____
26 ³⁹ D.02-11-027 at p. 20.

27 ⁴⁰ The size measures include: 1) Market Capitalization; 2) Book Value of Equity; 3) 5-year Average Net Income; 4)
28 Market Value of Invested Capital; 5) Total Assets; 6) 5-year Average Earnings Before Interest, Taxes, Depreciation
and Amortization (“EBITDA”); 7) Sales; and 8) Number of Employees. See *2018 Valuation Handbook*, Chapter 7,
p. 6.

⁴¹ *Duff & Phelps Cost of Capital Navigator*, 2021 Supplementary Size Study data and 2021 Supplementary Data
Regression Equations.

1 comparative risk study uses the fundamental measures of company risk (operating margin,
2 coefficient of variation in operating income, and coefficient of variation in return on book
3 equity) to gauge how alike or different the water proxy group is compared to the companies
4 that make up the size-ranked portfolios in the Size Study. In the instant case, the estimated
5 reduction in risk is -1.81 percent. Thus, the market risk premium for size for the proxy
6 group is 2.00 percent (3.81% - 1.91%) (rounded). See Exhibit TJB-COC-DT2.

7 **Q. WHAT ARE THE RESULTS OF YOUR CAPM METHODS.**

8 A. In Table 11, the traditional CAPM produces an indicated cost of equity of 9.50 percent. The
9 ECAPM produces an indicated cost of equity of 9.80 percent. The MCAPM produces an
10 indicated cost of equity of 10.80 percent. The average of these three methods is 10.00
11 percent.

12 **VI. REQUIRED RISK PREMIUM FOR LIBERTY RIO RICO (CONSOLIDATED)**

13 **Q. PLEASE DISCUSS YOUR RECOMMENDED RISK PREMIUM FOR LIBERTY**
14 **RIO RICO (CONSOLIDATED).**

15 A. As I testified earlier, Liberty Rio Rico (Consolidated) is not directly comparable to the
16 publicly traded water utilities in my water proxy group. The characteristics associated with
17 small size, such as the lack of diversification, limited revenue and cash flow, relatively small
18 customer base, lack of investment liquidity, and earnings volatility, increase the risk faced
19 by smaller water and wastewater utilities over the risk associated with the water proxy
20 group.

21 **Q. PLEASE DISCUSS SIZE RISK FOR SMALL UTILITY COMPANIES.**

22 A. Investment risk increases as the firm size decreases, all else remaining constant. There is a
23 great deal of empirical evidence that the firm size phenomenon exists. Morningstar's
24 *Ibbotson SBBI 2013 Valuation Yearbook* (Chapter 7) reports that smaller companies have
25 experienced market higher returns that are not fully explainable by their higher betas, and
26 that beta is inversely related to firm size. In other words, smaller companies, not only have
27 higher betas, but also higher market returns than larger ones. Even after accounting for
28 differences in beta risk, small companies require an additional risk premium over and above

1 the added risk premium indicated by differences in beta risk. Dr. Thomas M. Zepp has also
2 reported evidence that the investment in stocks of small water or wastewater utilities are
3 riskier than the stocks of larger water utilities, such as those in the water utilities sample.⁴²
4 Additionally, the CPUC published a study that showed smaller water utilities are more risky
5 than larger ones.⁴³ Based on the evidence, it is clear that investors require higher returns
6 on small company stocks than on large company stocks.

7 **Q. PLEASE EXPLAIN YOUR COMPARATIVE RISK STUDY YOU PREPARED TO**
8 **DEVELOP A RISK PREMIUM FOR LIBERTY RIO RICO (CONSOLIDATED) TO**
9 **BE ADDED TO THE RESULTS FOR THE WATER PROXY GROUP?**

10 A. Yes. The risk study I prepared for Liberty Rio Rico (Consolidated) is attached as Exhibit
11 TJB-COC-DT3. To conduct my comparative risk study, I started by computing the 5-year
12 historical operating margin, coefficient of variation of operating margin, and coefficient of
13 variation of ROE for Liberty Rio Rico (Consolidated). Operating margin is a measure of
14 profitability. The co-efficient of variation of operating margin and ROE are measures of
15 earnings variability. All three of these metrics are highly correlated with size and risk.

16 **Q. ARE THESE THE METRICS FOR THE WATER PROXY GROUP AND LIBERTY**
17 **RIO RICO (CONSOLIDATED) YOU PRESENTED EARLIER IN YOUR**
18 **TESTIMONY?**

19 A. Yes, on page 25.

20 **Q. PLEASE CONTINUE.**

21 A. Next, I cross-referenced these metrics with data from *Duff & Phelps Cost of Capital*
22 *Navigator* Supplementary Data Risk Study and identified the corresponding market
23 portfolio beta for Liberty Rio Rico (Consolidated) and for my water proxy group.⁴⁴ I then
24 computed the relative difference in betas between the Liberty Rio Rico (Consolidated) and
25 the water proxy group. Assuming that the relative difference in the market portfolio beta

26 ⁴² Zepp, Thomas M., "Utility Stocks and the Size Effect – Revisited," *The Quarterly Review Economics and Finance*,
27 Vol. 43, Issue 3, Autumn 2003, pp. 578-582.

⁴³ Staff Report on Issues Related to Small Water Utilities, June 10, 1991 and CPUC Decision 92-03-093.

28 ⁴⁴ *Duff & Phelps Cost of Capital Navigator*, Supplementary Data Risk Study. See also page 3 of Exhibit TJB-COC-DT3.

1 for the all publicly traded companies is the same for publicly traded water utilities, I then
2 computed implied betas for Liberty Rio Rico (Consolidated) using the difference in
3 portfolio betas.⁴⁵ Finally, I used the CAPM methods to compute the indicated cost of equity
4 for each utility and compared the results to the CAPM results for the water proxy group.⁴⁶
5 Based upon this analysis, I conclude that required risk premium for Liberty Rio Rico
6 (Consolidated) is in the range of 90 to 110 basis points with a midpoint of 100 basis points.

7 **Q. IS THERE ANOTHER METHOD WHICH PROVIDES USEFUL INFORMATION**
8 **ABOUT THE RISK PREMIUM FOR LIBERTY RIO RICO (CONSOLIDATED)?**

9 A. Yes. Based upon my analysis of the size risk premium for use in the MCAPM, I found that
10 Liberty Rio Rico (Consolidated)'s size premium over the water proxy group is 200 basis
11 points. *See* Exhibit TJB-COC-DT2, page 2, line 26.

12 **Q. WHAT RISK PREMIUM OVER THE WATER PROXY GROUP DO YOU**
13 **RECOMMEND FOR LIBERTY RIO RICO (CONSOLIDATED)?**

14 A. I recommend a minimum of 85 basis points based upon the facts and circumstances in this
15 case.

16 **VII. SUMMARY AND CONCLUSIONS**

17 **Q. PLEASE PROVIDE AN OVERVIEW OF YOUR TESTIMONY.**

18 A. I recommend the Commission adopt the three-step method I presented above to determine
19 the ROE for Liberty Rio Rico (Consolidated). In the first step, an average of costs of equity
20 for a sample of seven water utilities is determined with the DCF model and several RP
21 models including variations of the CAPM.

22 In the second step, a risk premium for Liberty Rio Rico (Consolidated) is determined
23 to reflect the Company's higher risks. Quantitative evidence based on differences in Liberty
24 Rio Rico (Consolidated)'s business risk metrics compared to the benchmark water proxy
25 group justifies a risk premium in the range of 90 to 110 basis points. Based upon the facts
26 and circumstances of this case, I recommend an 85 basis point risk premium for Liberty Rio

27
28 ⁴⁵ *See* page 3 of Exhibit TJB-COC-DT3.

⁴⁶ *See* page 4 of Exhibit TJB-COC-DT3.

1 Rico (Consolidated).

2 In the third step, equity costs from step one and the risk premiums from step two are
3 combined to determine a fair ROE for Liberty Rio Rico (Consolidated) of 10.95 percent. I
4 recommend the Commission adopt an ROE for Liberty Rio Rico (Consolidated) of no less
5 than 10.95 percent.

6 **Q. PLEASE SUMMARIZE THE EQUITY COST ESTIMATES YOU MADE IN STEP**
7 **ONE.**

8 A. I made four equity cost estimates for the water proxy group, which are summarized in Table
9 1. Where data were available, the equity cost estimates were based on data for the seven
10 water utilities listed in Table 2. The first equity cost estimate was derived with the DCF
11 model. Using the DCF model to estimate growth, the indicated equity cost for the water
12 proxy group is 8.60 percent. Next, I determined three risk premium estimates including the
13 CAPM method. The first RP approach was based on ten annual DCF estimates of the cost
14 of equity for the water proxy group. This approach shows an indicated cost of equity for
15 the water proxy group of 10.66 percent. The second RP approach was based on a 46-year
16 comparison of total returns on the S&P utility index to the annual yields on long-term U.S.
17 Treasury bonds. This approach shows an indicated cost of equity for the water proxy group
18 of 11.30 percent. Finally, I established a range of CAPM estimates using a long horizon
19 estimates of the market risk premium as well as a current of the market risk premium which
20 produced a cost of equity for the water proxy group of 9.50 percent to 10.80 percent with
21 an average of 10.00 percent. I gave the DCF, the RP estimates, and the CAPM estimates
22 equal weight to establish a cost of equity for the water proxy group of 10.10 percent.

23 **Q. PLEASE SUMMARIZE YOUR ESTIMATE OF THE RISK PREMIUM YOU**
24 **DETERMINED IN STEP 2.**

25 A. I prepared a comparative risk study using commonly used business risk metrics and data
26 from *Duff & Phelps Cost of Capital Navigator 2022 Supplementary Data Risk Study*.
27 Based upon this study, I concluded that risk premium for Liberty Rio Rico (Consolidated)
28 is in the range of 90 to 110 basis points. I also examined differences in the size premium

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between Liberty Rio Rico (Consolidated) and the water proxy group based upon the *Duff & Phelps Cost of Capital Navigator 2022* Supplementary Data Size Study and Risk Study. Based upon this analysis, I conclude that the risk premium for Liberty Rio Rico (Consolidated) is 254 basis points. Based on my consideration of that testimony and my judgment, I recommend a risk premium for Liberty Rio Rico (Consolidated) of no less than 85 basis points at this time.

Q. GIVEN THE RESULTS OF YOUR EQUITY COST ANALYSES, IS AN ROE OF 10.95 PERCENT FOR LIBERTY RIO RICO (CONSOLIDATED) REASONABLE?

A. Yes. In step 1, I estimated the benchmark cost of equity for the sample of seven publicly traded water utilities which falls in the range of 8.60 percent to 11.30 percent with an average of 10.1 percent. In step 2, I determined a conservative estimate of the risk premium required by Liberty Rio Rico (Consolidated) is 85 basis points. Combining the results of step 1 and step 2 indicates the cost of equity for Liberty Rio Rico (Consolidated) is 10.85 percent.

Q. DOES THAT CONCLUDE YOUR COST OF CAPITAL DIRECT TESTIMONY?

A. Yes.

TABLES 1 – 11

Liberty Utilities Rio Rico (Consolidated), Corp.
Table 1
Summary of Results

<u>Line No.</u>		<u>Indicated Cost of Equity for Proxy Group</u>	<u>Indicated Cost of Equity for Company¹</u>
1	DCF Constant Growth - Table 6	8.60%	9.45%
2	Risk Premium - Table 8	10.66%	11.51%
3	Risk Premium - Table 9	11.30%	12.15%
4	CAPM - Table 10	10.00%	10.85%
5	Average (rounded)	10.10%	10.95%
6	Cost of Equity Recommendation		10.95% ²

Notes:

¹ Estimates include an equity risk premium of 85 basis points. See testimony.

² See testimony.

Liberty Utilities Rio Rico (Consolidated), Corp.
Table 2
Selected Characteristics of Sample Group of Water Utilities

Line			Operating Revenues	Net Plant	S&P Bond	Moody's Bond	Number of	Value Line	Sum	Market Capitalization1	Size
<u>No.</u>	<u>Company</u>	<u>Symbol</u>	<u>(millions)¹</u>	<u>(millions)¹</u>	<u>Rating²</u>	<u>Rating²</u>	<u>Customers³</u>	<u>Beta¹</u>	<u>Beta⁴</u>	<u>(millions)</u>	<u>Decile</u>
1	American States Water	AWR	491.5	1,754	A	NR	287,970	0.70	0.63	\$ 3,077.9	Mid-Cap
2	American Water Works	AWK	3,792.0	23,223	A	Baa1	3,449,000	0.95	0.91	27,120.0	Large-Cap
3	Essential Utilities	WTRG	2,288.0	11,131	A	Baa2	1,851,586	1.00	0.90	10,019.9	Mid-Cap
4	California Water	CWT	846.4	3,059	A+	NR	553,000	0.70	0.68	2,768.8	Mid-Cap
5	Middlesex	MSEX	162.4	921	A	NR	124,200	0.75	0.80	1,302.9	Low-Cap
6	SJW Corp.	SJW	620.7	2,630	A-	NR	398,326	0.85	0.85	2,023.9	Low-Cap
7	York Water Company	YORW	60.1	431	A-	NR	76,731	0.80	0.82	577.4	Low-Cap
8	Average		\$ 1,180.2	\$ 6,164.1			962,973	0.82	0.80	\$ 6,698.7	
9	Liberty Utilities Rio Rico (Consolidated), Corp.		\$ 13.8	\$ 69.1			25,280	Estimated 0.97	Estimated 0.95	N/A	

Notes:

¹ Value Line Analyzer Data (Weekly as of September 13, 2023)

² S&P and/or Moody's Website

³ Most recent annual report or 10-K or Value Line Rating and Reports

⁴ See workpapers.

Liberty Utilities Rio Rico (Consolidated), Corp.
Table 3
Capital Structures

<u>Line No.</u>	<u>Company</u>	<u>Symbol</u>	<u>Book Value¹</u>		<u>Market Value¹</u>	
			<u>Long-Term Debt</u>	<u>Common Equity</u>	<u>Long-Term Debt</u>	<u>Common Equity</u>
1	American States Water	AWR	39.9%	60.1%	13.3%	86.7%
2	American Water Works	AWK	58.7%	41.3%	28.7%	71.3%
3	Essential Utilities	WTRG	54.2%	45.8%	38.9%	61.1%
4	California Water	CWT	44.4%	55.6%	27.5%	72.5%
5	Middlesex	MSEX	42.1%	57.9%	18.2%	81.8%
6	SJW Corp.	SJW	57.3%	42.7%	42.4%	57.6%
7	York Water Company	YORW	40.2%	59.8%	19.5%	80.5%
8	Average		48.1%	51.9%	26.9%	73.1%
9	Liberty Utilities Rio Rico (Consolidated), Corp.		46.0%	54.0%	N/A	N/A

¹ Value Line Analyzer Data (Weekly as of September 13, 2023)

Liberty Utilities Rio Rico (Consolidated), Corp.
Table 4
Comparisons of Past and Future Estimates of Growth

Line No.	Company	Symbol	[1]	[2]	[3]	[4]	[5]
			Stock Price ¹	Book Value ²	EPS ²	DPS ²	Historical Average Growth Col. 1-4
Five-year historical annual changes							
1	American States Water	AWR	9.83%	6.50%	6.50%	8.50%	7.83%
2	American Water Works	AWK	10.75%	6.00%	15.00%	10.00%	10.44%
3	Essential Utilities	WTRG	4.00%	14.00%	3.50%	7.00%	7.13%
4	California Water	CWT	5.98%	9.00%	11.00%	6.00%	8.00%
5	Middlesex	MSEX	14.54%	9.50%	11.00%	6.50%	10.38%
6	SJW Corp.	SJW	4.93%	10.50%	-2.00%	9.00%	5.61%
7	York Water Company	YORW	5.82%	7.00%	6.50%	4.00%	5.83%
8	GROUP AVERAGE		7.98%	8.93%	7.36%	7.29%	7.89%
Ten-year historical average annual changes							
	<u>Company</u>	<u>Symbol</u>	<u>Stock Price¹</u>	<u>Book Value²</u>	<u>EPS²</u>	<u>DPS²</u>	<u>Historical Average Growth Col. 1-4</u>
9	American States Water	AWR	14.45%	5.50%	9.50%	6.50%	8.99%
10	American Water Works	AWK	15.17%	5.00%	9.00%	11.00%	10.04%
11	Essential Utilities	WTRG	8.91%	10.50%	7.50%	6.50%	8.35%
12	California Water	CWT	12.70%	7.00%	4.00%	7.50%	7.80%
13	Middlesex	MSEX	14.93%	6.50%	4.00%	9.50%	8.73%
14	SJW Corp.	SJW	11.81%	9.00%	7.00%	7.50%	8.83%
15	York Water Company	YORW	9.86%	5.00%	3.50%	6.50%	6.21%
16	GROUP AVERAGE		12.55%	6.93%	6.36%	7.86%	8.42%
	<u>Company</u>	<u>Symbol</u>	<u>Value Line Projected EPS Growth²</u>	<u>Zack's Projected EPS Growth³</u>	<u>Yahoo Finance Projected EPS Growth⁴</u>	<u>Average Projected Growth</u>	
17	American States Water	AWR	6.50%	6.30%	4.40%	5.73%	
18	American Water Works	AWK	3.00%	8.18%	8.07%	6.42%	
19	Essential Utilities	WTRG	7.50%	5.60%	5.40%	6.17%	
20	California Water	CWT	6.50%	ND	10.80%	8.65%	
21	Middlesex	MSEX	5.00%	ND	2.70%	3.85%	
22	SJW Corp.	SJW	5.00%	ND	6.10%	5.55%	
23	York Water Company	YORW	ND	ND	4.90%	4.90%	
24	GROUP AVERAGE		5.58%	6.69%	6.05%	5.90%	

Notes:

¹ Compound growth in stock prices ending December 31 through 2022. Data from Yahoo Finance website.

² Value Line Analyzer, weekly as of September 13, 2023.

³ Zack's Investment Research website September 26, 2023.

⁴ Yahoo Finance website September 26, 2023.

Liberty Utilities Rio Rico (Consolidated), Corp.
Table 5
Current Dividend Yields for Water Utility Sample Group

Line No.	Company	Symbol	[1] Stock Price (P ₀) ¹	[2] Current Dividend (D ₀) ¹	[3] Current Dividend Yield (D ₀ /P ₀)	[4] Average Annual Dividend Yield (D ₀ /P ₀) ^{1,2}
1	American States Water	AWR	79.66	1.52	1.91%	1.76%
2	American Water Works	AWK	130.41	2.57	1.97%	1.69%
3	Essential Utilities	WTRG	35.55	1.11	3.12%	2.35%
4	California Water	CWT	47.29	1.00	2.11%	1.71%
5	Middlesex	MSEX	67.69	1.18	1.74%	1.28%
6	SJW Corp.	SJW	61.27	1.44	2.35%	2.17%
7	York Water Company	YORW	38.49	0.79	2.05%	1.83%
8	GROUP AVERAGE				2.18%	1.83%

Notes:

¹ Stock prices as of September 22, 2023. Indicated dividend from Value Line Analyzer weekly as of September 13, 2023.

² Average Annual Dividend is dividends declared per share for a year divided by the average annual price of the stock in the same year, expressed as a percentage. As report by Value Line Analyzer software. For comparison purposes only.

Liberty Utilities Rio Rico (Consolidated), Corp.
Table 6
Discounted Cash Flow Analysis
DCF Constant Growth

Line No.	Company	Symbol	[1] Dividend Yield (D_0/P_0) ¹	[2] Expected Dividend Yield (D_1/P_0) ²	[3] Average Projected Growth (g) ³	[4] Indicated Cost of ROE k=Div Yld + g (Cols 2+3)	[5] Adjusted Indicated Cost of Equity (COE) ⁴ k=Div Yld + g (Cols 2+3)
1	American States Water	AWR	1.91%	1.96%	+ 5.73%	= 7.70%	7.7%
2	American Water Works	AWK	1.97%	2.03%	+ 6.42%	= 8.45%	8.5%
3	Essential Utilities	WTRG	3.12%	3.22%	+ 6.17%	= 9.39%	9.4%
4	California Water	CWT	2.11%	2.21%	+ 8.65%	= 10.86%	10.9%
5	Middlesex	MSEX	1.74%	1.78%	+ 3.85%	= 5.63%	
6	SJW Corp.	SJW	2.35%	2.42%	+ 5.55%	= 7.97%	8.0%
7	York Water Company	YORW	2.05%	2.10%	+ 4.90%	= 7.00%	7.0%
8	Average		2.18%	2.25%	5.90%	8.14%	
9	Adjusted Average ⁴						8.6%

Notes:

¹ Spot Dividend Yield = D_0/P_0 . Source Table 5.

² Expected Dividend Yield = $D_1/P_0 = D_0/P_0 * (1+g/2)$.

³ Average Analyst Growth rate (g). Source Table 4.

⁴ Excluded because results are less than projected Baa bond yields pl 100 basis points or 6.70% . See Testimony.

Liberty Utilities Rio Rico (Consolidated), Corp.
Table 7
Forecasts of Long-Term Interest Rates

<u>Line No.</u>		<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>3-year Average</u>
1	Long-term Treasury Rates				
2	Blue Chip Consensus Forecasts ¹	3.8%	3.6%	3.7%	
3					
4	Average	3.8%	3.6%	3.7%	3.7%
5	Aaa Corporate Bonds				
6	Blue Chip Consensus Forecasts ¹	4.7%	4.6%	4.7%	
7					
8	Average	4.7%	4.6%	4.7%	4.7%
9	Baa Corporate Bonds				
10	Blue Chip Consensus Forecasts ¹	5.8%	5.6%	5.7%	
11					
12	Average	5.8%	5.6%	5.7%	5.7%

Notes:

¹ Blue Chip Consensus Forecasts (June 2023).

NA = Not Available

Liberty Utilities Rio Rico (Consolidated), Corp.
Table 8
Risk Premium Analysis Based on Averages of
Annual DCF Equity Cost Estimates 2013-2022

Line No.	Year	Dividend Yield (D ₀ /P ₀) ¹	Average Projected Growth (g) ²	DCF Expected Dividend Yield (D ₁ /P ₀) ³	DCF Equity Cost Estimate	30-Yr Treasury Rate ⁴	Risk Premium
1	2013	3.71%	7.13%	3.85%	10.97%	3.45%	7.52%
2	2014	2.78%	6.86%	2.88%	9.73%	3.34%	6.39%
3	2015	2.79%	5.71%	2.87%	8.59%	2.84%	5.75%
4	2016	2.66%	5.86%	2.74%	8.60%	2.59%	6.01%
5	2017	2.18%	7.29%	2.26%	9.55%	2.90%	6.65%
6	2018	1.80%	8.21%	1.88%	10.09%	3.11%	6.98%
7	2019	2.03%	8.07%	2.11%	10.19%	2.58%	7.61%
8	2020	1.77%	7.79%	1.83%	9.62%	1.56%	8.06%
9	2021	1.76%	7.67%	1.82%	9.49%	2.06%	7.43%
10	2022	1.68%	6.92%	1.74%	8.65%	3.11%	5.54%
11				5-year Average			7.12%
12				10-Year Average			6.79%
13				Average of 5 and 10-year RPs			6.96%
14				Average of Forecast Treasury Rates ⁵			3.70%
15				Projected Return on Equity			10.66%

Liberty Utilities Rio Rico (Consolidated), Corp.
Table 9
Risk Premium Analysis Based on Total Returns

Line No.		S&P 500 Utility Index Total Return ¹	LT Treasury Bond Yield ²	Risk Premium
1	1977	8.64%	7.75%	0.89%
2	1978	-3.71%	8.49%	-12.20%
3	1979	13.58%	9.28%	4.30%
4	1980	15.08%	11.27%	3.81%
5	1981	11.74%	13.45%	-1.71%
6	1982	26.52%	12.76%	13.76%
7	1983	20.01%	11.18%	8.83%
8	1984	26.04%	12.41%	13.63%
9	1985	33.05%	10.79%	22.26%
10	1986	28.53%	7.78%	20.75%
11	1987	-2.92%	8.59%	-11.51%
12	1988	18.27%	8.96%	9.31%
13	1989	47.80%	8.45%	39.35%
14	1990	-2.57%	8.61%	-11.18%
15	1991	14.61%	8.14%	6.47%
16	1992	8.10%	7.67%	0.43%
17	1993	14.41%	6.59%	7.82%
18	1994	-7.94%	7.37%	-15.31%
19	1995	42.15%	6.88%	35.27%
20	1996	3.14%	6.71%	-3.57%
21	1997	24.69%	6.61%	18.08%
22	1998	14.82%	5.58%	9.24%
23	1999	-8.85%	5.87%	-14.72%
24	2000	59.70%	5.94%	53.76%
25	2001	-30.41%	5.49%	-35.90%
26	2002	-30.04%	5.43%	-35.47%
27	2003	26.11%	5.05%	21.06%
28	2004	24.22%	5.12%	19.10%
29	2005	16.79%	4.56%	12.23%
30	2006	20.95%	4.91%	16.04%
31	2007	19.36%	4.84%	14.52%
32	2008	-28.99%	4.28%	-33.27%
33	2009	11.91%	4.08%	7.83%
34	2010	5.46%	4.25%	1.21%
35	2011	19.91%	3.91%	16.00%
36	2012	1.29%	2.92%	-1.63%
37	2013	13.21%	3.45%	9.76%
38	2014	28.98%	3.34%	25.64%
39	2015	-4.85%	2.84%	-7.69%
40	2016	16.29%	2.59%	13.70%
41	2017	12.11%	2.90%	9.22%
42	2018	4.11%	3.11%	1.00%
43	2019	26.35%	2.58%	23.77%
44	2020	0.48%	1.56%	-1.08%
45	2021	17.67%	2.06%	15.61%
46	2022	1.57%	3.11%	-1.54%
47	Average over 46 years	12.6%	6.3%	6.3%
48		Expected Long-term Treasury Bond Rate ³		3.7%
49		Estimate of Current Risk Premium ⁴		7.6%
50		Projected Returns on Equity for Sample		11.30%

Notes:

¹ Total Returns from various sources.

² Average annual 30 Yr. U.S. Treasury Bond yields as reported by the Federal Reserve. Proxy for yields from 2003-2005 are based upon 20-year U.S. Treasury yield.

³ Forecast LT U.S. Treasury Rate. Source Table 7.

⁴ As explained in testimony, adjustment assumes risk premiums change by 50% as much as interest rates.

Liberty Utilities Rio Rico (Consolidated), Corp.

Table 10

Estimation of Current Market Risk Premium
Using DCF Analysis

Line		Dividend	Expected		Expected		Expected		Monthly Average		Expected
<u>No.</u>	<u>Month</u>	<u>Yield (D₀/P₀)¹</u>	<u>Yield (D₁/P₀)²</u>	<u>+</u>	<u>Growth (g)³</u>	<u>=</u>	<u>Market</u>	<u>-</u>	<u>30 Year</u>	<u>=</u>	<u>Market Risk</u>
							<u>Return (k)</u>		<u>Treasury Rate⁴</u>		<u>Premium (MRP)</u>
1	Jan 2021	2.50%	2.68%	+	7.50%	=	10.18%	-	1.82%	=	8.36%
2	Feb	2.36%	2.53%	+	7.33%	=	9.86%	-	2.04%	=	7.82%
3	Mar	2.32%	2.49%	+	7.50%	=	9.99%	-	2.34%	=	7.65%
4	Apr	2.32%	2.49%	+	7.50%	=	9.99%	-	2.30%	=	7.69%
5	May	2.14%	2.32%	+	8.17%	=	10.49%	-	2.32%	=	8.17%
6	Jun	2.19%	2.37%	+	8.17%	=	10.54%	-	2.16%	=	8.38%
7	July	2.99%	3.20%	+	7.00%	=	10.20%	-	1.94%	=	8.26%
8	Aug	2.95%	3.16%	+	7.00%	=	10.16%	-	1.92%	=	8.24%
9	Sep	2.29%	2.48%	+	8.67%	=	11.15%	-	1.94%	=	9.21%
10	Oct	1.98%	2.17%	+	9.39%	=	11.56%	-	2.06%	=	9.50%
11	Nov	2.29%	2.48%	+	8.67%	=	11.15%	-	1.94%	=	9.21%
12	Dec	2.29%	2.29%	+	0.00%	=	2.29%	-	1.85%	=	0.44%
13	Jan 2022	2.29%	2.48%	+	8.67%	=	11.15%	-	2.10%	=	9.05%
14	Feb	2.40%	2.62%	+	9.17%	=	11.79%	-	2.25%	=	9.54%
15	Mar	2.40%	2.63%	+	9.60%	=	12.23%	-	2.41%	=	9.82%
16	Apr	2.43%	2.67%	+	9.72%	=	12.39%	-	2.81%	=	9.58%
17	May	2.43%	2.67%	+	9.72%	=	12.39%	-	3.07%	=	9.32%
18	Jun	2.75%	3.01%	+	9.17%	=	12.17%	-	3.25%	=	8.92%
19	July	2.63%	2.87%	+	9.33%	=	12.20%	-	3.10%	=	9.10%
20	Aug	2.63%	2.89%	+	9.95%	=	12.83%	-	3.13%	=	9.70%
21	Sep	2.91%	3.18%	+	9.33%	=	12.51%	-	3.56%	=	8.95%
22	Oct	2.79%	3.04%	+	9.00%	=	12.04%	-	4.04%	=	8.00%
23	Nov	2.58%	2.82%	+	9.00%	=	11.82%	-	4.00%	=	7.82%
24	Dec	2.58%	2.82%	+	9.00%	=	11.82%	-	3.66%	=	8.16%
25	Jan 2023	2.55%	2.78%	+	8.83%	=	11.61%	-	3.66%	=	7.95%
26	Feb	2.66%	2.89%	+	8.83%	=	11.73%	-	3.80%	=	7.93%
27	Mar	2.86%	3.10%	+	8.33%	=	11.43%	-	3.77%	=	7.66%
28	Apr	2.92%	3.16%	+	8.17%	=	11.33%	-	3.68%	=	7.65%
29	May	2.92%	3.16%	+	8.17%	=	11.33%	-	3.86%	=	7.47%
30	Jun	2.81%	3.03%	+	8.00%	=	11.03%	-	3.87%	=	7.16%
31	July	2.81%	3.03%	+	8.00%	=	11.03%	-	3.96%	=	7.07%
32	Aug	2.77%	3.00%	+	8.17%	=	11.17%	-	4.28%	=	6.89%
27	Recommended	2.80%	3.02%	+	8.06%	=	11.08%	-	4.04%	=	7.04%
28	<u>Short-term Trends</u>										
29	Recent Twelve Months Avg	2.76%	3.00%	+	8.57%	=	11.57%	-	3.85%	=	7.73%
30	Recent Nine Months Avg	2.77%	3.00%	+	8.39%	=	11.39%	-	3.84%	=	7.55%
31	Recent Six Months Avg	2.85%	3.08%	+	8.14%	=	11.22%	-	3.90%	=	7.32%
32	Recent Three Months Avg	2.80%	3.02%	+	8.06%	=	11.08%	-	4.04%	=	7.04%

Notes:

¹ Average Dividend Yield (D₀/P₀) of dividend paying stocks. Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks

² Expected Dividend Yield (D₁/P₀) equals current average dividend yield (D₀/P₀) times one plus growth rate(g).

³ Median of Projected EPS and Projected DPS Growth for VL 1700 stocks. Data from Value Line Investment Analyzer Software.

⁴ Monthly average 30 year U.S. Treasury as reported by Federal Reserve.

Liberty Utilities (Park Water), Corp.
Table 11
Capital Asset Pricing Model (CAPM, ECAPM, and MCAPM)

Line No.		R_f^1	+ ($(\beta^2$	x	RP_M^4	)	=	k	
1	Traditional CAPM	3.7%	+ (	0.82	x	7.11%	)	=	9.50%
2											
3		R_f^1		$RP_M^4 \times .25$	+ (	$(\beta^2$	x	RP_M^4	) x .75
4	Empirical CAPM (ECAPM)	3.7%	+	7.11%	x .25 + (0.82	x	7.11%) x .75	=	9.80%
5											
6		R_f^1	+ (	β^3	x	RP_M^5	) +	RP_s^6	
7	Modified CAPM (MCAPM)	3.7%	+ (0.80	x	6.34%) +	2.00%	=	10.80%	
8											
9											
10	Average (rounded)								10.00%		

Notes:

¹ Forecasts of long-term treasury yields. Source Table 7.

² Average VL Beta of Water Proxy Group. Source is Table 2.

³ Average Sum Beta of Water Proxy Group. Source is Table 2.

⁴ Estimate of Market Risk Premium (MRP):

Historical MRP (1926-2022)	7.17%	Source is Duff & Phelps 2022 Cost of Capital Analyzer resource documents.
Current MRP	7.04%	Source is Table 10
Average MRP	7.11%	

⁵ Estimate of MRP

Historical MRP (1973-2022)	5.63%	Source is Duff & Phelps 2022 Cost of Capital Analyzer resource documents.
Current MRP	7.04%	Source is Table 10
Average MRP	6.34%	

⁶ Average proxy group adjusted size risk premium based upon Duff & Phelps Size Study data and Risk Study data. See See Exhibit TJB-COC-DT2

EXHIBIT TJB-COC-DT1

INDUSTRY TIMELINESS: 85 (of 93)

The Water Utility Industry consists of six investor-owned companies that provide water services to residential, commercial, and industrial customers. It is a niche sector because most of the water utilities in the United States are run by states and local governments that do not issue stock.

Higher interest rates are typically not good news for utilities for two reasons. First, fixed-income investments become more compelling on a relative basis. And, secondly, these companies often rely heavily on debt to fund their capital expenditures. Increased interest costs are a drag on profits.

Water utility stocks are often coveted by investors because they have very well-defined earnings and dividend growth prospects. The stocks in the group ordinarily trade with P/E ratios that are higher than the average stock. Part of this is due to scarcity, as it is a small industry.

All of the companies in this sector are involved in major construction projects. This is due to the outdated water infrastructure in the U.S. With the age of the typical domestic pipeline being more than 50 years old, many companies in this sector are investing heavily to replace these older assets.

The Water Utility Industry is ranked among the lowest in the *Value Line* universe.

A Spike In Interest Rates

The yield on the 10-year Treasury bond reached 4.56% recently, the highest level in a decade. Federal Reserve President Jerome Powell's more-hawkish-than expected statements following the most recent meeting of the monetary authorities worried many equity investors. Yields on the long-end of the curve have increased about 15 to 20 basis points on the 10-year Treasury bond and about 30 basis points on the 30-year government bond. This has not been good for the prices of equities, specifically those of water utilities. Since we last went to press with the Water Industry, prices of stock in the group are down anywhere from 6% to 15%. By comparison, the benchmark S&P 500 Index has fallen only about 1%.

Despite the recent poor performance, the price-earnings multiples of these companies remain well above the *Value Line* mean of 16.4. Moreover, though often considered to be income stocks, the dividend yields on these equities are basically near, or below, the 2.3% average. One positive of these equities, however, is that their distribution growth potential is usually generous.

Large Construction Programs

For decades, water utilities did not reinvest sufficient funds into keeping their pipeline and wastewater facilities in proper condition. Much of this was done with the tacit approval of regulators, as state authorities are adverse to increasing ratepayers' monthly bills, which can cause public backlash. In any case, over the past 10 years or so, utilities and regulators have realized that the amount of capital spent annually to upgrade the water infrastructure would have to be increased meaningfully. Indeed, every utility we follow is spending to replace as much of its old, leaky pipelines as possible.

Another consequence of the rebuilding programs has been that water companies have had to rely heavily on debt for financing. As a result, the balance sheets in the sector are not in stellar condition. Most are just about average.

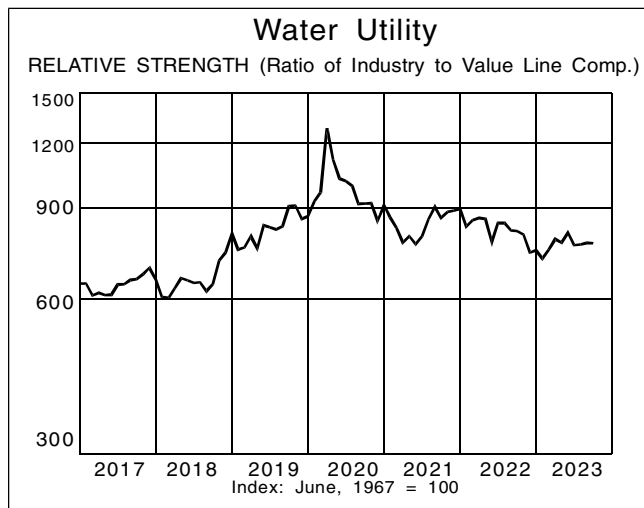
Mergers & Acquisitions

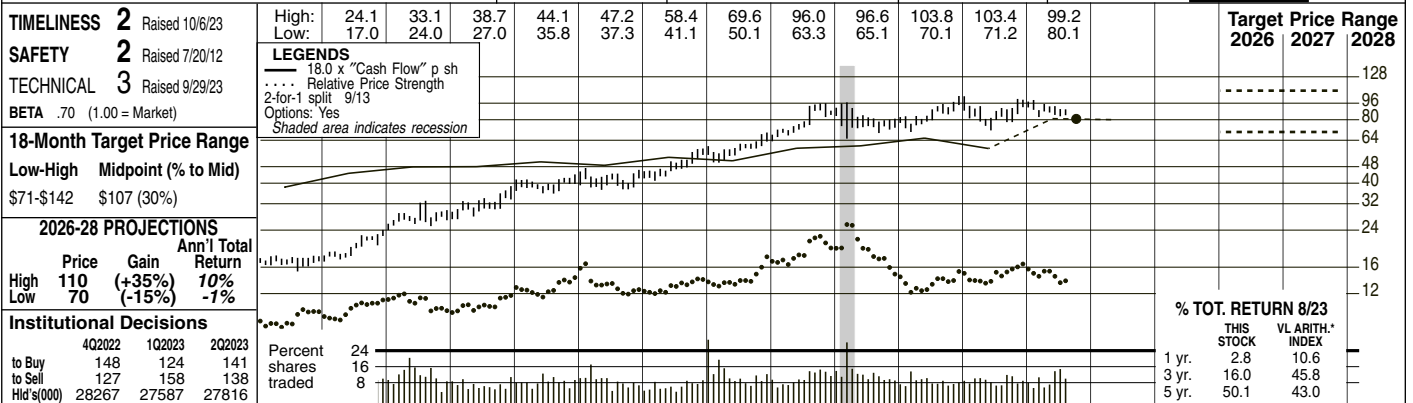
The domestic water industry in the U.S. is extremely fragmented. There are over 50,000 individual water districts spread across the country. This means that there is a tremendous amount of inefficiency in the system. This has led two companies, *American Water Works* and *Essential Utilities*, to continually buy up nearby smaller undercapitalized water districts. Significant savings can be made in these mergers, as the acquirer is able to absorb these purchases and remove a large amount of redundancies. We expect this consolidation to continue for the foreseeable future. Many of the independent water authorities do not have the funds required to invest to keep their systems in compliance with federal laws regarding clean water.

Conclusion

At this time, there isn't much to choose from in this sector. True, these equities score well for Stock Price Stability and Earnings Predictability, However, all of these positives seem to more than reflected in their recent stock prices. In addition, most stocks are ranked to underperform the broader market averages in the year ahead. Furthermore, most of them do not stand out for long-term prospects. The one exception here is *Essential Utilities*. The stock has solid total return potential to 2026-2028, but investors should be aware that it is not a pure water play. Indeed, a good portion of the company's assets are allocated to their gas utility business. As always, we urge subscribers to read each individual report before making any commitments to better understand the risks involved.

James A. Flood





2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	© VALUE LINE PUB. LLC	26-28
8.75	9.21	9.74	10.71	11.12	12.12	12.19	12.17	12.56	11.92	12.01	11.88	12.86	13.24	13.51	13.30	16.20	15.15	Revenues per sh	19.20
1.65	1.69	1.70	2.11	2.13	2.48	2.65	2.67	2.81	2.70	2.96	2.84	3.26	3.34	3.64	3.25	4.60	4.20	"Cash Flow" per sh	5.05
.81	.78	.81	1.11	1.12	1.41	1.61	1.57	1.61	1.62	1.88	1.72	2.28	2.33	2.55	2.11	3.35	3.00	Earnings per sh ^A	3.40
.48	.50	.51	.52	.55	.64	.76	.83	.87	.91	.99	1.06	1.16	1.28	1.40	1.53	1.66	1.80	Div'd Decl'd per sh ^B	2.30
1.45	2.23	2.09	2.12	2.13	1.77	2.52	1.89	2.39	3.55	3.08	3.44	4.12	3.54	3.91	4.50	4.90	5.25	Cap'l Spending per sh	4.25
8.77	8.97	9.70	10.13	10.84	11.80	12.72	13.24	12.77	13.52	14.45	15.19	16.33	17.39	18.57	19.20	20.70	21.90	Book Value per sh ^D	24.55
34.46	34.60	37.06	37.26	37.70	38.53	38.72	38.29	36.50	36.57	36.68	36.76	36.85	36.89	36.94	36.96	37.00	37.00	Common Shs Outst'g ^C	37.50
24.0	22.6	21.2	15.7	15.4	14.3	17.2	20.1	24.6	25.6	25.7	34.0	34.4	34.3	33.2	41.0	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	25.0
1.27	1.36	1.41	1.00	.97	.91	.97	1.06	1.24	1.34	1.29	1.84	1.83	1.76	1.79	2.38			Relative P/E Ratio	1.40
2.5%	2.9%	2.9%	3.0%	3.2%	3.1%	2.7%	2.6%	2.2%	2.2%	2.0%	1.8%	1.5%	1.6%	1.7%	1.8%			Avg Ann'l Div'd Yield	2.6%

CAPITAL STRUCTURE as of 6/30/23				2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	© VALUE LINE PUB. LLC		26-28
Total Debt \$576.8 mill. Due in 5 Yrs \$178.1 mill.				472.1	465.8	458.6	436.1	440.6	436.8	473.9	488.2	498.9	491.5	600	560	600	560	600	Revenues (\$mill)	720
LT Debt \$576.4 mill. LT Interest \$42.5 mill. (44% of Cap'l)				62.7	61.1	60.5	59.7	69.4	63.9	84.3	86.4	94.3	78.4	125	110	125	110	125	Net Profit (\$mill)	130
Leases, Uncapitalized: Annual rentals \$2.3 mill. Pension Assets-12/22 \$190.7 mill. Oblig. \$186.9 mill.				36.3%	38.4%	38.4%	36.8%	36.0%	22.0%	22.6%	24.6%	24.4%	23.2%	25.0%	24.0%	25.0%	24.0%	24.0%	Income Tax Rate	24.0%
Pfd Stock None				39.8%	39.1%	41.1%	39.4%	38.0%	40.5%	44.4%	47.2%	46.1%	39.9%	46.0%	46.0%	46.0%	46.0%	AFUDC % to Net Profit	1.5%	
Common Stock 36,976,784 shs. as of 8/4/23				60.2%	60.9%	58.9%	60.6%	62.0%	59.5%	55.6%	52.8%	53.9%	60.1%	54.0%	52.0%	52.0%	52.0%	52.0%	Long-Term Debt Ratio	50.0%
MARKET CAP: \$3.0 billion (Mid Cap)				818.4	832.6	791.5	815.3	854.9	938.4	1082.5	1216.2	1272.6	1181.5	1420	1500	1420	1500	1420	Total Capital (\$mill)	1840
CURRENT POSITION				981.5	1003.5	1060.8	1150.9	1205.0	1296.3	1415.7	1512.0	1626.0	1753.8	1860	1965	1860	1965	1860	Net Plant (\$mill)	2225
Cash Assets				8.9%	8.6%	9.0%	8.6%	9.3%	7.9%	8.9%	8.0%	8.3%	7.6%	10.5%	9.0%	10.5%	9.0%	10.5%	Return on Total Cap'l	8.0%
Accts Receivable				12.7%	12.0%	13.0%	12.1%	13.1%	11.4%	14.0%	13.5%	13.8%	11.0%	19.0%	13.5%	19.0%	13.5%	19.0%	Return on Shr. Equity	14.0%
Other				12.7%	12.0%	13.0%	12.1%	13.1%	11.4%	14.0%	13.5%	13.8%	11.0%	19.0%	13.5%	19.0%	13.5%	19.0%	Return on Com Equity	14.0%
Current Assets				6.8%	5.7%	6.0%	5.3%	6.2%	4.5%	6.9%	6.1%	6.2%	3.1%	8.0%	5.5%	8.0%	5.5%	8.0%	Retained to Com Eq	4.5%
Accts Payable				47%	53%	54%	56%	52%	61%	51%	55%	55%	72%	50%	60%	50%	60%	50%	All Div'ds to Net Prof	68%
Debt Due				BUSINESS: American States Water Co. operates as a holding company. Through its principal subsidiary, Golden State Water Co., it supplies water to 263,265 customers in 10 California counties. Service areas include the metropolitan areas of Los Angeles and Orange Counties. The company also provides electricity to 24,705 customers in Big Bear Lake and San Bernardino Cnty. Provides water & wastewater services to U.S. military bases through its ASUS subsidiary. Sold Chaparral City Wtr. of AZ. (6/11). Employs 811. BlackRock, Inc. owns 18.6% of out. shares; State St., 16.6%; off. & dir., 0.8% (4/23 Proxy). Chair: Anne M. Holloway. Pres. & CEO: Robert Sprowls, Inc. CA. Address: 630 East Foothill Blvd., San Dimas, CA 91773. Tel.: 909-394-3600. Int.: www.aswater.com.																

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2020	109.1	121.3	133.6	124.2	488.2
2021	117.1	128.4	136.8	116.6	498.9
2022	108.6	122.5	135.0	125.4	491.5
2023	161.4	157.4	151.2	130	600
2024	125	132	160	143	560

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2020	.38	.69	.72	.54	2.33
2021	.52	.72	.76	.55	2.55
2022	.38	.54	.69	.50	2.11
2023	.93	1.04	.83	.55	3.35
2024	.60	.80	.85	.75	3.00

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2019	.275	.275	.305	.305	1.16
2020	.305	.305	.335	.335	1.28
2021	.335	.335	.365	.365	1.40
2022	.365	.365	.3975	.3975	1.53
2023	.3975	.3975	.43		

The implementation of long-delayed rate relief earlier this year enabled American States Water to post another strong quarter. Each state has its own process for how utilities request increasing ratepayers' monthly bills. In California, a petition is submitted every three years to recover the higher expenses caused, in part, by inflation. The California Public Utility Commission (CPUC) was tardy in announcing its final ruling on the Golden States Water subsidiary request until 2023, instead of making it in 2022. This meant the utility couldn't raise rates last years even though prices in the United States were soaring. As a result, share earnings fell 17%. In 2023, however, Golden States was able to increase its rates retroactively to make up for the funds not collected last year. Thus, for the first half of 2023, its share earnings are up about 114%, compared to 2022's subpar showing.

We have raised the company's profit estimates. Our new forecast calls for share earnings to spike to \$3.35 this year, which would represent a full-year gain of 59%. (The previous call was \$3.10.) Next year, without the retroactive tariffs in place, we think that share earnings will likely fall to a still more-than-respectable \$3.00 per share.

The nonutility business ought to provide a boost to American States Water's long-term bottom line. In its utility businesses, the CPUC determines the allowed return on the company's equity allocated to those operations. This acts as a ceiling on profits. Through its ASUS nonregulated subsidiary, American States is involved the U.S. Armed Forces privatization of its water services on military installations. In this sector, the U.S. government sets aside a period where entities, such as ASUS, bid on contracts that can last for 50 years, to run water operations. Thus far, the subsidiary has proven successful in winning its fair portion of these contracts. In the latest quarter, share earnings from this source rose 20%

These shares might appeal to investors with a short-term horizon. The stock carries a 2 (Above Average) Timeliness rank and stands out for appreciation potential over the next 18-month period.

James A. Flood
 October 6, 2023

(A) Primary earnings. Excludes nonrecurring gains/(losses); '08, (14c); '10, (23c); '11, 10c. Next earnings report due early November.	June, September, and December. ■ Div'd reinvestment plan available.	(D) Includes intangibles. As of 12/31/22; \$1.1 million/\$0.03 a share.	Company's Financial Strength	A
(B) Dividends historically paid in early March.	(C) In millions, adjusted for split.		Stock's Price Stability	100
			Price Growth Persistence	85
			Earnings Predictability	90

AMERICAN WATER NYSE-AWK

RECENT PRICE **132.70** P/E RATIO **27.7** (Trailing: 27.7; Median: 28.0) RELATIVE P/E RATIO **1.69** DIV'D YLD **2.2%** **VALUE LINE**

TIMELINESS 3 Raised 5/12/23
SAFETY 3 New 7/25/08
TECHNICAL 3 Raised 9/29/23
BETA .95 (1.00 = Market)

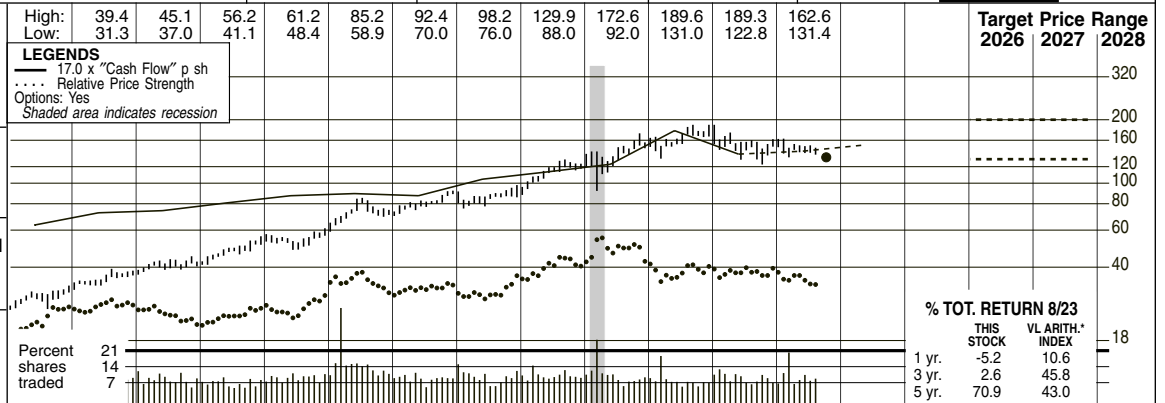
High: 39.4 45.1 56.2 61.2 85.2 92.4 98.2 129.9 172.6 189.6 189.3 162.6
 Low: 31.3 37.0 41.1 48.4 58.9 70.0 76.0 88.0 92.0 131.0 122.8 131.4

LEGENDS
 — 17.0 x "Cash Flow" p sh
 ... Relative Price Strength
 Options: Yes
 Shaded area indicates recession

18-Month Target Price Range
 Low-High Midpoint (% to Mid)
 \$120-\$224 \$172 (30%)

2026-28 PROJECTIONS
 Price Gain Ann'l Total
 High 200 (+50%) 13%
 Low 130 (Nil) 2%

Institutional Decisions
 4Q2022 1Q2023 2Q2023
 to Buy 471 460 436
 to Sell 416 404 418
 Hlds(000) 156427 165074 166259



2007 ^E	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	© VALUE LINE PUB. LLC	26-28
13.84	14.61	13.98	15.49	15.18	16.25	16.28	16.78	17.72	18.54	18.81	19.04	19.97	20.83	21.58	20.85	21.85	23.20	Revenues per sh	26.75
d.47	2.87	2.89	3.56	3.73	4.27	4.36	4.75	5.13	5.26	5.14	6.15	6.65	7.24	10.46	8.08	8.95	8.95	"Cash Flow" per sh	10.20
d2.14	1.10	1.25	1.53	1.72	2.11	2.06	2.39	2.64	2.62	2.38	3.15	3.43	3.91	6.95	4.51	4.75	5.10	Earnings per sh ^A	6.10
--	.40	.82	.86	.90	1.21	.84	1.21	1.33	1.47	1.62	1.78	1.96	2.15	2.36	2.57	2.78	3.00	Div'd Decl'd per sh ^B	3.80
4.74	6.31	4.50	4.38	5.27	5.25	5.50	5.33	6.51	7.36	8.04	8.78	9.15	10.05	9.71	12.63	12.20	12.20	Cap'l Spending per sh	11.50
28.39	25.64	22.91	23.59	24.11	25.11	26.52	27.39	28.25	29.24	30.13	32.42	33.83	35.58	40.18	42.30	50.75	54.10	Book Value per sh ^D	57.25
160.00	160.00	174.63	175.00	175.66	176.99	178.25	179.46	178.28	178.10	178.44	180.68	180.81	181.30	181.61	181.86	195.00	195.25	Common Shs Outst'g ^C	200.00
--	18.9	15.6	14.6	16.8	16.7	19.9	20.0	20.5	27.7	33.8	27.3	32.9	35.3	23.6	33.6	35.5	35.5	Avg Ann'l P/E Ratio	27.0
--	1.14	1.04	.93	1.05	1.06	1.12	1.05	1.03	1.45	1.70	1.47	1.75	1.81	1.28	1.95	1.95	1.95	Relative P/E Ratio	1.50
--	1.9%	4.2%	3.8%	3.1%	3.4%	2.0%	2.5%	2.5%	2.0%	2.0%	2.1%	1.7%	1.6%	1.4%	1.7%	1.7%	1.7%	Avg Ann'l Div'd Yield	2.3%

CAPITAL STRUCTURE as of 6/30/23
 Total Debt \$12188 mil. Due in 5 Yrs \$2486 mil.
 LT Debt \$11609 mil. LT Interest \$428 mil.
 (54% of Cap'l)

Leases, Uncapitalized: Annual rentals \$9.0 mill.
Pension Assets 12/22 \$1578.0 mill
Oblig. \$1413.0 mill.
Pfd Div'd \$.1 mill

Pfd Stock \$2.0 mill.

Common Stock 194,668,641 shares as of 7/20/23

MARKET CAP: \$25.8 billion (Large Cap)

2901.9	3011.3	3159.0	3302.0	3357.0	3440.0	3610.0	3777.0	3920.0	3792.0	4265	4525	Revenues (\$mill)	5350
369.3	429.8	476.0	468.0	426.0	567.0	621.0	709.0	1263.0	820.0	925	995	Net Profit (\$mill)	1220
39.1%	39.4%	39.1%	39.2%	53.3%	28.2%	25.5%	23.3%	23.0%	18.7%	21.0%	21.0%	Income Tax Rate	24.0%
5.1%	--	--	--	--	--	--	--	5.1%	2.9%	3.5%	4.5%	AFUDC % to Net Profit	5.0%
52.4%	52.4%	53.7%	52.4%	54.7%	56.3%	58.5%	59.1%	58.6%	58.7%	55.0%	56.5%	Long-Term Debt Ratio	57.5%
47.6%	47.4%	46.2%	47.5%	45.3%	43.6%	41.4%	40.9%	41.4%	41.3%	45.0%	43.5%	Common Equity Ratio	42.5%
9940.7	10364	10911	10967	11875	13433	14760	15787	17639	18619	22000	24360	Total Capital (\$mill)	27000
12391	12900	13933	14992	16246	17409	18232	19710	21084	23223	25000	26600	Net Plant (\$mill)	30000
5.1%	5.5%	5.7%	5.6%	4.9%	5.4%	5.4%	5.7%	8.2%	5.5%	5.0%	5.0%	Return on Total Cap'l	5.5%
7.8%	8.7%	9.4%	9.0%	7.9%	9.7%	10.1%	11.0%	17.3%	10.7%	9.5%	9.5%	Return on Shr. Equity	10.5%
7.8%	8.7%	9.4%	9.0%	7.9%	9.7%	10.1%	11.0%	17.3%	10.7%	9.5%	9.5%	Return on Com Equity	10.5%
4.7%	4.3%	4.7%	4.0%	2.5%	4.2%	4.4%	5.0%	11.4%	4.6%	4.0%	3.5%	Retained to Com Eq	4.5%
40%	50%	50%	56%	68%	56%	57%	55%	34%	57%	59%	59%	All Div'ds to Net Prof	62%

CURRENT POSITION 2021 2022 6/30/23 (\$MILL.)

Cash Assets	136	117	824
Accts Receivable	271	334	352
Other	1147	799	813
Current Assets	1554	1250	1989
Accts Payable	235	254	246
Debt Due	641	1456	579
Other	1265	1101	939
Current Liab.	2141	2811	1764

BUSINESS: American Water Works Company, Inc. is the largest investor-owned water and wastewater utility in the U.S., providing services to approximately 14 million people in 24 states. Nonregulated business assists municipalities and military bases with the maintenance and upkeep as well. Regulated operations made up 86% of 2022 revenues. New Jersey is its largest market accounting

for 25.9% of regulated revenues; Pennsylvania, 23.4%; Missouri, 10.9%. Has 6,500 employees. Vanguard owns 11.7% of outstanding shares; BlackRock, 8.6%; State St., 5.4%; officers & directors, less than 1.0% (3/23 Proxy). President & CEO: Susan Hardwick. Non-executive Board Chair. Address: 1 Water Street, Camden, NJ 08102. Tel.: 856-346-8200. Internet: www.amwater.com.

ANNUAL RATES Past Past Est'd '20-'22
 of change (per sh) 10 Yrs. 5 Yrs. to '26-'28

Revenues	3.0%	3.0%	4.0%
"Cash Flow"	8.5%	10.5%	3.0%
Earnings	11.0%	15.0%	3.0%
Dividends	9.0%	10.0%	8.5%
Book Value	5.0%	6.0%	6.5%

Despite the recent weakness in American Water Works share price, its long-term total return potential is not attractive. Since our last report in early July, AWK has lost almost 10% of its value. By comparison, the S&P 500 Index is down less than 1%. We are not surprised by this underperformance, as we think water utility stocks' P/E ratios have been too high. This also adds to our argument that the Water Utility Industry is not as defensive as some investors believe it to be. Indeed, even with the recent decline, AWK's stock continues to trade within its 2026-2028 Target Price Range. **The equity's near-term prospects are mixed.** For the year ahead, it is only expected to mirror the broader market. However, over the next 18-month period, our system pegs AWK to do well above average.

to average close to 8%. **Acquisitions remain a prime strategy for raising profits.** In the United States, there are only a handful of water companies that are owned by shareholders. An overwhelming percentage are small, undercapitalized municipally run water districts that are generally in need of funds for capital improvements. Every year, American Water uses its large balance sheet to increase its rate base by 2%-3% this way. When a merger is made, significant synergies are able to realized. Regulators typically look favorably on this because customers get improved service due to the additional capital investment. **The construction budget is large.** The average age of a water pipe in the U.S. is nearly 50 years. After years of underinvestment, the industry and its regulators have realized that more money has to be used to replace pipelines and wastewater facilities. Through the June period, American Water's capital expenditures were \$1.15 billion. We think the typical outlay will be \$2.5 billion a year for the foreseeable future.

QUARTERLY REVENUES (\$ mill.)

Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2020	844	931	1079	923	3777
2021	888	999	1082	951	3920
2022	842	937	1082	931	3792
2023	938	1097	1165	1065	4265
2024	1000	1150	1235	1140	4525

On an operational basis, the water utility continues to meet its relatively high expectations. The company is on pace to reach its share earnings forecast of \$4.75 and \$5.15 in 2023 and 2024, respectively. Over the next three-to five-year period, annual growth in share income ought

James A. Flood
 October 6, 2023

EARNINGS PER SHARE ^A

Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2020	.68	.97	1.46	.80	3.91
2021	.73	1.14	1.53	3.55	6.95
2022	.87	1.20	1.63	.81	4.51
2023	.91	1.44	1.60	.80	4.75
2024	.95	1.50	1.80	.85	5.10

QUARTERLY DIVIDENDS PAID ^B

Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2019	.455	.50	.50	.50	1.96
2020	.50	.55	.55	.55	2.15
2021	.55	.6025	.6025	.6025	2.36
2022	.6025	.655	.655	.655	2.57
2023	.655	.7075	.7075		

(A) Diluted earnings. Excludes nonrecur. losses: '08, \$4.62; '09, \$2.63; '11, \$0.07. Disc. oper.: '06, (\$0.04); '11, (\$0.03); '12, (\$0.10); '13, (\$0.01). GAAP used as of 2014. Includes

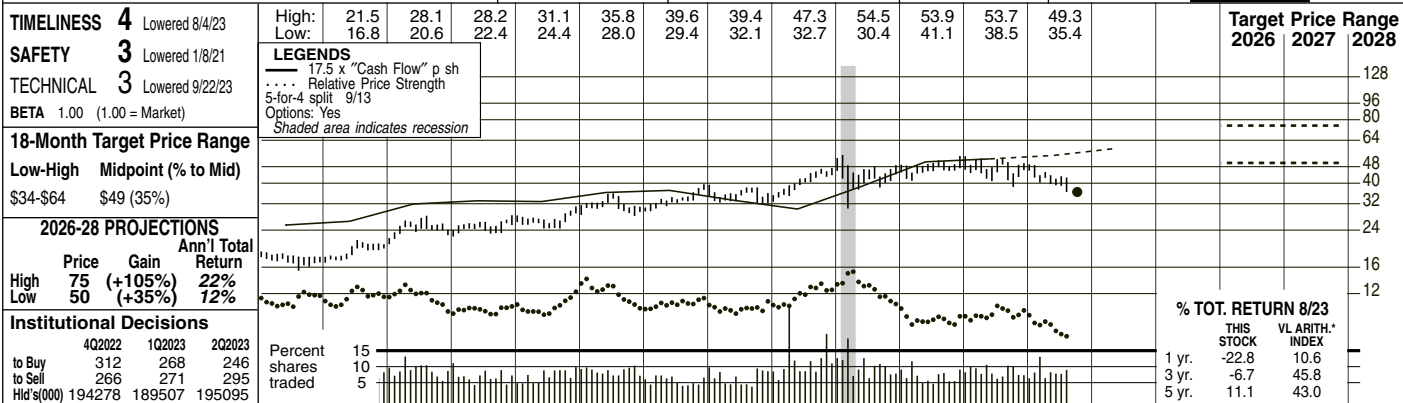
\$2.70 sh. gain from sale of HOS sub.in Q4,'21. Next earnings report due late October. (B) Dividends paid in March, June, September, and December. ■ Div. reinvestment available.

Company's Financial Strength	B++
Stock's Price Stability	80
Price Growth Persistence	95
Earnings Predictability	65

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ESSENTIAL UTIL. NYSE-WTRG

RECENT PRICE **36.40** P/E RATIO **18.9** (Trailing: 20.7 Median: 26.0) RELATIVE P/E RATIO **1.15** DIV'D YLD **3.4%** VALUE LINE



2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	© VALUE LINE PUB. LLC	26-28
3.61	3.71	3.93	4.21	4.10	4.32	4.37	4.61	4.62	4.56	4.71	4.03	5.96	7.43	8.68	8.55	8.80	Revenues per sh	9.10	
1.10	1.14	1.29	1.42	1.45	1.51	1.82	1.89	1.87	2.07	2.12	1.90	1.73	2.21	2.89	3.15	3.40	"Cash Flow" per sh	3.85	
.57	.58	.62	.72	.83	.87	1.16	1.20	1.14	1.32	1.35	1.08	1.04	1.12	1.67	1.85	2.00	Earnings per sh	2.35	
.38	.41	.44	.47	.50	.54	.58	.63	.69	.74	.79	.85	.91	.97	1.04	1.11	1.19	Div'd Decl'd per sh	1.65	
1.43	1.58	1.66	1.89	1.90	1.98	1.73	1.84	2.07	2.16	2.69	2.78	2.49	3.41	4.04	4.05	4.25	Cap'l Spending per sh	3.85	
5.85	6.26	6.50	6.81	7.21	7.90	8.63	9.27	9.78	10.43	11.02	11.28	17.58	19.09	20.50	25.20	26.15	Book Value per sh	25.95	
166.75	169.21	170.61	172.46	173.60	175.43	177.93	178.59	176.54	177.39	177.71	178.09	220.76	245.39	252.87	263.74	272.00	277.00	Common Shs Outst'g	285.00
32.0	24.9	23.1	21.1	21.3	21.9	21.2	20.8	23.5	23.9	24.7	32.6	39.1	39.6	28.3	26.6	26.0	26.6	Avg Ann'l P/E Ratio	26.0
1.70	1.50	1.54	1.34	1.34	1.39	1.19	1.09	1.18	1.25	1.24	1.76	2.08	2.03	1.53	1.54	1.45	1.54	Relative P/E Ratio	1.45
2.1%	2.8%	3.1%	3.1%	2.8%	2.8%	2.4%	2.5%	2.6%	2.3%	2.4%	2.4%	2.2%	2.2%	2.2%	2.4%	2.2%	2.4%	Avg Ann'l Div'd Yield	2.6%

CAPITAL STRUCTURE as of 6/30/23		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Debt \$6862.3 mill. Due in 5 Yrs \$1400 mill.		768.6	779.9	814.2	819.9	809.5	838.1	889.7	1462.7	1878.1	2288.0	2330	2435	Revenues (\$mill)	2600				
LT Debt \$6615.5 mill. LT Interest \$262.0 mill. (54% of Cap'l)		205.0	213.9	201.8	234.2	239.7	192.0	224.5	284.8	431.6	465.2	505	555	Net Profit (\$mill)	670				
Pension Assets-12/22 \$333.2 mill. Oblig. \$324.7 mill.		10.0%	10.5%	6.9%	8.2%	6.6%	--	--	--	--	--	13.0%	14.0%	Income Tax Rate	16.0%				
Pfd Stock None		1.1%	2.4%	3.1%	3.8%	6.3%	6.8%	7.2%	4.5%	4.8%	1.3%	3.5%	5.0%	AFUDC % to Net Profit	5.0%				
Common Stock 264,505,777 shares as of 7/24/23		48.9%	48.5%	50.3%	48.4%	50.6%	54.4%	43.1%	54.0%	52.7%	54.2%	51.0%	51.5%	Long-Term Debt Ratio	56.0%				
MARKET CAP: \$9.6 billion (Mid Cap)		51.1%	51.5%	49.7%	51.6%	49.4%	45.6%	56.9%	46.0%	47.3%	45.8%	49.0%	48.5%	Common Equity Ratio	44.0%				
CURRENT POSITION (SMILL.)		3003.6	3216.0	3469.5	3587.7	3965.4	4407.8	6824.2	10192	10964	11748	14000	14900	Total Capital (\$mill)	16800				
Cash Assets		4167.3	4402.0	4688.9	5001.6	5399.9	5930.3	6345.8	9512.9	10252	11131	12100	13100	Net Plant (\$mill)	14600				
Receivables		8.0%	7.8%	6.9%	7.6%	7.1%	5.5%	4.2%	3.7%	4.8%	5.0%	4.5%	4.5%	Return on Total Cap'l	5.0%				
Inventory (AvgCst)		13.4%	12.9%	11.7%	12.7%	12.2%	9.6%	5.8%	6.1%	8.3%	8.7%	7.5%	7.5%	Return on Shr. Equity	9.0%				
Other		13.4%	12.9%	11.7%	12.7%	12.2%	9.6%	5.8%	6.1%	8.3%	8.7%	7.5%	7.5%	Return on Com Equity	9.0%				
Current Assets		6.7%	6.1%	4.7%	5.6%	5.1%	2.1%	9%	1.1%	3.3%	3.3%	2.5%	2.5%	Retained to Com Eq	2.5%				
Accts Payable		50%	52%	60%	56%	59%	79%	84%	82%	60%	62%	64%	64%	All Div'ds to Net Prof	70%				
Debt Due		BUSINESS: Essential Utilities, Inc. became the new name for Aqua America on Feb. 3, 2020, to reflect the acquisition of Peoples, a natural gas utility, which occurred in 3/20. In 2022, Aqua Amer. provided water and wastewater services in the states of PA, OH, TX, IL, NC, NJ, IN, VA NS WS. Acquired AquaSource, 7/13; N. Maine Util., 7/15; and others. Water respn. for 47% of revenues in 2022; residential, 27%; commercial, 7%; industrial, wastewater & other, 13%. Gas 50%; other, 3.0%. Employees 3,178. Off. & dir. own less than 1% of the common stock; BlackRock, 11.2%; Vanguard, 10.1%; Can. Pen. Plan 8.2% (3/23 proxy). Pres. & CEO: Christopher Franklin. Inc.: PA Addr.: 762 W Lancaster Ave., Bryn Mawr, PA 19010. Tel.: 610-525-1400. Int.: www.essential.co.																	

Essential raised its quarterly dividend a healthy amount last quarter. As we had forecast, the water and gas utility increased the share payout 7% to \$0.3071. This is at the higher end of the range for distribution growth in the Water Utility Industry.

Our earnings estimates remain the same. In the second quarter, share earnings of \$0.34 were \$0.01 higher than we expected. Management's full-year estimate for earnings per share have been kept unchanged at \$1.85. Expenses in both the water and gas operations continue to rise at a decent clip. Fortunately, six states have allowed for Essential to implement rate relief of \$26.4 million, due mostly to the state of Pennsylvania (\$21 million). Additional relief of \$25 million has been granted for its gas business. All told, we look for earnings to increase a solid 5% this year. Assuming inflation eases in the year ahead, earnings could spike a more robust 8% in 2024.

Long-term prospects for the company are relatively bright. When the utility acquired the natural gas company People's in early 2020, there were questions why leadership went outside of the water business. However, looking forward, we can see why. Gas operations profits are expected to rise at an annual rate of 8% to 10%, while the water business is only expected to expand 5% to 7% per year.

Earnings growth will also be spurred by the acquisitions. As is the case with American Water Works, Essential is pursuing an aggressive strategy of buying up many of its nearby smaller, inefficient water districts that are scattered around different states. Thus far in 2023, the company has made seven purchases and four others are pending. The water industry consists mostly of small municipally run authorities that do not have the funding required to replace aging pipeline and wastewater projects, as well as the required investment to keep up with tighter requirements on clean water mandated by the government. By absorbing these acquisitions, the company can actually finance upgrades, and also sharply reduce expenses by eliminating redundancies.

These shares are untimely, but offer solid long-term total return potential.

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '20-'22
of change (per sh)	10 Yrs.	5 Yrs.	to '26-'28
Revenues	5.5%	10.0%	3.5%
"Cash Flow"	6.5%	6.0%	6.0%
Earnings	6.5%	3.5%	7.5%
Dividends	7.5%	7.0%	8.0%
Book Value	10.5%	14.0%	4.5%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2020	255.6	384.5	348.6	474.0	1462.7
2021	583.5	397.0	361.9	535.7	1878.1
2022	699.3	448.7	434.6	705.4	2288.0
2023	726.5	436.7	455	711.8	2330
2024	740	475	490	730	2435

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2020	.21	.29	.22	.40	1.12
2021	.72	.32	.19	.44	1.67
2022	.76	.31	.26	.44	1.77
2023	.72	.34	.29	.50	1.85
2024	.80	.35	.30	.55	2.00

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2019	.219	.219	.2343	.2343	.91
2020	.2343	.2343	.2507	.2507	.97
2021	.2507	.2507	.2682	.2682	1.04
2022	.2682	.2682	.287	.287	1.11
2023	.287	.287	.3071		

(A) Diluted egs. Excl. nonrec. gains: '12, 18c. Excl. gain from disc. operations: '12, 7c; '13, 9c; '14, 11c. Quarterly EPS do not add in '19 due to a large change in the number of shares outstanding in the Dec. period. Next earnings report early November. (B) Dividends historically paid in early March, June, Sept., & Dec. (C) Div'd reinvestment plan available (5% discount). (D) Includes intangibles: 12/31/22, \$2345.4 bill./\$.89 a share.

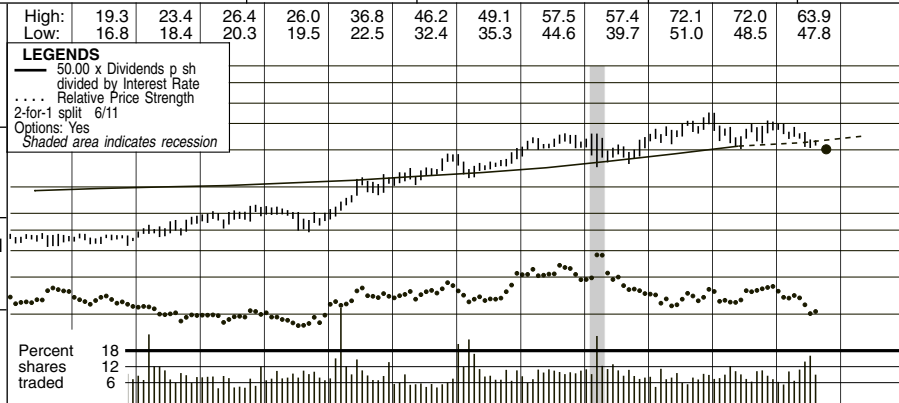
Company's Financial Strength B++
Stock's Price Stability 90
Price Growth Persistence 80
Earnings Predictability 65

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CALIFORNIA WATER NYSE-CWT

RECENT PRICE **48.30** P/E RATIO **32.2** (Trailing: 42.0 Median: 28.0) RELATIVE P/E RATIO **1.96** DIV'D YLD **2.2%** VALUE LINE

TIMELINESS 5 Lowered 8/11/23
SAFETY 3 Lowered 7/27/07
TECHNICAL 3 Raised 9/29/23
BETA .70 (1.00 = Market)



Target Price Range	2026	2027	2028
	120	100	80
	64	48	32
	24	20	16
	12		
	8		

18-Month Target Price Range
Low-High Midpoint (% to Mid)
 \$41-\$84 \$63 (30%)

2026-28 PROJECTIONS
 Price Gain Ann'l Total Return
 High 80 (+65%) 15%
 Low 55 (+15%) 6%

Institutional Decisions
 4Q2022 1Q2023 2Q2023
 to Buy 141 125 139
 to Sell 113 124 129
 Hld's(000) 45352 44814 46985

Percent shares traded	18	12	6

% TOT. RETURN 8/23	THIS STOCK	VL ARITH. INDEX
1 yr.	-12.6	10.6
3 yr.	16.6	45.8
5 yr.	32.2	43.0

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	© VALUE LINE PUB. LLC	26-28
8.88	9.90	10.82	11.05	12.00	13.34	12.23	12.50	12.29	12.70	13.89	14.53	14.72	15.78	14.72	15.22	14.65	17.70	Revenues per sh	19.30
1.56	1.86	1.93	1.93	2.07	2.32	2.21	2.47	2.22	2.34	3.00	3.11	3.14	3.88	3.91	4.00	4.00	4.00	"Cash Flow" per sh	4.35
.75	.95	.98	.91	.86	1.02	1.02	1.19	.94	1.01	1.40	1.36	1.31	1.97	1.96	1.77	.95	2.45	Earnings per sh A	2.75
.58	.59	.59	.60	.62	.63	.64	.65	.67	.69	.72	.75	.79	.85	.92	1.00	1.04	1.12	Div'd Decl'd per sh B	1.35
1.84	2.41	2.66	2.97	2.83	3.04	2.58	2.76	3.69	4.77	5.40	5.65	5.64	5.93	5.46	5.90	6.00	6.15	Cap'l Spending per sh	6.45
9.25	9.72	10.13	10.45	10.76	11.28	12.54	13.11	13.41	13.75	14.44	15.19	16.07	18.30	21.92	23.70	24.80	27.10	Book Value per sh C	29.50
41.33	41.45	41.53	41.67	41.82	41.98	47.74	47.81	47.88	47.97	48.01	48.07	48.53	50.33	53.72	55.60	55.00	52.00	Common Shs Outst'g D	50.00
26.1	19.8	19.7	20.3	21.3	17.9	20.1	19.7	24.8	29.6	26.9	30.3	39.3	24.9	30.5	33.0	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	24.0
1.39	1.19	1.31	1.29	1.34	1.14	1.13	1.04	1.25	1.55	1.35	1.64	2.09	1.28	1.65	1.92			Relative P/E Ratio	1.30
3.0%	3.1%	3.1%	3.2%	3.4%	3.5%	3.1%	2.8%	2.9%	2.3%	1.9%	1.8%	1.5%	1.7%	1.5%	1.7%			Avg Ann'l Div'd Yield	2.0%

CAPITAL STRUCTURE as of 6/30/23
 Total Debt \$1183.9 mill. Due in 5 Yrs \$357.0 mill.
 LT Debt \$1052.1 mill. LT Interest \$40.0 mill.
 (Total interest coverage: 1.0x) (44% of Cap'l)

Pension Assets-12/22 \$637.3 mill.
 Oblig. \$685.3 mill.

Pfd Stock None

Common Stock 57,702,000 shs.

MARKET CAP: \$2.8 billion (Mid Cap)

CURRENT POSITION 2021 2022 6/30/23 (\$MILL.)

Cash Assets	78.4	62.1	55.6
Other	222.1	233.4	256.3
Current Assets	300.5	295.5	311.9
Accts Payable	144.4	141.0	138.3
Debt Due	40.2	73.3	131.8
Other	72.0	80.4	92.6
Current Liab.	256.6	294.7	362.7

584.1	597.5	588.4	609.4	666.9	698.2	714.6	794.3	790.9	846.4	805	920	Revenues (\$mill) E	965
47.3	56.7	45.0	48.7	67.2	65.6	63.1	96.8	101.1	96.0	52.0	128	Net Profit (\$mill)	138
30.3%	33.0%	36.0%	35.5%	30.1%	24.5%	19.1%	11.1%	20.1%	3.3%	21.0%	21.0%	Income Tax Rate	21.0%
4.3%	2.7%	4.3%	6.1%	3.5%	3.1%	5.8%	3.3%	1.7%	1.7%	5.0%	5.0%	AFUDC % to Net Profit	5.0%
41.6%	40.1%	44.4%	44.6%	42.7%	49.3%	50.2%	45.9%	47.3%	44.4%	42.5%	47.3%	Long-Term Debt Ratio	38.0%
58.4%	59.9%	55.6%	55.4%	57.3%	50.7%	49.8%	54.1%	52.7%	55.6%	57.5%	59.0%	Common Equity Ratio	62.0%
1024.9	1045.9	1154.4	1191.2	1209.3	1440.2	1566.7	1702.4	2233.4	2370.1	2365	2385	Total Capital (\$mill)	2375
1515.8	1590.4	1701.8	1859.3	2048.0	2232.7	2406.4	2650.6	2846.9	3058.9	3175	3225	Net Plant (\$mill)	3450
6.0%	6.3%	5.2%	5.5%	7.1%	5.9%	5.5%	7.0%	5.5%	5.0%	3.0%	6.0%	Return on Total Cap'l	6.5%
7.9%	9.1%	7.0%	7.4%	9.7%	9.0%	8.1%	10.5%	8.6%	7.3%	4.0%	9.0%	Return on Shr. Equity	9.5%
7.9%	9.1%	7.0%	7.4%	9.7%	9.0%	8.1%	10.5%	8.6%	7.3%	4.0%	9.0%	Return on Com Equity	9.5%
3.4%	4.1%	2.0%	2.4%	4.7%	4.0%	3.2%	6.0%	4.6%	3.2%	NMF	5.0%	Retained to Com Eq	4.5%
56%	55%	71%	68%	51%	55%	60%	43%	47%	56%	NMF	46%	All Div'ds to Net Prof	49%

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '20-'22 to '26-'28

Revenues	2.5%	3.5%	4.0%
"Cash Flow"	6.0%	9.0%	2.0%
Earnings	7.5%	11.0%	6.5%
Dividends	4.0%	6.0%	6.5%
Book Value	7.0%	9.0%	5.5%

Cal-endar	QUARTERLY REVENUES (\$ mill) E	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31		
2020	125.6	175.5	304.1	189.1	794.3
2021	147.7	213.1	256.7	173.4	790.9
2022	173.0	206.2	266.3	200.9	846.4
2023	131.1	194.0	265	214.9	805
2024	190	225	285	220	920

Cal-endar	EARNINGS PER SHARE A	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31		
2020	d.42	.11	1.94	.31	1.97
2021	d.06	.75	1.20	.07	1.96
2022	.02	.36	1.03	.35	1.77
2023	d.40	.17	.75	.43	.95
2024	.15	.60	1.20	.50	2.45

Cal-endar	QUARTERLY DIVIDENDS PAID B	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31		
2019	.1975	.1975	.1975	.1975	.79
2020	.2125	.2125	.2125	.2125	.85
2021	.230	.230	.230	.230	.92
2022	.250	.250	.250	.250	1.00
2023	.260	.26	.26		

California Water Service Group recently completed an acquisition. The West Coast regulated water operator finalized the purchase of Skylonda Mutual Water Company subsequent to receiving approval from California state regulators. The addition is expected to unlock operational synergies between California Water's businesses, as well as bolster the customer base. The company also intends to invest in Skylonda's infrastructure. Going forward, we think tuck-in acquisitions will likely be par for the course, especially following the company's recent extended borrowing capacity (\$600 million 5-year credit facility).

The stock price has held up decently. In comparison to industry peers, the equity is roughly flat over the past three months, versus declines of about 10% on average for most water utility stocks. Nevertheless, CWT shares remain ranked 5 (Lowest) for Timeliness and, thus, are not suitable for subscribers with a short-term horizon.

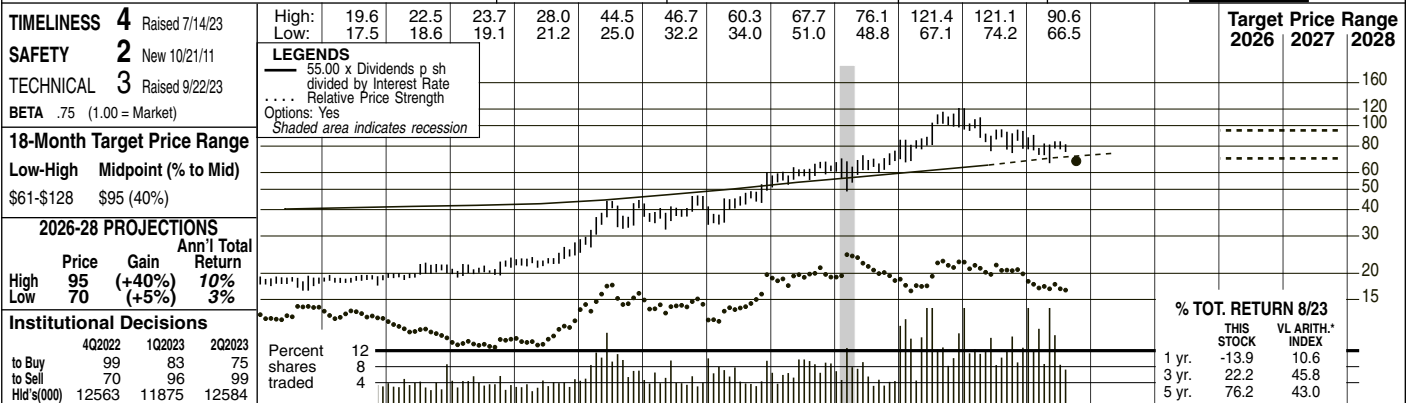
We look for improved financial performance beyond 2023. Indeed, California Water's first half of the year was

uninspiring. A still-delayed rate case decision from state regulators, as well as unfavorable revenue rebalancing and softer customer usage, resulted in relatively weak revenues and earnings through the first six months of 2023. But better days probably lie ahead. Prospects for a rate case approval, along with improved customer usage and a wider base, suggest that top- and bottom-line results are poised to rebound in 2024. Moreover, we envision additional rate hike filings over the pull to late decade, as the company is apt to invest heavily in water system infrastructure upgrades and treatment facilities. Note that a portion of capital allocated for upgrades can typically be recouped via approved rate increases to customer.

Investors with a 3- to 5-year holding period should also turn the page, for now. At the recent quotation, California Water shares offer subpar long-term capital appreciation potential. The dividend yield is below average, as well, and isn't likely to garner the interest of income-seeking accounts.

Nicholas Patrikis
 October 6, 2023

(A) Basic EPS. Excl. nonrecurring gain (loss): '11, 4c. Next earnings report due late Nov.	available.	(E) Excludes non-regulated revenues.	Company's Financial Strength	B++
(B) Dividends historically paid in late Feb., May, Aug., and Nov. ■ Div'd reinvestment plan	(C) Incl. intangible assets. In '22 : \$64.6 mill., \$1.16/sh.		Stock's Price Stability	95
	(D) In millions, adjusted for split.		Price Growth Persistence	85
			Earnings Predictability	55



2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	© VALUE LINE PUB. LLC	26-28
6.50	6.79	6.75	6.60	6.50	6.98	7.19	7.26	7.77	8.16	8.00	8.42	7.72	8.10	8.17	9.21	9.70	10.05	Revenues per sh	11.10
1.49	1.53	1.40	1.55	1.46	1.56	1.72	1.84	1.97	2.17	2.24	2.89	2.90	3.25	3.28	3.70	3.80	3.80	"Cash Flow" per sh	4.10
.87	.89	.72	.96	.84	.90	1.03	1.13	1.22	1.38	1.38	1.96	2.01	2.18	2.07	2.39	2.40	2.75	Earnings per sh ^A	3.00
.69	.70	.71	.72	.73	.74	.75	.76	.78	.81	.86	.91	.98	1.04	1.11	1.18	1.28	1.35	Div'd Decl'd per sh ^B	1.60
1.66	2.12	1.49	1.90	1.50	1.36	1.26	1.40	1.59	2.91	3.08	4.40	5.11	6.04	4.53	5.18	5.25	5.45	Cap'l Spending per sh	6.00
10.05	10.03	10.33	11.13	11.27	11.48	11.82	12.24	12.74	13.40	14.02	15.17	18.57	19.81	20.99	22.65	23.25	23.45	Book Value per sh	23.70
13.25	13.40	13.52	15.57	15.70	15.82	15.96	16.12	16.23	16.30	16.35	16.40	17.43	17.47	17.52	17.64	17.85	17.90	Common Shs Outst'g ^C	18.00
21.6	19.8	21.0	17.8	21.7	20.8	19.7	18.5	19.1	25.6	28.4	22.2	29.7	30.1	44.3	38.6	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	28.0
1.15	1.19	1.40	1.13	1.36	1.32	1.11	.97	.96	1.34	1.43	1.20	1.58	1.55	2.39	2.24			Relative P/E Ratio	1.30
3.7%	4.0%	4.7%	4.2%	4.0%	4.0%	3.7%	3.7%	3.3%	2.3%	2.2%	2.1%	1.6%	1.6%	1.2%	1.3%			Avg Ann'l Div'd Yield	1.9%
CAPITAL STRUCTURE as of 6/30/23																			
Total Debt \$367.9 mill. Due in 5 Yrs \$43.7 mill.																			
LT Debt \$350.4 mill. LT Interest \$7.5 mill.																			
(Total interest coverage: 9.3x)																			
(46% of Cap'l)																			
Pension Assets-12/22 \$84.8 mill.																			
Oblig. \$87.8 mill.																			
Pfd Stock \$2.4 mill. Pfd Div'd: \$.1 mill.																			
Common Stock 17,748,000 shs. as of 7/28/23																			
MARKET CAP: \$1.2 billion (Small Cap)																			
CURRENT POSITION (SMILL)																			
Cash Assets 3.5 3.8 4.4																			
Other 30.9 33.5 36.2																			
Current Assets 34.4 37.3 40.6																			
Accts Payable 21.1 24.8 28.3																			
Debt Due 6.7 17.5 17.5																			
Other 28.8 75.6 41.8																			
Current Liab. 56.6 117.9 87.6																			

BUSINESS: Middlesex Water Company engages in the ownership and operation of regulated water utility systems in New Jersey, Delaware, and Pennsylvania. It also operates water and wastewater systems under contract on behalf of municipal and private clients in NJ and DE. Its Middlesex System provides water services to 61,000 retail customers, primarily in Middlesex County, New Jersey. In 2022, the Middlesex System accounted for 65% of operating revenues. At 12/31/22, the company had 350 employees. Incorporated: NJ. President, CEO, and Chairman: Dennis W. Doll. Officers & directors own 1.9% of the com. stock; BlackRock Inst. Trust Co., 14.6% (4/23 proxy). Add.: 485 C Route 1 South, Suite 400, Iselin, NJ 08830. Tele.: 732-634-1500. Int.: www.middlesexwater.com.

Middlesex Water delivered strong second-quarter financial results. Revenues of nearly \$43 million rose roughly 8% year over year, largely thanks to previous base rate increases from the New Jersey Board of Public Utilities. Higher contract customer demand also played a role in the modest advance. Meanwhile, the company earned \$0.55 per share in the June period, which was in line with consensus expectations. The figure improved 10% on an annual basis, with lower income taxes more than offsetting a slight uptick in operating and maintenance expenses. On balance, we are upping our current-year revenue estimate by \$3 million, to \$173 million. Our share-profit forecast remains intact, at \$2.40.

Middlesex recently completed construction at its Park Avenue New Jersey treatment plant. The upgrade to the plant, which totaled about \$52 million, was needed to restore groundwater treatment compliance with updated standards for maximum contaminant levels in certain compounds. At present, the facility is fully functional and in compliance with all drinking water standards. In addition to this, management will likely keep its foot on the gas, in terms of broad-based capital investment and infrastructure improvements.

The regulated water utility ought to have some wind at its back over the pull to late decade. For starters, overall water consumption ought to increase, mainly due to prospects for a healthier macroeconomic backdrop and a wider customer base. Moreover, as mentioned above, capital spending on water system enhancements, treatment plant upgrades, and pipeline replacements, suggests that leadership is likely to seek further rate hike approvals from state regulators.

The stock price continues to be under some pressure. Middlesex shares, which have been in a downward trend since early 2022, slipped more than 10% in value over the past three months. At the moment, MSEX stock is unfavorably ranked for relative year-ahead price performance. Total return potential three to five years hence is limited, too. Thus, patient subscribers would do well to turn the page at this juncture.

(A) Diluted earnings. Quarterly figures may not sum due to rounding. Next earnings report due early November.	(B) Dividends historically paid in mid-Feb., May, Aug., and November. Div'd reinvestment plan available.	(C) In millions.	Company's Financial Strength B++
			Stock's Price Stability 85
			Price Growth Persistence 100
			Earnings Predictability 90

SJW GROUP NYSE-SJW

RECENT PRICE **62.20** P/E RATIO **22.0** (Trailing: 21.7, Median: 25.0) RELATIVE P/E RATIO **1.34** DIV'D YLD **2.4%** VALUE LINE

TIMELINESS 4 Lowered 9/15/23
SAFETY 3 New 4/22/11
TECHNICAL 3 Lowered 9/29/23
BETA .85 (1.00 = Market)

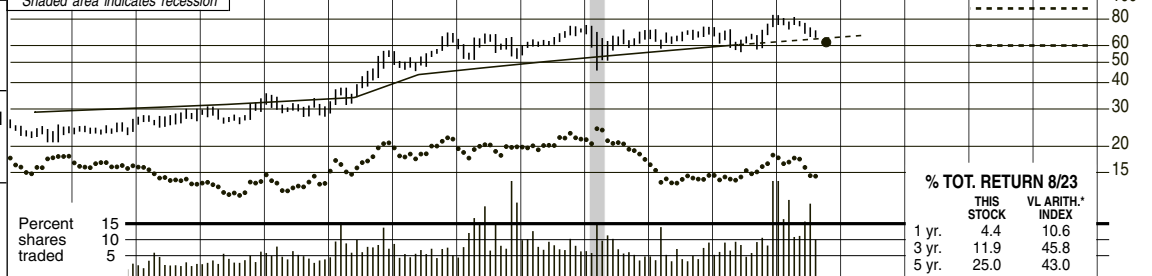
High: 26.9 30.1 33.7 35.7 56.9 69.3 68.4 74.5 75.0
 Low: 22.6 24.5 25.5 27.5 28.6 45.4 51.3 53.9 45.6

LEGENDS
 42.00 x Dividends p sh divided by Interest Rate
 Relative Price Strength
 Options: Yes
 Shaded area indicates recession

18-Month Target Price Range
 Low-High Midpoint (% to Mid)
 \$59-\$112 \$86 (35%)

2026-28 PROJECTIONS
 Price Gain Ann'l Total
 High Low 90 60 (+45%) (-5%) 12% 2%

Institutional Decisions
 4Q2022 1Q2023 2Q2023
 to Buy 128 94 120
 to Sell 86 113 91
 Hlds(000) 27200 27281 26624



2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	© VALUE LINE PUB. LLC		26-28
11.25	12.12	11.68	11.62	12.85	14.01	13.73	15.76	14.97	16.61	18.97	14.00	14.78	19.77	19.01	20.15	20.65	21.85	Revenues per sh	23.15	
2.30	2.44	2.21	2.38	2.80	2.97	2.90	4.42	3.86	4.76	5.24	3.29	3.13	5.28	5.13	5.79	4.35	4.60	"Cash Flow" per sh	4.90	
1.04	1.08	.81	.84	1.11	1.18	1.12	2.54	1.85	2.57	2.86	1.82	.82	2.14	2.03	2.43	2.75	2.95	Earnings per sh ^A	3.25	
.61	.65	.66	.68	.69	.71	.73	.75	.78	.81	1.04	1.12	1.20	1.28	1.36	1.44	1.52	1.60	Div'd Decl'd per sh ^B	1.80	
6.62	3.79	3.17	5.65	3.75	5.67	4.68	5.02	5.24	6.95	7.26	5.08	6.25	7.44	8.32	7.85	8.00	8.25	Cap'l Spending per sh	8.75	
12.90	13.99	13.66	13.75	14.20	14.71	15.92	17.75	18.83	20.61	22.57	31.31	31.27	32.12	34.28	36.06	37.10	40.00	Book Value per sh	42.50	
18.36	18.18	18.50	18.55	18.59	18.67	20.17	20.29	20.38	20.46	20.52	28.40	28.46	28.56	30.18	30.80	31.00	30.00	Common Shs Outst'g ^C	30.00	
33.4	26.2	28.7	29.1	21.2	20.4	24.3	11.2	16.6	15.7	18.8	32.7	78.8	30.0	32.9	27.3	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	23.0	
1.77	1.58	1.91	1.85	1.33	1.30	1.37	.59	.84	.82	.95	1.77	4.20	1.54	1.78	1.58			Relative P/E Ratio	1.30	
1.7%	2.3%	2.8%	2.8%	2.9%	3.0%	2.7%	2.6%	2.5%	2.0%	1.9%	1.9%	1.9%	2.0%	2.0%	2.2%			Avg Ann'l Div'd Yield	2.4%	

CAPITAL STRUCTURE as of 6/30/23
 Total Debt \$1563.6 mill. Due in 5 Yrs \$44.3 mill.
 LT Debt \$1519.3 mill. LT Interest \$50.0 mill.
 (LT Interest Coverage: 9.2x)
 (57% of Cap'l)

Pension Assets-12/22 \$252.0 mill.
 Oblig. \$289.1 mill.

Pfd Stock None.
Common Stock 31,731,000 shs.

MARKET CAP: \$2.0 billion (Mid Cap)

276.9	319.7	305.1	339.7	389.2	397.7	420.5	564.5	573.7	620.7	640	655	Revenues (\$mill)	695
23.5	51.8	37.9	52.8	59.2	38.8	23.4	61.5	60.5	73.8	85.0	89.0	Net Profit (\$mill)	98.0
38.7%	32.5%	38.1%	38.8%	36.7%	20.6%	26.4%	12.0%	12.2%	10.3%	21.0%	21.0%	Income Tax Rate	21.0%
--	--	--	--	--	--	--	--	2.0%	6.4%	1.5%	1.5%	AFUDC % to Net Profit	1.5%
51.1%	51.6%	49.8%	50.7%	48.2%	32.7%	59.1%	58.4%	59.1%	57.3%	56.0%	50.0%	Long-Term Debt Ratio	44.0%
48.9%	48.4%	50.2%	49.3%	51.8%	67.3%	40.9%	41.6%	40.9%	42.7%	44.0%	50.0%	Common Equity Ratio	56.0%
656.2	744.5	764.6	855.0	894.3	1320.7	2173.6	2204.7	2527.5	2602.8	2600	2400	Total Capital (\$mill)	2275
898.7	963.0	1036.8	1146.4	1239.3	1328.8	2206.5	2334.9	2497.5	2630.3	2685	2725	Net Plant (\$mill)	2825
5.0%	8.3%	6.3%	7.4%	7.9%	3.9%	1.8%	4.0%	3.5%	4.0%	4.0%	4.0%	Return on Total Cap'l	5.0%
7.3%	14.4%	9.9%	12.5%	12.8%	4.4%	2.6%	6.7%	5.8%	6.6%	7.5%	7.5%	Return on Shr. Equity	7.5%
7.3%	14.4%	9.9%	12.5%	12.8%	4.4%	2.6%	6.7%	5.8%	6.6%	7.5%	7.5%	Return on Com Equity	7.5%
2.8%	10.2%	5.7%	8.6%	8.2%	1.8%	NMF	2.7%	2.0%	2.7%	3.5%	3.5%	Retained to Com Eq	3.5%
62%	29%	42%	31%	36%	60%	NMF	59%	66%	59%	55%	54%	All Div'ds to Net Prof	55%

CURRENT POSITION	2021	2022	6/30/23
(SMILL.)			
Cash Assets	10.9	12.3	25.5
Accts Receivable	53.7	58.2	58.5
Other	69.5	84.2	117.4
Current Assets	134.1	154.7	201.4
Accts Payable	30.4	29.6	36.4
Debt Due	39.1	4.4	44.3
Other	133.8	230.7	157.3
Current Liab.	203.3	264.7	238.0

BUSINESS: SJW Group engages in the production, purchase, storage, purification, distribution, and retail sale of water. It provides water service to approximately 231,000 connections with a total population of roughly one million people in the San Jose area and 16,000 connections that reach about 49,000 residents in the region between San Antonio and Austin, Texas. The company merged

with Connecticut Water (10/19) which provides service to approx. 138,000 connections with a total population of 450,000 people. Has 757 employees. Officers and directors own less than 1.0% of outstanding shares (3/23 proxy). Chairman & CEO: Eric Thornburg. Incorporated: California. Address: 110 West Taylor Street, San Jose, CA 95110. Telephone: (408) 279-7800. Internet: www.sjwater.com.

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '20-'22 to '26-'28
of change (per sh)	4.5%	3.0%	3.0%
Revenues	7.0%	3.0%	-1.5%
"Cash Flow"	7.5%	-2.0%	6.5%
Earnings	7.0%	9.0%	5.0%
Dividends	9.0%	10.5%	3.5%
Book Value			

Stock of SJW Group took a step back in price over the past three months. Similar to industry peers, shares of the domestic regulated water utility dipped approximately 10% in value since our early July review. The equity was trading around all-time high territory at the onset of 2023 but, since then, it has come under some selling pressure. Note that part of the contraction may well be due to profit taking. Looking at the coming six to 12 months, SJW shares have slipped several spots on our Timeliness Ranking Scale, to 4 (below average), and are now pegged to trail the year-ahead broader market.

respectively. Likewise, similar advances are probably in the cards for 2024.

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2020	115.8	147.2	165.9	135.6	564.5
2021	114.8	152.2	166.9	139.8	573.7
2022	124.3	149.0	176.0	171.4	620.7
2023	137.3	156.9	182	163.8	640
2024	140	165	185	165	655

We are maintaining our current year top- and bottom-line estimates following a solid June-period showing. Revenues of \$157 million rose 5% year over year, while earnings of \$0.58 per share jumped more than 50%. The strong results were bolstered by recent rate hikes across California and Maine, as well as lower taxes during the period. This largely offset reduced water usage in Maine and Texas due to weather. For 2023, we look for modest annual revenue and earnings expansion, to \$640 million and \$2.75 per share,

The long term holds some promise. As a result of an aggressive capital allocation strategy (investment in water delivery systems, infrastructure, and treatment facilities), SJW is likely to file additional rate case requests across all operating regions in an effort to recoup a portion of these funds. Elsewhere, tuck-in acquisitions, such as the company's recent purchase of KT Water Development in Texas, should further support an expanding operating footprint. Lastly, prospects for increased water consumption and a wider customer base owing to a healthier economic backdrop is encouraging.

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2020	.08	.69	.91	.46	2.14
2021	.09	.69	.64	.60	2.03
2022	.12	.38	.82	1.09	2.43
2023	.37	.58	.95	.85	2.75
2024	.45	.60	1.00	.90	2.95

The dividend yield is decent but, even so, total return potential three to five years out leaves something to be desired. SJW stock currently offers an annual return which mirrors the Value Line median. That said, at the recent quotation, price upside potential over the pull to 2026-2028 is limited. All told, we think subscribers are best served staying on the sidelines, for now.

Cal-endar	QUARTERLY DIVIDENDS PAID ^{BD}				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2019	.30	.30	.30	.30	1.20
2020	.32	.32	.32	.32	1.28
2021	.34	.34	.34	.34	1.36
2022	.36	.36	.36	.36	1.44
2023	.38	.38	.38	.38	

(A) Diluted earnings. Excludes nonrecurring losses: '08, \$1.22; '10, \$0.46. GAAP accounting as of 2013. Next earnings report due early November. Quarterly egs. may not add due to rounding.

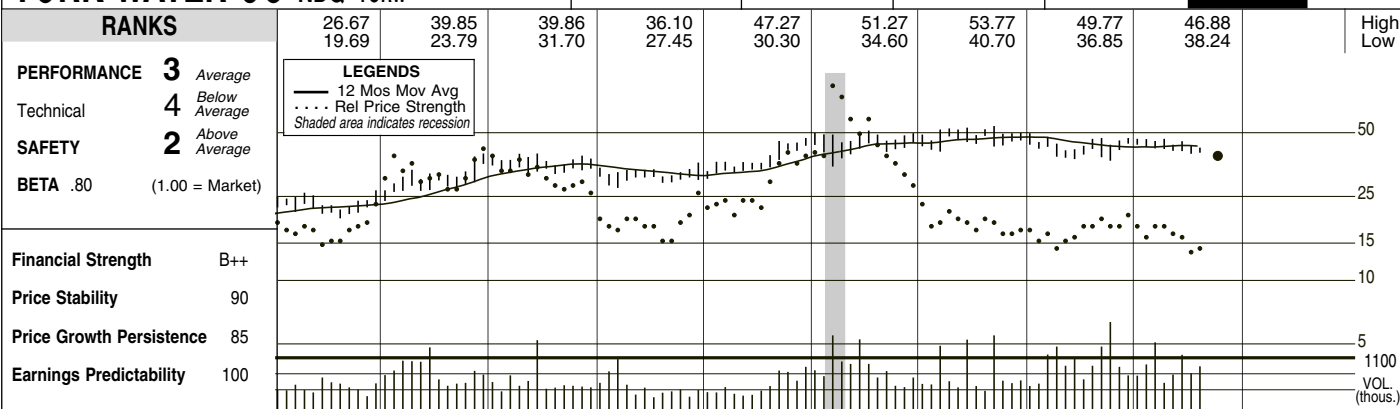
(B) Dividends historically paid in early March, June, September, and December. ■ Div'd reinvestment plan available.

Company's Financial Strength	B+
Stock's Price Stability	90
Price Growth Persistence	90
Earnings Predictability	45

To subscribe call 1-800-VALUELINE

October 6, 2023

Nicholas Patrikis



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024/2025
REVENUES PER SH	3.68	3.70	3.77	3.74	3.96	4.12	4.20	4.20	--	
"CASH FLOW" PER SH	1.45	1.42	1.53	1.58	1.70	1.90	1.97	2.08	--	
EARNINGS PER SH	.97	.92	1.01	1.04	1.11	1.27	1.30	1.40	1.53 ^{A,B}	1.59 ^C /NA
DIV'D DECL'D PER SH	.60	.63	.65	.67	.70	.73	.76	.79	--	
CAP'L SPENDING PER SH	1.11	1.03	1.95	--	.16	.09	.91	.24	--	
BOOK VALUE PER SH	8.51	8.88	9.28	9.75	10.31	10.97	11.64	14.50	--	
COMMON SHS OUTST'G (MILL)	12.81	12.85	12.87	12.94	13.02	13.06	13.11	14.29	--	
AVG ANN'L P/E RATIO	23.5	32.8	34.6	30.3	33.8	35.7	36.7	30.7	25.4	24.4/NA
RELATIVE P/E RATIO	1.21	1.79	1.73	1.71	1.96	2.09	2.24	2.03	--	
AVG ANN'L DIV'D YIELD	2.6%	2.1%	1.9%	2.1%	1.9%	1.6%	1.6%	1.8%	--	
REVENUES (\$MILL)	47.1	47.6	48.6	48.4	51.6	53.9	55.1	60.1	--	Bold figures are consensus earnings estimates and, using the recent prices, P/E ratios.
NET PROFIT (\$MILL)	12.5	11.8	13.0	13.4	14.4	16.6	17.0	19.6	--	
INCOME TAX RATE	27.5%	31.3%	25.9%	15.7%	13.5%	10.8%	6.2%	.1%	--	
AFUDC % TO NET PROFIT	1.6%	1.9%	6.7%	1.7%	2.5%	3.2%	7.2%	--	--	
LONG-TERM DEBT RATIO	44.4%	42.6%	43.0%	42.5%	41.3%	46.3%	47.6%	40.2%	--	
COMMON EQUITY RATIO	55.6%	57.4%	57.0%	57.5%	58.7%	53.7%	52.4%	59.8%	--	
TOTAL CAPITAL (\$MILL)	196.3	198.7	209.5	219.5	228.7	266.8	291.5	346.6	--	
NET PLANT (\$MILL)	261.4	270.9	288.8	299.2	313.2	343.6	382.9	431.2	--	
RETURN ON TOTAL CAP'L	7.6%	7.2%	7.5%	7.3%	7.4%	7.1%	6.7%	6.4%	--	
RETURN ON SHR. EQUITY	11.5%	10.4%	10.9%	10.6%	10.7%	11.6%	11.1%	9.5%	--	
RETURN ON COM EQUITY	11.5%	10.4%	10.9%	10.6%	10.7%	11.6%	11.1%	9.5%	--	
RETAINED TO COM EQ	4.4%	3.4%	4.0%	3.8%	4.0%	5.0%	4.7%	4.3%	--	
ALL DIV'DS TO NET PROF	62%	67%	63%	64%	62%	57%	58%	55%	--	

^ANo. of analysts changing earn. est. in last 25 days: 0 up, 0 down, consensus 5-year earnings growth not available. ^BBased upon one analyst's estimate. ^CBased upon one analyst's estimate.

ANNUAL RATES						ASSETS (\$mill.)			INDUSTRY: Water Utility		
of change (per share)	5 Yrs.	1 Yr.				2021	2022	6/30/23			
Revenues	2.5%	--				.0	.0	.0	BUSINESS: The York Water Company is an investor-owned water utility. The primary business of the company is to impound, purify to meet or exceed safe drinking water standards, and distribute water. It also operates three wastewater collection systems and eight wastewater collection and treatment systems. The company operates within its franchised water and wastewater territory, which covers portions of 54 municipalities within three counties in south-central Pennsylvania. Water service is supplied through its own distribution system. It obtains the bulk of its water supply for its primary system for York and Adams Counties from both the South Branch and East Branch of the Codorus Creek, which together have an average daily flow of 73.0 million gallons. The company is regulated by the Pennsylvania Public Utility Commission for both water and wastewater in the areas of billing, payment procedures, dispute processing, terminations, service territory, debt and equity financing and rate setting. Has 116 employees. C.E.O.: Joseph T. Hand Address: 130 East Market Street, York, PA 17401. Tel.: (717) 845-3601. Internet: www.york-water.com. <i>E.B.</i>		
"Cash Flow"	6.0%	5.5%				4.6	6.7	6.1			
Earnings	6.5%	7.5%				1.9	2.3	3.5			
Dividends	4.0%	3.5%				4.8	5.2	5.8			
Book Value	7.0%	24.5%				11.3	14.2	15.4			
						LIABILITIES (\$mill.) Accts Payable 6.7 10.8 14.4 Debt Due 7.5 .0 .0 Other 5.9 6.2 6.9 Current Liab 20.1 17.0 21.3					
						LONG-TERM DEBT AND EQUITY as of 6/30/23 Total Debt \$157.8 mill. Due in 5 Yrs. NA LT Debt \$157.8 mill. Including Cap. Leases NA (43% of Cap'l) Leases, Uncapitalized Annual rentals NA					
						Pension Liability None in '22 vs. None in '21					
						Pfd Stock None Pfd Div'd Paid None Common Stock 14,309,000 shares (57% of Cap'l)					
						TOTAL SHAREHOLDER RETURN Dividends plus appreciation as of 8/31/2023					
						3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.	
						-3.47%	-5.84%	-5.57%	-5.80%	48.04%	

October 6, 2023

EXHIBIT TJB-COC-DT2

Liberty Utilities Rio Rico (Consolidated), Corp.
Risk Premium Estimates for Use In Modified CAPM
Based on *Duff and Phelps Cost of Capital Navigator Supplementary Data* Risk Study and Regression Data Equations

Exhibit TJB-COC-DT2
Page 1 of 5

Line No.	Company	Symbol	Measures of size						
			MV Equity ¹	Book Equity ¹	MVIC ¹	5 Yr Avg. Net Income ¹	Total Assets ¹	5 Yr Avg. EBITDA ¹	Sales
1	American States Water	AWR	\$ 3,078	\$ 710	\$ 3,550	\$ 82	\$ 2,034	\$ 165	\$ 499
2	American Water Works	AWK	\$ 27,120	\$ 7,694	\$ 38,046	\$ 3,708	\$ 2,034	\$ 1,808	\$ 3,920
3	Essential Utilities	WTRG	\$ 10,020	\$ 5,377	\$ 16,391	\$ 320	\$ 15,719	\$ 733	\$ 1,878
4	California Water	CWT	\$ 2,769	\$ 1,318	\$ 3,821	\$ 85	\$ 3,851	\$ 269	\$ 791
5	Middlesex	MSEX	\$ 1,303	\$ 399	\$ 1,593	\$ 37	\$ 1,074	\$ 72	\$ 143
6	SJW Group	SJW	\$ 2,024	\$ 1,111	\$ 3,516	\$ 52	\$ 3,633	\$ 188	\$ 574
7	York Water Company	YORW	\$ 577	\$ 207	\$ 717	\$ 16	\$ 511	\$ 33	\$ 55
8	Liberty Utilities Rio Rico (Consolidated), Corp.		N/A	\$ 35.2	N/A	\$ 0.5	\$ 28.7	\$ 16.1	\$ 4.8

¹ From Value Line Investment Analyzer data weekly as of July 21, 2021.

Net Income Data (\$ millions)

Company	Symbol	2022	2021	2020	2019	2018	Average
9	American States Water	\$ 78.4	\$ 94.4	\$ 86.4	\$ 84.3	\$ 63.9	\$ 81.5
10	American Water Works	\$ 3,792.0	\$ 3,920.0	\$ 3,777.0	\$ 3,610.0	\$ 3,440.0	\$ 3,707.8
11	Essential Utilities	\$ 465.2	\$ 431.6	\$ 284.9	\$ 224.5	\$ 192.0	\$ 319.6
12	California Water	\$ 96.0	\$ 101.1	\$ 96.8	\$ 63.1	\$ 65.6	\$ 84.5
13	Middlesex	\$ 42.4	\$ 36.5	\$ 38.4	\$ 33.9	\$ 32.5	\$ 36.7
14	SJW Group	\$ 73.8	\$ 60.5	\$ 61.5	\$ 23.4	\$ 38.8	\$ 51.6
15	York Water Company	\$ 19.6	\$ 17.0	\$ 16.6	\$ 14.4	\$ 13.4	\$ 16.2
16	Liberty Utilities Rio Rico (Consolidated), Corp.	\$ 0.3	\$ 1.7	\$ 2.4	\$ 1.4	\$ (3.2)	\$ 0.5

Liberty Utilities Rio Rico (Consolidated), Corp.
Risk Premium Estimates for Use In Modified CAPM
Based on *Duff and Phelps Cost of Capital Navigator Supplementary Data Risk Study and Regression Data Equations*

Line No.	Company	Symbol	2022	2021	2020	2019	2018	Average		
1	American States Water	AWR	\$ 168	\$ 181	\$ 167	\$ 169	\$ 141	\$ 165		
2	American Water Works	AWK	\$ 1,922	\$ 1,832	\$ 1,852	\$ 1,752	\$ 1,684	\$ 1,808		
3	Essential Utilities	WTRG	\$ 1,073	\$ 901	\$ 700	\$ 522	\$ 470	\$ 733		
4	California Water	CWT	\$ 297	\$ 271	\$ 305	\$ 234	\$ 240	\$ 269		
5	Middlesex	MSEX	\$ 88	\$ 69	\$ 71	\$ 67	\$ 67	\$ 72		
6	SJW Group	SJW	\$ 262	\$ 200	\$ 207	\$ 143	\$ 128	\$ 188		
7	York Water Company	YORW	\$ 36	\$ 34	\$ 34	\$ 33	\$ 31	\$ 33		
8	Liberty Utilities Rio Rico (Consolidated), Corp.		\$ 17.5	\$ 15.5	\$ 12.9	\$ 12.7	\$ 21.7	\$ 16.1		
			<u>MV Equity</u>	<u>Book Equity</u>	<u>MVIC</u>	<u>5 Yr Avg. Net Income</u>	<u>Total Assets</u>	<u>5 Yr Avg. EBITDA</u>	<u>Sales</u>	
9	Regression Equation Constant		10.540%	7.001%	10.292%	6.701%	8.634%	7.377%	8.547%	
10	X Coefficient(s)		-1.983%	-1.169%	-1.846%	-1.433%	-1.449%	-1.450%	-1.423%	
			RP_s (levered)							
	<u>Company</u>	<u>Symbol</u>	<u>MV Equity</u>	<u>Book Equity</u>	<u>MVIC</u>	<u>5 Yr Avg. Net Income</u>	<u>Total Assets</u>	<u>5 Yr Avg. EBITDA</u>	<u>Sales</u>	<u>Average</u>
11	American States Water	AWR	3.62%	3.67%	3.74%	3.96%	3.84%	4.16%	4.71%	3.96%
12	American Water Works	AWK	1.75%	2.46%	1.84%	1.59%	3.84%	2.65%	3.43%	2.51%
13	Essential Utilities	WTRG	2.61%	2.64%	2.51%	3.11%	2.55%	3.22%	3.89%	2.93%
14	California Water	CWT	3.71%	3.35%	3.68%	3.94%	3.44%	3.85%	4.42%	3.77%
15	Middlesex	MSEX	4.36%	3.96%	4.38%	4.46%	4.24%	4.68%	5.48%	4.51%
16	SJW Group	SJW	3.98%	3.44%	3.75%	4.25%	3.48%	4.08%	4.62%	3.94%
17	York Water Company	YORW	5.06%	4.29%	5.02%	4.97%	4.71%	5.17%	6.07%	5.04%
18	Average		3.59%	3.40%	3.56%	3.75%	3.73%	3.97%	4.66%	3.81% [A]
18	Comparative Risk Study Risk Premium Adjustment									-1.81% [B]
19	Adjusted Risk Premium - Size (RP _s)									2.00% [C] = [A]-[B]
20										
21	Liberty Utilities Rio Rico (Consolidated), Corp.		N/A	5.19%	N/A	7.13%	6.52%	5.63%	7.57%	6.41% [D]
22	Comparative Risk Study Risk Premium Adjustment									-1.87% [E]
23	Adjusted Risk Premium - Size (RP _s)									4.54% [F] = [D]+[E]
24	Adjusted Risk Premium - Size (RP _s) for Liberty Utilities Rio Rico (Consolidated), Corp.									4.54% [F]
25	Adjusted Risk Premium - Size (RP _s) for Water Proxy Group									2.00% [G]
26	Indicated Risk Premium Over Proxy Group									2.54% [H] = [F]-[G]

Liberty Utilities Rio Rico (Consolidated), Corp.
 Comparative Risk Study - Adjustment to Size Premium
 Based on *Duff and Phelps Cost of Capital Navigator Supplementary Data Risk Study and Regression Data Equations*

Line

<u>No.</u>	<u>Estimate of Risk Premium Adjustment</u>		5 -Year Historical			
	<u>Company</u>	<u>Symbol</u>	<u>OM</u>	<u>CV (OM)</u>	<u>CV(ROE)</u>	
1	American States Water	AWR	26.40%	7.98%	10.92%	
2	American Water Works	AWK	32.53%	3.69%	26.74%	
3	Essential Utilities	WTRG	34.99%	13.15%	21.61%	
4	California Water	CWT	22.12%	10.46%	13.77%	
5	Middlesex	MSEX	36.99%	5.83%	10.81%	
6	SJW Group	SJW	35.99%	10.59%	33.19%	
7	York Water Company	YORW	46.54%	5.40%	7.45%	
8	Proxy Group Average		33.65%	8.16%	17.78%	
<u>Proxy Group Risk Differences</u>						
9	Smoothed Average Risk Premium From Equivalent D Exhibit		7.03%	9.37%	9.22%	<u>Average</u> 8.54%
10	Smoothed Average Risk Premium From Equivalent C Exhibit		10.62%	10.54%	9.88%	10.35%
11	<u>Indicated Risk Adjustment</u>		-3.60%	-1.17%	-0.66%	-1.81%
12	Possible Risk Adjustment		0.00%	to	-1.81%	<u>Recommended</u> -1.81%
<u>5 -Year Historical</u>						
13		<u>Q</u>	<u>OM</u> 109.43%	<u>CV (OM)</u> 35.84%	<u>CV(ROE)</u> 61.27%	<u>Average</u> 8.48%
14	Smoothed Average Risk Premium From Equivalent D Exhibit		3.70%	11.23%	10.50%	8.48%
15	Smoothed Average Risk Premium From Equivalent C Exhibit		10.62%	10.54%	9.88%	10.35%
16	Indicated Risk Adjustment		-6.92%	0.69%	0.62%	-1.87%
17	Possible Risk Adjustment		0.00%	to	-1.87%	<u>Recommended</u> -1.87%

EXHIBIT TJB-COC-DT3

Liberty Utilities Rio Rico (Consolidated), Corp.
Comparative Risk Study

Exhibit TJB-COC-DT3
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Line No.										
1	<u>Operating Income EBIT (\$ in millions)</u>									
2		<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>5-Year Average</u>	<u>Std Dev.</u>	<u>Co-efficient of variation of Operating Income</u>	
3	<u>Company¹</u>	<u>Symbol</u>								
4	American States Water	AWR	126.63	140.98	130.50	133.35	100.99	126.49	15.193	0.1201
5	American Water Works	AWK	1,273.00	1,196.00	1,248.00	1,170.00	1,139.00	1,205.20	55.079	0.0457
6	Essential Utilities	WTRG	752.20	602.71	443.43	365.56	323.18	497.42	177.947	0.3577
7	California Water	CWT	182.16	162.06	206.16	144.48	156.43	170.26	24.257	0.1425
8	Middlesex	MSEX	64.75	48.36	52.33	49.90	51.47	53.36	6.545	0.1226
9	SJW Group	SJW	261.77	200.28	206.95	143.07	128.04	188.02	53.772	0.2860
10	York Water Company	YORW	25.86	24.68	25.63	24.98	23.66	24.96	0.870	0.0349
11	Proxy Group						Average	323.67	47.6662	0.1585
12	Liberty Utilities Rio Rico (Consolidated), Corp.		<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>5-year Average</u>	<u>Std Dev.</u>	<u>Co-efficient of variation of Operating Income</u>
			13.75	12.50	10.54	10.54	19.62	13.39	3.739	0.2793
13	Risk relative to the average risk of the proxy group									1.76
14	<u>Sales (\$ in millions)</u>									
15	<u>Company¹</u>	<u>Symbol</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>5-year Average</u>		
16	American States Water	AWR	491.53	498.85	488.24	473.87	436.82	477.86		
17	American Water Works	AWK	3,792.00	3,920.00	3,777.00	3,610.00	3,440.00	3,707.80		
18	Essential Utilities	WTRG	2,288.03	1,878.14	1,462.70	889.69	838.09	1,471.33		
19	California Water	CWT	846.43	790.91	794.31	714.56	698.20	768.88		
20	Middlesex	MSEX	162.43	143.14	141.59	134.60	138.08	143.97		
21	SJW Group	SJW	620.70	573.69	564.53	420.48	397.70	515.42		
22	York Water Company	YORW	60.06	55.12	53.85	51.58	48.44	53.81		
23	Liberty Utilities Rio Rico (Consolidated), Corp.		<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>5-year Average</u>		
			13.81	13.65	12.44	11.42	10.96	12.46		
24	<u>Operating Margin (%)</u>									
25	<u>Company¹</u>	<u>Symbol</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>5-year Average</u>	<u>Std Dev.</u>	<u>Co-efficient of variation of Operating Margin</u>
26	American States Water	AWR	25.76%	28.26%	26.73%	28.14%	23.12%	26.40%	0.0211	0.0798
27	American Water Works	AWK	33.57%	30.51%	33.04%	32.41%	33.11%	32.53%	0.0120	0.0369
28	Essential Utilities	WTRG	32.88%	32.09%	30.32%	41.09%	38.56%	34.99%	0.0460	0.1315
29	California Water	CWT	21.52%	20.49%	25.95%	20.22%	22.40%	22.12%	0.0231	0.1046
30	Middlesex	MSEX	39.86%	33.79%	36.96%	37.07%	37.28%	36.99%	0.0216	0.0583
31	SJW Group	SJW	42.17%	34.91%	36.66%	34.03%	32.20%	35.99%	0.0381	0.1059
32	York Water Company	YORW	43.06%	44.78%	47.60%	48.43%	48.84%	46.54%	0.0251	0.0540
33	Proxy Group						Average	33.65%	0.0267	0.0816
34	Liberty Utilities Rio Rico (Consolidated), Corp.		<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>5-year Average</u>	<u>Std Dev.</u>	<u>Co-efficient of variation of Operating Margin</u>
			99.55%	91.62%	84.70%	92.33%	178.96%	109.43%	0.3922	0.3584
35	Risk relative to the average risk of the proxy group									4.39

¹ Based on information from Value Line Investment Analyzer weekly ended February 8, 2023.

Liberty Utilities Rio Rico (Consolidated), Corp.
Comparative Risk Study

Exhibit TJB-COC-DT3
Page 2 of 4

Line No.										
1	<u>Return on Equity (ROE)</u> ¹									
2										
3	<u>Company</u> ¹	<u>Symbol</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>5-year Average</u>	<u>Std Dev.</u>	<u>Co-efficient of variation of ROE</u>
4	American States Water	AWR	11.0%	13.8%	13.5%	14.0%	11.4%	12.75%	0.0139	0.1092
5	American Water Works	AWK	10.7%	17.3%	11.0%	10.1%	9.7%	11.76%	0.0314	0.2674
6	Essential Utilities	WTRG	8.7%	8.3%	6.1%	5.8%	9.6%	7.68%	0.0166	0.2161
7	California Water	CWT	7.3%	8.6%	10.5%	8.1%	9.0%	8.69%	0.0120	0.1377
8	Middlesex	MSEX	10.6%	9.9%	11.1%	10.4%	13.0%	10.99%	0.0119	0.1081
9	SJW Group	SJW	6.6%	5.8%	6.7%	2.6%	4.4%	5.24%	0.0174	0.3319
10	York Water Company	YORW	9.5%	11.1%	11.6%	10.7%	10.6%	10.70%	0.0080	0.0745
11	Proxy Group		9.2%	10.7%	10.1%	8.8%	9.7%	9.69%	0.0159	0.1778
12	Company		<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>5-year Average</u>	<u>Std Dev.</u>	<u>Co-efficient of variation of ROE</u>
			0.60%	4.00%	6.04%	4.15%	NM	3.70%	0.0227	0.6127
13	Risk relative to the average risk of the proxy group									3.45

¹ Based on information from Value Line Investment Analyzer weekly ended February 8, 2023.

1 Operating Leverage = Percent Change in Operating Income/Percent Change in Sales
(also a measure of business risk)

Line No.									
3									
4	<u>Company</u> ¹	<u>Symbol</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>5-year Average</u>	
5	American States Water	AWR	6.94	3.70	0.70	3.78	9.77	4.98	
6	American Water Works	AWK	1.97	1.10	1.44	0.55	1.63	1.34	
7	Essential Utilities	WTRG	1.14	1.26	0.33	2.13	1.06	1.18	
8	California Water	CWT	1.77	49.97	3.83	3.26	15.67	14.90	
9	Middlesex	MSEX	2.51	6.93	0.94	1.21	2.33	2.78	
10	SJW Group	SJW	3.75	1.99	1.30	2.05	2.77	2.37	
11	York Water Company	YORW	0.53	1.57	0.59	0.86	0.93	0.90	
12	Average		2.66	9.50	1.30	1.98	4.88	4.06	
			<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>5-year Average</u>	
13	Liberty Utilities Rio Rico (Consolidated), Corp.		8.21	1.92	275.82	23.40	NM	77.34	
14	Risk relative to the average risk of the proxy group							19.03	

¹ Based on information from Value Line Investment Analyzer weekly ended September 13, 2023.

Liberty Utilities Rio Rico (Consolidated), Corp.
Comparative Risk Study
Beta Estimate Using Duff and Phelps Risk Study Portfolio Information

Line
No.

A. Beta Estimates for Water Sample Group and Company

	<u>Portfolio</u>	<u>Operating Margin</u>	<u>Portfolio</u>	<u>CV (Operating Margin)¹</u>	<u>Portfolio</u>	<u>CV (ROE)¹</u>		
1	Company	0	109.43%	5	35.84%	9	61.27%	
2	Proxy Group	1	33.65%	19	8.16%	21	17.78%	
			<u>Portfolio Sum Beta²</u>		<u>Portfolio Sum Beta³</u>		<u>Portfolio Sum Beta⁴</u>	<u>Average</u>
3	Company		0.90		1.26		1.19	
4	Proxy Group		0.88		1.00		0.93	
5	Percentage Difference		2.3%		26.0%		28.0%	18.7%

B. Assume percentage difference is the same for water utilities as companies in general

	<u>Value Line Beta</u>	<u>Sum Beta</u>
6	Proxy Group ⁵	0.82
7	Implied Beta for Company ⁶	0.97

Notes:

¹ CV stands for Coefficient of Variation,

² Source is Duff & Phelps Cost of Capital Navigator 2021 Supplementary Data Risk Study, Companies Ranked by Operating Margin.

³ Source is Duff & Phelps Cost of Capital Navigator 2021 Supplementary Data Risk Study, Companies Ranked by CV (Operating Margin).

⁴ Source is Duff & Phelps Cost of Capital Navigator 2021 Supplementary Data Risk Study, Companies Ranked by CV (Operating Margin).

⁵ Source is Table 2.

⁶ Calculated by multiplying (1+ percentage difference in risk study betas) times average beta for the proxy group.

**Liberty Utilities Rio Rico (Consolidated), Corp.
Capital Asset Pricing Model (CAPM)**

Line No.		R_f^1	+	(	β^2	x	RP_M^4	)	=	k	CAPM Results From Table 10	Difference
1	Traditional CAPM	3.7%	+	(	0.97	x	7.11%	)	=	10.60%	9.50%	1.10%
2														
3		R_f^1			$RP_M^4 \times .25$	+	(	β^2	x	RP_M^4	) x .75	
4	Empirical CAPM	3.7%	+	7.11%	x .25	+	(0.97	x	7.11%) x .75	= 10.70%	9.80%	0.90%
5														
6		R_f^1	+	(	β^3	x	RP_M^5	) +	RP_s^b			
7	Modified CAPM	3.7%	+	(0.95	x	6.34%) +	2.00%	=	11.70%	10.80%	0.90%	
8														
9														
10	Average									11.00%	10.00%	1.00%		

Notes:

¹ Source Table 8.

² Implied VL Beta of Company. Source is page 3.

³ Implied Sum Beta of Company. Source is page 3.

⁴ Estimate of Market Risk Premium (MRP):

Historical MRP (1926-2022)	7.17%	Source is Duff & Phelps 2022 CRSP Decile Size Study - Supplementary Exhibits.
Current MRP	7.04%	Source is Table 10
Average MRP	7.11%	

⁵ Estimate of MRP

Historical MRP (1973-2022)	5.63%	Source is Duff & Phelps 2022 CRSP Decile Size Study - Supplementary Exhibits.
Current MRP	7.04%	Source is Table 10
Average MRP	6.34%	

⁶ Average proxy group adjusted size risk premium based upon Duff & Phelps Size Study data and Risk Study data. See See Exhibit TJB-DT3