

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Liberty Utilities (Apple Valley Ranchos Water) Corp. (U 346-W) for Authority to Increase Rates Charged for Water Service by \$2,862,903 or 11.11% in 2022, \$2,068,273 or 7.18% in 2023, and \$2,280,637 or 7.35% in 2024.

Application No. _____

**2022-2024 GENERAL RATE CASE APPLICATION OF
LIBERTY UTILITIES (APPLE VALLEY RANCHOS WATER) CORP. (U 346-W)**

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Dated: July 1, 2021

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I. INTRODUCTION

Liberty Utilities (Apple Valley Ranchos Water) Corp. (U 346 W) (“Liberty Apple Valley” or Applicant), a California corporation, hereby files its application for a General Rate Increase. Liberty Apple Valley is a Class A Public Utility Water Company providing regulated water utility service in and near the Towns of Apple Valley and Yermo in San Bernardino County in the State of California. Liberty Apple Valley is a wholly-owned subsidiary of Liberty Utilities (Park Water) Corp. (“Liberty Park Water”), a California Corporation. Liberty Apple Valley’s Annual Reports to the Commission describe its field of operation, its property and equipment, by class and cost, and the depreciation and amortization reserves applicable to such property and equipment, by class. A certified copy of the amended Articles of Incorporation of Liberty Apple Valley is attached to this application as Exhibit G.

Over the last few years, Liberty Apple Valley has undertaken measures to reduce its overall cost of providing service to its customers by improving operational efficiencies. Some of the efficiencies achieved have been offset by capital improvements and replacements of aging infrastructure dedicated

to providing water service. The rates proposed in this application are necessary to recover the costs of providing safe and reliable water service on a sustained basis and to support the health, safety and well-being of the communities we serve.

II. PRELIMINARY MATTERS

A. Test Period

The test period for the rate increase is Test Year 2022 with 2023 and 2024 selected as the Escalation Years. Test Year 2022 is a split test period of July 1, 2022 – June 30, 2023. Escalation Year 2023 is a split test period of July 1, 2023 – June 30, 2024 and Escalation Year 2024 is a split test period of July 1, 2024 – June 30, 2025. This is consistent with the rate case plan adopted by the Commission by D.07-05-062 (“RCP”).

B. SB 960 Scoping Memorandum

This Application is a general rate increase proceeding and is therefore a “Rate Setting” proceeding. Evidentiary hearings may be necessary because of factual disputes that may arise on material issues such as water sales, operating revenue, operation and maintenance expenses, utility plant, depreciation, taxes, and revenue requirements. A proposed schedule for completing the proceeding is contained in Appendix A.¹

C. Summary of Requested Increase and Rate Base Changes

The requested revenue increase for Liberty Apple Valley for Test Year 2022 above revenues generated by present rates is \$2,862,903 or 11.11%. At this time, Liberty Apple Valley is only requesting specific rates for Test Year 2022. Pursuant to the escalation year increase methodology adopted by the Rate Case Plan, D.07-05-062 (Appendix A, page A-19), Liberty Apple Valley will file

¹ Liberty Apple Valley’s parent – Liberty Utilities (Park Water) Corp. (“Liberty Park Water”) – is concurrently filing its GRC application at the same time Liberty Apple Valley is filing this GRC application. Liberty Park Water and Liberty Apple Valley desire to consolidate the two GRC proceedings to achieve efficiencies and avoid any inconsistent resolutions of similar issues in the two proceedings. By letter dated December 9, 2020, Executive Director Peterson approved the joint request of Liberty Park Water and Liberty Apple Valley for a 6-month extension of time to file the GRC applications. The due date for the GRC application is July 1, 2021. The approval letter states, “The requested new filing date of July 1, 2021 would allow for 12-months of time to resolve the application and have new rates in place by July 1, 2022, the first day of Liberty’s Test Year 2022. Therefore, Liberty Park Water’s proposed schedule attached hereto as Appendix A is based on the 14-month single-district schedule.

advice letters setting out its calculations and supporting analysis for the escalation year rates 45 days prior to the first day of each escalation year. For the sole purpose of providing customer notification, Liberty Apple Valley has estimated the impact of the escalation methodology for Escalation Years 2023 and 2024. The estimated revenue increase for Escalation Year 2023 is \$2,068,273 or 7.18% above the proposed revenue increase for Test Year 2022. The estimated revenue increase for Escalation Year 2024 is \$2,280,637 or 7.35% above the estimated revenue requirement for Escalation Year 2023. Liberty Apple Valley estimates that the requested increase will produce a rate of return on equity of 9.35% and a return on Liberty Apple Valley’s estimated rate base for Test Year 2019 of 7.35%. The requested return on equity and return on rate base is based on the 2019 cost of capital adopted by the Commission for Liberty Apple Valley by D.18-12-002 (A.18-05-006). The requested rate increase is reasonable and necessary because present rates do not generate adequate revenue to yield a fair, just and reasonable return on current and future capital investments in plant, property and other equipment devoted to providing utility service.

As required by D.07-05-062 (Appendix A, page A-22), the following table compares the proposed test year data (Test Year 2022) to the last adopted test year (Test Year 2019) and last recorded year (2020) data.

Comparison Between Proposed Test Year and Last Test Year Adopted and Last Recorded Year			
	Last Test Year	Last Recorded Year ²	Proposed Test Year
Total Rev Req \$	23,360,000	24,219,502	28,625,000
Rate Base \$	75,115,566	74,625,010	102,923,977
Rate Base %	34.10%	37.92%	
Operating Expenses \$	17,849,969	18,877,722	21,062,819
Operating Expenses %	17.07%	11.58%%	
Rate of Return	7.35%	7.16%	7.35%

² Use most recent 12 months of available data; revise with complete calendar year data when available.

D. Results of Operation

The Application exhibits consist of the following:

- Financial Statements as of September 30, 2017 (Exhibit A);
- Liberty Apple Valley – Revenue Requirements Report (Exhibit B);
- Liberty Apple Valley – General Office Report (Exhibit C);
- Urban Water Management Plan Liberty Apple Valley (Exhibit D);
- Qualifications and Prepared Testimony (Exhibit E);
- Liberty Apple Valley – Response to Minimum Data Requirements (Exhibit F);
- Amended Articles of Incorporation (Exhibit G); and
- Comparison Exhibit (Exhibit H).

The above exhibits describe Liberty Apple Valley’s overall results of operation. Exhibit D is the most recent Urban Water Management Plan filed with the California Department of Water Resources.

The above-referenced exhibits, and the accompanying workpapers, contain explanations of all significant changes from last adopted and recorded plant amounts and capital related costs, as well as an explanation of significant changes in circumstances or assumptions affecting the expenses and customer growth. A detailed reconciliation of significant changes between the proposed Test Year 2022 expenses and the last adopted and recorded expenses has not been prepared by Liberty Apple Valley because it would not yield any useful information. Specifically, the adopted expenses for Test Year 2019 were prepared during calendar year 2017 while the expenses proposed in this Application for Test Year 2022 were prepared during calendar year 2020. Liberty Apple Valley does not believe that an analysis of expense estimates that were prepared three years apart for differing test periods is very useful. For a similar reason, Liberty Apple Valley does not believe that an analysis of the recorded expenses for recorded year 2019, which is three years removed from the test period in this Application, is helpful.

The workpapers contain a comparison of the proposed Test Year 2022 expenses and the five-year average of recorded expenses (2016 – 2020) escalated to Test Year 2022.

E. Primary Cost Increases

The rates for Liberty Apple Valley were last reviewed in Application 18-01-002, a general rate case filed January 1, 2018. That Application requested rates for 2019, 2020, and 2021, and resulted in D.20-09-019 dated September 24, 2020. The rates for Liberty Apple Valley also reflect the cost of capital, last reviewed in Application 18-05-006 filed May 1, 2018. That Application requested cost of capital in rates for 2019, 2020, and 2021, and resulted in D.18-12-002 dated December 20, 2018. This GRC application proposes the rates required for Test Year 2022 including the cost of capital adopted by D.18-12-002. The proposed rates are increased over those presently in effect for the following reasons:

- Additional revenues to produce a fair rate of return on capital invested in property dedicated to providing utility service;
- Increased capital-related costs resulting from increased investment;
- Increases in unit costs of production;
- Inflationary increases anticipated during 2021 and the Test Year;
- Increases in payroll expense; and
- Increases in health and welfare benefits.

Detailed discussions of the above are contained in Exhibit B, the Revenue Requirements Report.

F. List of Issues of Controversy

The contested issues decided by the Commission in the previous rate case included employee positions, payroll, employee benefits (medical, dental and vision insurance, worker's compensation insurance, group pension expense), and advanced metering infrastructure. In the previous GRC, the Commission has addressed issues relating to customers, water sales, operating revenue, rate design, and

rate base. Liberty Apple Valley has no way of anticipating the positions the Public Advocates Office will take in opposition to Liberty Apple Valley's proposed Test Year 2022 revenue requirement. It has been Liberty Apple Valley's experience that each GRC is unique with respect to the issues raised by the Public Advocates Office. Liberty Apple Valley anticipates, however, that Public Advocates Office may oppose Liberty Apple Valley's proposed capital projects and payroll budget. Based on Public Advocates Office positions in prior GRCs, Liberty Apple Valley anticipates that the Public Advocates Office also may take issue with Liberty Apple Valley's requested memorandum accounts (*see* Memorandum Accounts below) and Liberty Apple Valley's balancing accounts (*see* Balancing Accounts below).

As discussed below (see Special Requests), Liberty Apple Valley also proposes a Sales Reconciliation Mechanism ("SRM") to adjust the adopted consumption in each escalation year if certain conditions are met. Liberty Apple Valley believes that the SRM will: (1) improve the accuracy of the sales forecasts adopted in this proceeding, (2) reduce the potential for large balances in the proposed Monterey-Style Water Revenue Adjustment Mechanism ("Monterey WRAM") balancing account, and (3) reduce the temporal inequity associated with customers who receive the surcharge (or sur-credit) associated with the amortization of WRAM balances.

III. SUMMARY OF CONTENTS

A. Basic Information

Testimony describing the basic information required by the RCP, D.07-05-062, is contained in Exhibits B, C, and F.

B. Regulated Plant in Service

Testimony, with supporting analysis and documentation, describing Liberty Apple Valley's regulated plant in service is provided in Exhibits B (Chapter VI) and C (Chapter V). The workpapers identify and explain all capital additions, including analysis, evaluation and overall budget. A comparison of the forecast capital additions adopted in the last GRC and actual capital additions is contained in the accompanying workpapers. The calculation of the forecast capital additions is based on a five-year average of recorded plant additions and the explanation of significant changes from the last adopted and recorded regulated plant in service is contained in the accompanying workpapers.

C. Revenue Requirement: Operations and Maintenance, Administrative and General, General Office

Testimony, with supporting analysis and documentation, describing Liberty Apple Valley's revenue requirement related to Operations and Maintenance expense, Administrative and General expense, and General Office expense is contained in Exhibits B (Chapter IV), C (Chapter III), and F, respectively.

D. Revenue Requirement: Water Sales and Production

Testimony, with supporting analysis and documentation, describing Liberty Apple Valley's water sales and production is contained in Exhibits B (Chapter III) and F.

E. Rate Base

Testimony, with supporting analysis and documentation, describing Liberty Apple Valley's rate base is contained in Exhibits B (Chapter VIII), C (Chapter V), and F.

F. Supply and Distribution Infrastructure Status and Planning

Testimony, with supporting analysis and documentation, describing Liberty Apple Valley's supply and distribution infrastructure status and planning is contained in Exhibits B (Chapter II), E and F.

G. Conservation and Efficiency

Testimony, with supporting analysis and documentation, describing Liberty Apple Valley's conservation and efficiency measures is contained in Exhibits B (Chapter II) and F.

H. Water Quality

Testimony, with supporting analysis and documentation, describing Liberty Apple Valley's water quality is contained in Exhibits B (Chapter X) and G. Liberty Apple Valley requests a Commission finding that the water service provided meets or exceeds State and Federal drinking water standards and meets the requirements of General Order 103-A.

I. Service Quality

Testimony describing Liberty Apple Valley's service quality is contained in Exhibit B (Chapter II).

J. Transactions with Corporate Affiliates

Testimony describing Liberty Apple Valley transactions with corporate affiliates is contained in Exhibit C (Chapter I).

K. Unregulated Transactions

Liberty Apple Valley has two contracts that are subject to the Excess Capacity Decision, D.00-07-018. Both are contracts with HomeServe, a provider of service line emergency repairs insurance. One contract is for use of Liberty Apple Valley's marks in HomeServe's marketing communications, designated as a passive activity, and the other is for billing Homeserve's service to Liberty Apple Valley customers who participate in HomeServe's program, designated as an active activity.

L. Real Property Subject to Water Infrastructure Improvement Act of 1996

Since the last GRC application, there has been no real property that has been determined to be no longer necessary or useful. There is no real property to report that is subject to the Water Infrastructure Improvement Act of 1996.

M. Rate Design

To promote water conservation, Liberty Apple Valley requests changes to its existing conservation rate design. For residential customers, the proposed conservation rate design consists of increasing block rates of three tiers. Liberty Apple Valley request changes to the tier break points based on 70% of usage in the first tier, 25% usage in the second tier, and 5% usage in the third tier. Liberty Apple Valley requests changes to the price differential (percentage) between the volumetric rates. Liberty Park Water requests changes in the monthly service charges so that greater recovery of fixed costs comes from service charges and less from quantity rates. Liberty Park Water proposes the recovery of 50% of its total revenue requirement through the service charge. Due to the different characteristics of its non-residential customers, Liberty Apple Valley recommends retaining the single quantity conservation rate for non-residential customers. An increasing block rate design for non-residential classes, which encourages conservation but is not punitive to the business, industrial, and public authority customer classes, is not practical or feasible. Liberty Apple Valley proposes to continue the implementation of other measures to promote conservation to non-residential customers.

Liberty Apple Valley provides irrigation water through a gravity irrigation water system that is separate from its domestic water system. In the prior rate case, the Commission established rates for the gravity irrigation system that were based on a cost of service study submitted by Liberty Apple Valley. Liberty Apple Valley is submitting a new cost of service study for its gravity irrigation system for this rate case.

Testimony, with supporting analysis and documentation, describing Liberty Apple Valley's proposed rate design is contained in Exhibit B (Chapter XII).

N. Low-Income Assistance Program

In D.15-11-030, the Commission authorized the establishment of a low-income ratepayer assistance program, known as California Alternative Rates for Water ("CARW"). Liberty Apple Valley proposes to continue its existing CARW program. This CARW program consists of an \$8.38 per month service charge discount for customers meeting the income eligibility requirements established annually by the Commission. Liberty Apple Valley proposes to increase the current monthly service charge discount to \$10.00. Liberty Apple Valley also proposes increasing the existing surcharge of \$1.98 to \$2.20. The surcharge offsets the discounts provided to qualifying customers and the program costs. Pursuant to D.20-08-047 dated August 27, 2020, Liberty Apple Valley has renamed the program to Customer Assistance Program ("CAP").

Testimony, with supporting analysis and documentation, describing Liberty Apple Valley's proposed low-income assistance program is contained in Exhibit B (Chapter II).

O. Balancing Accounts

In D.20-08-047 dated August 27, 2020, the Commission ordered Liberty Apple Valley to remove the WRAM/MCBA decoupling mechanism in its next GRC application. D.20-08-047 authorized Liberty Apple Valley to propose the replacement of the WRAM/MCBA with the Monterey-Style WRAM/ICBA. Therefore, Liberty Apple Valley is not requesting Commission authorization to continue the WRAM/MCBA for this rate case cycle. The WRAM and MCBA will be terminated as of the effective date of the first day of the Test Year in this proceeding. Pursuant to D.20-08-047, Liberty Apple Valley proposes Commission authorization to use the Monterey-Style WRAM and ICBA. As referenced in the Water Action Plan ("WAP"), the Commission's ratemaking mechanisms have traditionally included financial disincentives for water conservation programs.

Liberty Apple Valley's gravity irrigation system is not covered by its WRAM/MCBA, but is covered by an Incremental Cost Balancing Account. The Incremental Cost Balancing Account tracks incremental changes to production costs for the gravity irrigation system. Liberty Apple Valley requests that the Commission review the Incremental Cost Balancing Account for approval and amortization through a surcharge to gravity irrigation customers.

Liberty Apple Valley requests that the Commission review its California Alternative Rates for Water ("CARW") Revenue Reallocation Balancing Account for approval and amortization through a surcharge to customers (excluding those customers enrolled in the CAP program). Liberty Apple Valley requests that the Commission authorize continuation of the CARW Revenue Reallocation Balancing Account. This account remains necessary to track the difference between the recorded discounts provided by the CAP program and the surcharge collected to fund the CAP program.

Liberty Apple Valley requests that the Commission review its Pension Expense Balancing Account for approval and amortization. Liberty Apple Valley requests Commission authorization to continue the Pension Expense Balancing Account to track the difference between the adopted pension expense included in rates and the actual expenses incurred by the Company. Liberty Apple Valley seeks such an account because of the large size of the expense, the volatility of the expenses and the fact that it is outside of Liberty Apple Valley's control.

Liberty Apple Valley requests that the Commission review its Consolidated Expense Balancing Account. The purpose of the Consolidated Expense Balancing Account is to consolidate the amortization of Commission approved balancing account and memorandum account balances for refund or recovery. This account is also need for the residual balances that exist after Commission approved surcharges or surcredits expire.

Liberty Apple Valley requests that the Commission review its Yermo Water Revenue Balancing Account for approval and amortization through a surcharge to customers. The purpose of the Yermo Water Revenue Balancing Account is to track the difference between the authorized revenue from the prior 2019 – 2021 rate case cycle and the recorded revenues for the same period.

Testimony, with supporting analysis and documentation, on Liberty Apple Valley’s balancing accounts is provided in Exhibit B (Chapter XI).

P. Memorandum Accounts

Liberty Apple Valley requests that the Commission review the residual balance contained in the 2012 Interim Rates Memorandum Account. Liberty Apple Valley requests Commission authorization to transfer the residual balance to the Consolidated Expense Balancing Account and to amortize the remaining balance recorded in the account through a surcharge to customers.

Liberty Apple Valley requests that the Commission review the residual balance contained in the 2015 Interim Rates Memorandum Account. Liberty Apple Valley requests Commission authorization to transfer the residual balance to the Consolidated Expense Balancing Account and to amortize the remaining balance recorded in the account through a surcharge to customers.

Liberty Apple Valley requests that the Commission review the residual balance contained in the Cost of Capital Memorandum Account. Liberty Apple Valley requests Commission authorization to transfer the residual balance to the Consolidated Expense Balancing Account and to amortize the remaining balance recorded in the account through a surcharge to customers.

Liberty Apple Valley requests that the Commission review the residual balance resulting from Advice Letter No. 177-W. Commission approval of Advice Letter No. 177-W authorized a temporary surcharge to recover the balance recorded in the Incremental Cost Balancing Account, Conservation Memorandum Account, Conservation BMP Memorandum Account, and Outside Services Memorandum Account. The surcharge has expired and Liberty Apple Valley requests Commission authorization to

transfer the residual balance to the Consolidated Expense Balancing Account and to amortize the remaining balance recorded in the account through a surcharge to customers.

Liberty Apple Valley requests that the Commission review the Low-Income Customer Data Sharing Cost Memorandum Account for approval and amortization through a surcharge to customers. Liberty Apple Valley requests that the account be closed after disposition.

Liberty Apple Valley requests that the Commission review the 2014 Water Conservation Memorandum Account for approval and amortization through a surcharge to customers. Resolution W-4976 authorized Liberty Apple Valley to track the incremental costs associated with compliance with the drought mitigation measures and procedures ordered by the Commission and the State of California Governor's office through this account.

Liberty Apple Valley requests that the Commission review the Income Tax Repair Regulations Implementation Memorandum Account for approval and amortization through a surcharge to customers. Based on approval of Advice Letter 187-W, the Commission authorized Liberty Apple Valley to record the costs of initial implementation of the Repair Regulations, including outside service fees and other costs to comply with U.S. Treasury Department Regulations. Liberty Apple Valley requests that the account be closed after disposition.

Liberty Apple Valley requests that the Commission review the Tangible Property Regulations Consequences Memorandum Account for approval and refund to customers through a surcredit. Liberty Apple Valley requests Commission authorization to close the account, as the impact of these regulations on Liberty Apple Valley's revenue requirement has been incorporated into the calculation of Liberty Apple Valley's requested revenue requirement in this Application.

Liberty Apple Valley requests that the Commission authorize a new memorandum account for tracking the costs of treatment of its wells to comply with new regulations associated with hexavalent

chromium (chrome-6). Liberty Apple Valley anticipates that the California Department of Public Health will finalize and promulgate the maximum contaminant level for chrome-6 during this rate case cycle.

Testimony, with supporting analysis and documentation, on Liberty Apple Valley's memorandum accounts is provided in Exhibit B (Chapter XI).

Q. Cost of Capital

Pursuant to D.07-05-062, Liberty Apple Valley's cost of capital is determined in separate proceedings, not in applications for general rate increase. Accordingly, Liberty Apple Valley has not included in this Application testimony regarding its cost of capital. For purposes of determining the revenue requirement, Liberty Apple Valley has based its capital structure and cost of capital on the most recent cost of capital proceeding for Liberty Apple Valley, D.18-12-002 (A.18-05-006). Liberty Apple Valley is scheduled to file its next cost of capital application on May 1, 2022 for the 2022-2024 period.

R. Special Requests

Liberty Apple Valley proposes that the Commission recognize any subsequent offsets prior to the issuance of a final decision in this GRC. A final decision in this proceeding should reflect the change in revenue requirement caused by any expense offset advice letters. Offset-able expense price changes are not forecast in a GRC. Liberty Apple Valley's proposal would alleviate any potential customer confusion from repeated customer notices and additional workload for Commission and Liberty Apple Valley staff arising from repeat advice letter filings to implement the expense offset increases.

Liberty Apple Valley proposes that the Commission authorize a Sales Reconciliation Mechanism ("SRM") for the escalation years of the rate case cycle. The SRM would adjust the adopted sales forecast for escalation years in the event that recorded sales for the previous year are more than 5% different (higher or lower) than the forecast sales. The mechanism would make a 50% adjustment to the entire adopted sales forecast for the escalation year. The SRM would help minimize any over- or under-collections of revenue tracked in the WRAM/MCBAs. By re-setting rates if forecast and actual sales

diverge significantly, this approach better effectuates the goals enumerated in the WAP by providing clearer conservation rate signals to customers and more definitely decoupling sales and revenues. This request is made pursuant to Ordering Paragraph No. 4 of Commission Decision 16-12-026 authorizing Class A and B water companies to request an SRM in their next General Rate Case.

IV. PROCEDURAL MATTERS

A. Filings

An original signed copy and four copies of the proposed Application and supporting testimony, as well as one full paper copy set of workpapers, have been served on ORA. In addition, one copy of the proposed Application and supporting testimony has been provided to the Commission's Legal Division and the Water Division.

B. Proposed Schedule

The proposed Schedule is attached hereto as Appendix A. Pursuant to the Executive Director Peterson's letter dated December 9, 2020, this timetable corresponds the 14-month schedule in the RCP.

C. Proposed Notice to Customers

A Proposed Notice to Customers is attached hereto as Appendix B. The proposed notice describes the reasons for the requested increase and estimates the average bill increase for a typical customer by customer class. The proposed notice has been submitted for review to the Commission's Public Advisor office.

D. Inquiries

Inquiries for clarification or additional data should be addressed to:

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Director, Rates and Regulatory Affairs
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9750 Washburn Road
P. O. Box 7002
Downey, CA 90241-7002
Phone: (562) 805-2010
Email: Edward.Jackson@LibertyUtilities.com

With a copy to

With a copy to Tiffany Thong
Manager, Rates and Regulatory Affairs (California)
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And an additional copy to

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V. CONCLUSION

Applicant Liberty Utilities (Apple Valley Ranchos Water) Corp. respectfully requests that the Commission approve this Application for a general rate increase.

Respectfully submitted,

By: /s/ Victor T. Fu

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Dated: July 1, 2021

Attorneys for Liberty Utilities (CalPeco Electric) LLC

VERIFICATION

I, Christopher G. Alario, hereby declare that I am the President of Liberty Utilities (California) and that I have read the foregoing Application; and that the information set forth therein concerning Liberty Utilities (Apple Valley Ranchos Water) Corp. is true and correct to the best of my knowledge, information and belief.

I declare under penalty of perjury that the forgoing is true and correct.

Executed this 1st day of July 2021, at Downey, California

/s/ Christopher G. Alario

Christopher G. Alario
President
Liberty Utilities (California)

Appendix A
Proposed Schedule

APPENDIX A

LIBERTY UTILITIES (APPLE VALLEY RANCHOS WATER) CORP.
Rate Case Processing Plan (RCPP) Timetable
Test Year 2022

Formal RCPP Activities:

1. Proposed Application Tendered	-60	May 3, 2021 ¹
2. Deficiency Letter Mailed	-30	June 2, 2021
3. Appeal to Executive Director	-25	June 7, 2021 ¹
4. Executive Director Acts	-20	June 11, 2021
5. Application Filed	0	July 1, 2021
6. Pre-Hearing Conference	10-75	July 12, 2021 ¹ - September 14, 2021
7. Public Participation Hearing (as needed)	10-90	July 12, 2021 ¹ - September 30, 2021
8. Update of Applicant's Showing	45	August 16, 2021 ¹
9. Public Advocates Testimony	97	October 6, 2021
10. Other Parties Serve Testimony Reports	97	October 6, 2021
11. Rebuttal Testimony	112	October 21, 2021
12. ADR Process	115-125	October 25, 2021 ¹ - November 3, 2021
13. Evidentiary hearings (if required)	126-130	November 4, 2021- November 8, 2021 ¹
14. Opening Briefs Filed and Served ²	160	December 8, 2021
15. Motion for Interim Rates	160	December 8, 2021
16. Mandatory Status Conference	161	December 9, 2021
17. Reply Briefs Filed and Served (with Comparison Exhibit)	175	December 23, 2021
18. Water Division Technical Conference	180	December 28, 2021
19. Proposed Decision Mailed	240	February 28, 2022 ¹
20. Comments on Proposed Decision	260	March 18, 2022
21. Reply Comments	265	March 23, 2022
22. Commission Meeting	280	April 7, 2022

¹ Adjusted not to fall on weekend or holiday.

² The detailed and complete joint comparison exhibit showing all parties' final positions shall also be filed at this time.

Appendix B

Notice of Application for a GRC

Si necesita asistencia en español, tenemos representantes de servicio al cliente disponibles para ayudarle cuando lo solicite, por favor llame al número 1-800-481-9190

NOTICE OF APPLICATION

**Liberty Utilities (Apple Valley Ranchos Water) Corp.’s Request to Increase Water Rates
APPLICATION NO. [A.21-07-XXX]**

Why am I receiving this notice?

On July 1, 2021, Liberty Utilities (Apple Valley Ranchos Water) Corp. (Liberty Apple Valley) filed its General Rate Case (GRC) Application with the California Public Utilities Commission (CPUC). The application filing by Liberty Apple Valley requests to increase rates over a three-year period, covering the years 2022 through 2024. This request to increase rates would be effective beginning July 1, 2022.

Why is Liberty Apple Valley requesting this rate increase?

The CPUC requires Liberty Apple Valley to submit a GRC application every three years. Liberty Apple Valley is requesting authorization to increase revenues by \$2,862,903 (or 11.11%) for 2022, \$2,068,273 (or 7.18%) in 2023, and \$2,280,637 (or 7.35%) in 2024. The total requested increase for all three years combined would be \$7,211,813 (or 25.64%).

The purpose of this GRC is for Liberty Apple Valley to cover its anticipated costs from 2022 through 2024 for improvements to the water supply system, property taxes, pension and benefits expense, depreciation expense and costs for centralized corporate support services, such as financial, accounting, treasury and human resources.

How could this affect my monthly water rates?

If the proposed application is approved by the CPUC, the average residential customer with a 5/8 x 3/4” meter using 11.83 Ccf would see a monthly bill increase of \$9.58 (or 13.06%) from \$73.31 to \$82.89 in 2022. In 2023 the average residential customer would see a monthly bill increase of \$5.96 (or 7.19%), from \$82.89 to \$88.85, and a monthly bill increase of \$6.49 (or 7.30%), from \$88.85 to \$95.34 in 2024, excluding any applicable surcharges.

Monthly Meter Service Charge Schedule

	2020 (current)	2022 (proposed)	Increase	2023 (proposed)	Increase	2024 (proposed)	Increase
5/8	23.77	43.84	84.43%	47.01	7.23%	50.47	7.36%
¾	35.66	65.76	84.43%	70.52	7.23%	75.71	7.36%
1	59.43	109.60	84.43%	117.53	7.23%	126.18	7.36%
1 ½	118.85	219.20	84.43%	235.05	7.23%	252.35	7.36%
2	190.16	350.72	84.43%	376.08	7.23%	403.76	7.36%
3	356.55	657.60	84.43%	705.15	7.23%	757.05	7.36%
4	594.25	1,096.00	84.43%	1,175.25	7.23%	1,261.75	7.36%
6	1,188.50	2,192.00	84.43%	2,350.05	7.23%	2,523.50	7.36%
8	1,901.60	3,507.20	84.43%	3,760.8	7.23%	4,037.60	7.36%
10	3,446.65	6,356.80	84.43%	6,816.45	7.23%	7,318.15	7.36%

Commodity Rate Schedule

Residential Customers		Rates Proposed in AVR's Application					
Usage	Present Rates	2022 Rates	Change	2023 Rates	Change	2024 Rates	Change
0 to 13 Ccf	4.142	3.300	-20.33%	3.536	7.15%	3.792	7.24%
13 to 26 Ccf	4.796	4.125	-13.99%	4.420	7.15%	4.740	7.24%
Over 26 Ccf	5.450	4.950	-9.17%	5.304	7.15%	5.688	7.24%
Other Customers: (Business, Industrial Public Authority)	4.453	3.300	-25.89%	3.536	7.15%	3.792	7.24%
Gravity Irrigation	0.321	0.419	30.53%	0.464	10.74%	0.548	18.10%

How does the rest of this process work?

This application will be assigned to a judge, who will consider proposals and evidence presented during the formal hearing process. The judge will issue a proposed decision that may adopt Liberty Apple Valley's application, modify it, or deny it. Any CPUC Commissioner may sponsor an alternate decision with a different outcome. The proposed decision, and any alternate decisions, will be discussed and voted upon by the CPUC Commissioners.

The Public Advocates Office may review this application. The Public Advocates Office is the independent consumer advocate within the CPUC with a statutory mandate to represent customers of investor-owned utilities to obtain the lowest possible rate for service consistent with safe and reliable service and the state's environmental policy goals. For more information, please call **1-415-703-1584**, email PublicAdvocatesOffice@cpuc.ca.gov, or visit PublicAdvocates.cpuc.ca.gov.

Where can I get more information?

Contact Liberty Apple Valley

Phone: (562) 923-0711

Email: DLCAAVRCustomerService@libertyutilities.com

Mail: Liberty Utilities (Apple Valley Ranchos Water) Corp.

Attention: Regulatory Department

21760 Ottawa Road, Apple Valley, CA 92308

A copy of the Application and any related documents may also be reviewed at www.libertyutilities.com.

Contact CPUC

Please visit cpuc.ca.gov/XXX to submit a comment about this proceeding on the CPUC Docket Card. You can also view documents and other public comments related to this rate request.

If you have questions about CPUC processes, you may contact the CPUC's Public Advisor's Office at:

Phone: **1-866-849-8390** (toll-free) or **1-415-703-2074**

Email: Public.Advisor@cpuc.ca.gov

Mail: CPUC Public Advisor's Office

505 Van Ness Avenue

San Francisco, CA 94102

Please reference **Application No. A.21-07-XXX** in any communications you have with the CPUC regarding this matter.