



2019-21 GENERAL RATE CASE FACT SHEET LIBERTY UTILITIES APPLE VALLEY

Liberty Utilities Apple Valley Files For 2019 – 2021 Water Rates

- As required by law, Liberty Utilities Apple Valley filed a General Rate Case (GRC) application on Jan. 2, 2018 with the California Public Utilities Commission (CPUC) for the years 2019-21. The application seeks funding for fixed costs, operational expenses and critical system investments through a modest rate adjustment of 3.19% on July 1, 2019, 4.94% in 2020 and 3.54% in 2021 for residential and commercial customers in the Apple Valley service area.
- An average residential customer in the Apple Valley service area with a 5/8-inch x 3/4-inch meter, using 8,637 gallons (1,155 cubic feet or 11.55 Ccf) of water per month, would see a monthly bill adjustment in July 2019 of \$3.09 from \$69.78 to \$72.87, compared to 2018 (excluding any applicable surcharges).
- Liberty Utilities Apple Valley will continue to offer a bi-monthly credit of more than \$16 for low-income customers who qualify for the California Alternative Rates for Water (CARW) program, which represents a savings of approximately 10% off the average residential bill.

Rate Case Basics

- CPUC-regulated water providers, including Liberty Utilities Apple Valley, are required to file a GRC application every three years. The CPUC ratemaking process is thorough, public and includes an independent ratepayer advocate to ensure customers receive fair rates for safe and reliable water service.
- Customers have an opportunity to participate in the ratemaking proceedings, and their interests are protected throughout the process by the state's Office of Ratepayer Advocates (ORA).
- Over the next 18 months, the CPUC will consider Liberty Utilities Apple Valley's request, including a complete review from the ORA and public input from Apple Valley customers, and then make a final ruling to determine Apple Valley water rates.
- Notices regarding the GRC filing and proposed rates will be placed in local newspapers and mailed directly to customers.

Why Rate Adjustments are Necessary:

- The 2019-21 GRC includes funds for operations and infrastructure investments, including water main replacements, improved facilities and additional fire hydrants. These proposed investments are detailed in the application and are available for public review.
- Liberty Utilities Apple Valley diligently maintains the water system today to protect service for current and future generations, because deferring maintenance can undermine the reliability of the system over time and lead to unplanned disruptions from line breaks, which are more costly than planned replacements.

- Liberty Utilities Apple Valley operates and maintains a complex water system that includes more than 475 miles of pipes, 23 wells, 8 booster pumps and 12 million gallons of storage reservoirs and tank capacity to ensure water is available to Apple Valley customers when they need it.

Current Water Bills – Base Rate Freeze

- On Jan. 1, 2018, Liberty Utilities Apple Valley entered the second year of a two-and-a-half-year (30-month) base water rate freeze. It began on Jan. 1, 2017 and will continue through June 30, 2019.
- Due to the expiration of an interim rates surcharge, water bills decreased by approximately 8% starting on Jan. 1, 2018 for Apple Valley residential customers with a typical 5/8-inch x 3/4-inch meter and consistent water use.
- Liberty Utilities Apple Valley requested CPUC approval to freeze base water rates at Jan. 1, 2017 levels through June 30, 2019. The freeze was approved by the CPUC in December 2016 as a result of Liberty Utilities Apple Valley's proposal to delay its GRC filing for one year.

About Rates and Costs

- Liberty Utilities Apple Valley water rates cover the full cost to provide water service and maintain the system.
- Rates are based (in-part) on a water usage forecast, and the CPUC requires Liberty Utilities Apple Valley to reconcile the difference between projected and actual water usage each year. Any over-collected revenue is returned to customers as a surcredit and any under-collected revenue is ultimately recovered by the company through a temporary surcharge.
- Most of the cost **to provide water service** is fixed (as high as 90 percent), meaning it is not based on the amount of water customers' use. These costs include: testing water quality, maintaining the water system to fix leaks and ensuring that pipes, wells, pumps and hydrants work properly.
- By contrast, only 30% of **what customers pay for water service**, on average, is fixed, and this is collected through a low bi-monthly service charge. This rate structure, prescribed by the CPUC, promotes conservation and gives customers maximum control over their water bills. Customers who use less water benefit from lower water bills.

To Learn More:

- Information will be available on Liberty Utilities Apple Valley's website at www.libertyutilities.com . Liberty Utilities Apple Valley will also be holding an informational Open House in the coming weeks to share information on the GRC application with customers and community leaders (date and location will be posted to www.libertyutilities.com when available).