

**CALIFORNIA PUBLIC UTILITIES COMMISSION
DIVISION OF WATER AND AUDITS**

Advice Letter Cover Sheet

Utility Name: Liberty Utilities (Park Water) Corp.

Date Mailed to Service List: December 28, 2021

District: N/A

CPUC Utility #: U 314-W

Protest Deadline (20th Day): January 17, 2022

Advice Letter #: 321-W

Review Deadline (30th Day): January 27, 2022

Tier 1 2 3 Compliance

Requested Effective Date: December 28, 2021

Authorization D.10-10-019 and Rule X

Rate Impact: N/A

Description: The purpose for this advice letter is to request authorization to offer a new non-tariffed product and service for a short-term contract between Liberty Park Water and Sativa Los Angeles County Water District.

The protest or response deadline for this advice letter is 20 days from the date that this advice letter was mailed to the service list. Please see the "Response or Protest" section in the advice letter for more information.

Utility Contact: Tiffany Thong

Utility Contact: AnnMarie Lett

Phone: 562.805.2088

Phone: 562.923.0711

Email: Tiffany.Thong@LibertyUtilities.com

Email: AnnMarie.Lett@libertyutilities.com

DWA Contact: Tariff Unit

Phone: (415) 703-1133

Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

DATE

STAFF

COMMENTS

APPROVED

WITHDRAWN

REJECTED

Signature: _____

Comments: _____

Date: _____



Liberty Utilities (Park Water) Corp.
9750 Washburn Road
Downey, CA 90241-7002
Tel: 562-923-0711
Fax: 562-861-5902

Advice Letter No. 321-W

December 28, 2021

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Summary

Liberty Utilities (Park Water) Corp. (U 314 W) (“Liberty Park Water”) hereby requests authorization from the California Public Utilities Commission (“Commission”) to offer a new non-tariffed product and service (“NTP&S”) for a short-term contract executed between Liberty Park Water and the Sativa Los Angeles County Water District for the temporary transfer of excess water supplies. The purpose for this activity is to help ensure that customers currently served by the Sativa Los Angeles County Water District have a safe and reliable water source.

This filing is made pursuant to Decision (“D.”) 10-10-019 and Rule X of the Commission’s Rules for Water and Sewer Utilities Regarding Affiliate Transactions and the Use of Regulated Assets for Non-Tariffed Utility Services (“NTP&S Rules”).¹

The proposed activity is designated as passive. Therefore, pursuant to Rule X.C, revenues shall be shared as follows: 70% to shareholders and 30% to ratepayers. The ratepayers’ portion of revenue sharing shall be recorded to the Water Revenue Adjustment Mechanism (“WRAM”).²

Background and Discussion

Liberty Park Water provides water service in Southern Los Angeles County to service areas consisting of four separate systems (Compton, Lynwood, Bellflower/Norwalk, and La Canada).

The Sativa Los Angeles County Water District (“Sativa”) is the interim administrator for the Sativa water system. Sativa provides water service to approximately 1,600 customers located within a residential area in the unincorporated community of Willowbrook and three small non-contiguous areas within the City of Compton. The Sativa water system is adjacent to Liberty Park Water’s Compton system.

Due to problems with water quality, Sativa installed an emergency interconnection to Liberty Park Water’s Compton system in 2019, allowing Sativa to draw clean and safe water on an emergency basis to serve its customers while it searched for a buyer for the water system. In

¹ This advice letter only addresses the NTP&S Rules because Liberty Park Water’s proposed activity is with a non-affiliated third party.

² Liberty Park Water has proposed a Monterey-Style WRAM in its current General Rate Case (“GRC”). If the Commission approves the Monterey-Style WRAM, and if the Sativa Contract remains effective after that approval, Liberty Park Water shall credit ratepayers’ portion of revenue sharing in the Monterey-Style WRAM.

2019, the sale of the Sativa water system was awarded to Suburban Water Systems (“SWS”), the acquisition application of which is currently pending with the Commission.³

Liberty Park Water’s original intent for this activity was to provide service to Sativa only on an emergency basis to ensure Sativa’s customers had a safe and reliable water source. Sativa’s need for Liberty Park Water’s water service, however, continued beyond the originally anticipated time frame. For that reason, effective January 2021, Liberty Park Water and Sativa executed a short-term contract (“Sativa Contract”) for Liberty Park Water to continue providing water service through the interconnection to Sativa’s customers until the Commission approves SWS’ acquisition application (A.21-08-011). Without the Sativa Contract, Sativa would be forced to find an alternate reliable supply of safe, clean water for its customers.

Liberty Park Water currently anticipates that SWS’ acquisition will be approved in or around June 2022. Therefore, for the expected duration of the Sativa Contract (January 2021 through June 2022), the estimated total gross revenues and costs are \$1,406,160 and \$790,246 respectively.⁴

A copy of the executed Sativa Contract is included in the workpapers.

Compliance with Rule X of the NTP&S Rules

Rule X.B.3 lists five conditions a service must meet to be offered in the open market as an NTP&S. The conditions are as follows:

- The NTP&S utilizes a portion of the excess or unused capacity of a utility asset or resource;
- Such asset or resource has been acquired for the purpose of and is necessary and useful in providing tariffed utility services;
- The involved portion of such asset or resource may only be used to offer the product or service on a non-tariffed basis without adversely affecting the cost, quality or reliability of tariffed utility products and services;
- The products and services can be marketed with minimal or no incremental ratepayer capital, minimal or no new forms of liability or business risk being incurred by utility ratepayers, and no undue diversion of utility management attention; and
- The utility’s offering of the NTP&S does not violate any California law, regulation, or Commission policy regarding anticompetitive practices.

³ The revenues and costs associated with the emergency interconnection for 2019 through 2020 were used to offset the under-collection recorded in the WRAM and MCBA. See AL 306-W-B, 2019 WRAM/MCBA, approved effective 7/1/2021; AL 313-W 2020 WRAM/MCBA, approved effective 7/1/2021.

⁴ See workpapers for analysis of revenue and cost forecasts.

The Sativa Contract complies with the requirements of Rule X.B.3. Liberty Park Water's surface and groundwater rights are an asset and an essential resource acquired for the purpose of tariffed utility service in order to provide safe and reliable water service.

The Sativa Contract will not affect the cost, quality or reliability of tariffed water service to Liberty Park Water's customers. The Sativa Contract is a month-to-month contract which is subject to the following conditions: (a) the availability of such water to Liberty Park Water; (b) the ability of Liberty Park Water's and Sativa's water distribution systems to deliver such water through the interconnection described in the contract; and (3) Liberty Park Water's determination that the supply of such water will not have an adverse economic impact on, or result in the impairment of, or jeopardize Liberty Park Water's water system, its customers, or its commitments to third parties. Additionally, the Sativa Contract utilizes minimal time (1.2% or less) of existing Liberty Park Water personnel for performance.⁵

Liberty Park Water's shareholders will be responsible for all risk associated with the Sativa Contract. Liberty Park Water will record and credit ratepayers' portion of shared net revenues (i.e., gross revenues minus production expenses) from the Sativa Contract in the WRAM.⁶ The amounts will be tracked in a separate sub-account for ease of review and auditability. Any costs that exceed gross revenues will be borne by Liberty Park Water's shareholders.

The Sativa Contract does not violate any laws, regulations, or Commission policies regarding anticompetitive practices. The Sativa Contract is an arms-length transaction with a non-affiliate third-party. The Sativa Contract requires Liberty Park Water to provide water in compliance with all federal, state and local law, ordinances, rules and regulations for water quality.

Tier Designation

This is a Tier 1 Advice Letter pursuant to D.10-10-019 and Rule X.G. of the NTP&S Rules.⁷

Effective Date

Pursuant to General Rule 7.3 of General Order 96-B, Liberty Park Water requests this filing become effective on December 28, 2021.

Notice and Service

This Advice Letter is being served on Liberty Park Water's Advice Letter service list, as well as the service lists for R.09-04-012 and A.21-07-004.

⁵ See workpapers for detailed analysis.

⁶ As stated in note 2 above, the amounts will be recorded in a Monterey-Style WRAM if approved by the Commission in Liberty Park Water's GRC.

⁷ Rule X.G requires a Tier 3 advice letter for new active NTP&S activities. Temporary water transfer contracts are passive activities, and a Tier 1 designation is appropriate. See Chapter 3 of Public Advocates Office's Report and Recommendations on Special Requests 3, 9, and 12, dated February 16, 2021, in Application 20-07-012.

Response or Protest

Anyone may respond to or protest this advice letter. A response supports the filing and may contain information that proves useful to the Commission in evaluating the advice letter. A protest objects to the advice letter in whole or in part and must set forth the specific grounds on which it is based. These grounds are:

- (1) The utility did not properly serve or give notice of the advice letter;
- (2) The relief requested in the advice letter would violate statute or Commission order or is not authorized by statute or Commission order upon which the utility relies;
- (3) The analysis, calculations, or data in the advice letter contain material error or omissions;
- (4) The relief requested in the advice letter is pending before the Commission in a formal proceeding;
- (5) The relief requested in the advice letter requires consideration in a formal hearing or is otherwise inappropriate for the advice letter process; or
- (6) The relief requested in the advice letter is unjust, unreasonable, or discriminatory, provided that such a protest may not be made where it would require re-litigating a prior order of the Commission.

A protest shall provide citations or proofs where available to allow staff to properly consider the protest. A response or protest must be made in writing or by electronic mail and must be received by the Division of Water within 20 days of the date this advice letter is filed. The address for mailing or delivering a protest is:

Tariff Unit, Water Division, 3rd floor
California Public Utilities Commission
505 Van Ness Avenue, San Francisco, CA 94102
Water.division@cpuc.ca.gov

On the same date the response or protest is submitted to the Water Division, the respondent or protestant shall send a copy by mail (or e-mail) to Liberty Park Water, addressed to:

Tiffany Thong
Manager, Rates and Regulatory Affairs
Liberty Utilities
9750 Washburn Road
P. O. Box 7002
Downey, CA 90241
Fax: (562) 861-5902
E-Mail: AdviceLetterService@libertyutilities.com

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform the Division of Water and Audits within the 20-day protest period so that a late filed protest can be entertained. The informing document should include an estimate of the date the proposed protest might be voted on.

If you have not received a reply to your protest within 10 business days, contact Edward Jackson at (562) 923-0711.

Very truly yours,

LIBERTY UTILITIES (PARK WATER) CORP.

/s/ Tiffany Thong

Tiffany Thong
Manager, Rates and Regulatory Affairs
Tiffany.Thong@libertyutilities.com

TT/aml

cc: Service List R.09-04-012
Service List A.21-07-004
Hani Moussa, Cal Advocates, hani.moussa@cpuc.ca.gov
PublicAdvocatesWater@cpuc.ca.gov

LIBERTY UTILITIES (PARK WATER) CORP.
ADVICE LETTER 321-W
SERVICE LIST

City of Artesia
18747 Clarkdale Avenue
Artesia, CA 90701

City of Santa Fe Springs Water Dept.
11710 Telegraph Road
Santa Fe Springs, CA 90670

Suburban Water Systems
Attention: Kiki Carlson
1325 N. Grand Avenue, Suite 100
Covina, CA 91724-4044
kcarlson@swwc.com

Suburban Water Systems
Attention: Robert Kelly
1325 N. Grand Avenue, Suite 100
Covina, CA 91724-4044

City of Cerritos Water Department
18125 Bloomfield Avenue
Cerritos, CA 90703

Bellflower Somerset Mutual Water Co.
10016 E. Flower St.
P. O. Box 1697 (90707)
Bellflower, CA 90706

City of Norwalk Water Department
12700 S. Norwalk Boulevard
Norwalk, CA 90650

City of Compton Water Department
205 W. Willowbrook
Compton, CA 90220

Golden State Water Company
Ronald Moore, Regulatory Affairs
630 E. Foothill Blvd
San Dimas, CA 91773

City of Lynwood Water Department
Attention: Joseph Kekula
11330 Bullis Road
Lynwood, CA 90262

City of Paramount Water Department
16400 Colorado Avenue
Paramount, CA 90723

City of Bell Gardens
Attention: Steve Steinbrecher
7100 Garfield Avenue
Bell Gardens, CA 90201

Dominguez/California Water Service
2632 W. 237th Street
Torrance, CA 90505-5272

Calif. Public Utilities Commission
Attention: Ting-Pong Yuen
ORA Water
505 Van Ness Avenue
San Francisco, CA 94102

California Water Service Company
Attention: Daniel Armendariz
East Los Angeles District
2000 S. Tubeway Avenue
Commerce, CA 90040

Central Basin Municipal Water District
6252 Telegraph Road
Commerce, CA 90040

City of Bellflower
Attention: Jeff Stewart, City Manager
16600 Civic Center Drive
Bellflower, CA 90706

San Gabriel Valley Water Company
Christina Sluss, Rate Analyst
csluss@sgvwater.com

Nina Jazmadarian
General Manager
Foothill Municipal Water District
4536 Hampton Road
La Canada Flintridge, CA 91011

City of LaCanada Flintridge
Mark Alexander
City Manager
malexander@lcf.ca.gov