

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



July 18, 2022

Tiffany Thong
Manger, Rates and Regulatory Affairs
Liberty Utilities (Park Water) Corp.
9750 Washburn Road
Downey, CA 90241

Dear Ms. Thong,

The Water Division of the California Public Utilities Commission has approved Liberty Utilities' (Park Water) Advice Letter No. 325, filed on June 10, 2022, regarding authorization to establish the Interim Rates Memorandum Account.

Enclosed are copies of the following revised tariff sheets, effective July 1, 2022, for the utility's files:

P.U.C.	
Sheet No.	Title of Sheet
1571-W	Preliminary Statement, Sheet 33 MM. Interim Rates Memorandum Account
1572-W	Table Of Contents, Sheet 1

Please contact Jefferson Hancock at JHO@cpuc.ca.gov or 415-703-3453, if you have any questions.

Thank you.

Enclosures



Liberty Utilities (Park Water) Corp.
9750 Washburn Road
Downey, CA 92308-6533
Tel: 562-923-0711
Fax: 562-861-5902

Advice Letter No. 325-W

June 10, 2022

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Liberty Utilities (Park Water) Corp. (U 346-W) (“Liberty Park Water”) hereby transmits for filing revised copies of the attached tariff sheets applicable to water service in its service territory:

Summary

Liberty Park Water requests for the establishment of the Interim Rates Memorandum Account (“IRMA”) for its service territory. The purpose of the IRMA is to track the difference between the interim rates and the final rates adopted by the Commission in A. 21-07-003 et al. The interim rates are based on the existing rate levels, will be subject to refund, and adjusted upward or downward, consistent with the final rates adopted by the Commission in the pending general rate case as described in Ordering Paragraph No. 1. The interim rates and IRMA are requested pursuant to the ALJs Ruling Granting Interim Rates at current levels in A. 21-07-003 et al, dated May 27, 2022 and Public Utilities Code §455.2.

Background

On June 2, 2021, Liberty Park Water filed General Rate Case Application No. A.21-07-003 et al for its service area in accordance with D.07-05-062, the Rate Case Plan for Class A water utilities.

Public Utilities Code §455.2 provides for interim rate relief when the Commission is unable to issue its final decision on the general rate case application of a water corporation with greater than 10,000 service connections in a manner ensuring the decision becomes effective on the first day of the test year in the application. Public Utilities Code Section 455.2 states the following:

455.2. (a) The Commission shall issue its final decision on a general rate case application of a water corporation with greater than 10,000 service connections in a manner that ensures that the Commission's decision becomes effective on the first day of the first test year in the general rate increase application.

(b) If the Commission's decision is not effective in accordance with subdivision (a), the applicant may file a tariff implementing interim rates that may be increased by an amount equal to the rate of inflation as compared to existing rates. The interim rates shall be effective on the first day of the first test year in the general rate case application. These interim rates shall be subject to refund and shall be adjusted upward or downward back to the interim rate effective date, consistent with the final rates adopted by the Commission. The Commission may authorize a lesser increase in interim rates if the Commission finds the rates to be in the

public interest. If the presiding officer in the case determines that the Commission's decision cannot become effective on the first day of the first test year due to actions by the water corporation, the presiding officer or Commission may require a different effective date for the interim rates or final rates.

The first day of the test year for Application 21-07-003 is July 1, 2022. Liberty filed a motion requesting interim rates on April 29, 2022 because of its belief that a final decision by the Commission would not be timely for new rates to become effective July 1, 2022. On May 27, 2022, ALJ Sophia Park issued a Ruling granting Interim Rates. In her ruling, ALJ Park ordered:

IT IS RULED that:

1. Liberty Utilities (Apple Valley Ranchos Water) Corp. and Liberty Utilities (Park Water) Corp. are authorized interim rates equal to the rates currently in effect.
2. Liberty Utilities (Apple Valley Ranchos Water) Corp. and Liberty Utilities (Park Water) Corp. shall each file with the Commission, by Tier 1 Advice Letter, a tariff implementing interim rates for their respective service territories and establishing a memorandum account to track the difference between the interim rates and the final rates adopted by the Commission in these consolidated proceedings pursuant to Public Utilities Code Section 455.2 and Decision (D.) 04-06-018 and D.07-05-062.
3. The interim rates may become effective July 1, 2022, in the event the Commission is unable to issue a final decision on these consolidated applications that would allow for new rates effective July 1, 2022.

This advice letter filing is in response to that ruling.

Request

Liberty Park Water is requesting interim rates for its service area and to establish an Interim Rates Memorandum Account to track the difference between the interim rates and the final rates adopted by the Commission in this proceeding. Pursuant to the ruling, interim rates are authorized at the rates that are currently in effect; therefore, there is no revenue impact and no tariff schedules are required in this advice letter filing.

Revision to Preliminary Statement

Liberty Park Water proposes to revise its Preliminary Statement to include Part MM, Interim Rates Memorandum Account (“IRMA”). The purpose of the IRMA is to track the difference between the interim rates and the final rates adopted by the Commission in this proceeding for the 2022-2024 rate case cycle.

A copy of the ALJ’s ruling is attached to this advice letter as Attachment A

Tier Designation

Pursuant to the ALJ’s ruling, this advice letter is submitted with a Tier 1 designation.

Effective Date

Pursuant to the ALJs ruling, Liberty Park Water is requesting that this filing become effective July 1, 2022.

Notice and Service

In accordance with General Order 96-B, General Rule 4.3 and 7.2 and Water Industry Rule 4.1, a copy of this advice letter will be mailed or electronically transmitted on June 10, 2022 to competing and adjacent utilities and other utilities or interested parties having requested such notification.

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 Tiffany Thong at Tiffany.Thong@libertyutilities.com.

Very truly yours,

LIBERTY UTILITIES (PARK WATER) CORP.

/s/ Tiffany Thong

Tiffany Thong
Manager, Rates and Regulatory Affairs

Attachment

TT/as

cc: Hani Moussa, Public Advocates Office, mani.moussa@cpuc.ca.gov
Public Advocates Office, PublicAdvocatesWater@cpuc.ca.gov

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
1571-W	PRELIMINARY STATEMENT Sheet 33	1569-W
1572-W	TABLE OF CONTENTS Sheet 1	1570-W

PRELIMINARY STATEMENT

LL. Drought Revenue Memorandum Account (continued)

4. Accounting Procedure (continued)

D. Monthly interest expense calculated at 1/12 of the most recent month's interest rate on the 3-month non-financial Commercial Paper Rate, published in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances. H.15, (<http://www.federalreserve.gov/Releases/H15/NFCP/M3.txt>), or its successor publication (debit or credit).

5. Effective Date

The 2022 DRMA shall have an effective date of July 1, 2022.

6. Disposition

Disposition of amounts recorded in the 2022 DRMA shall be determined in Liberty Park Water's next General Rate Case application, or as otherwise determined by the Commission if the account's cumulative balance exceeds 2% of Liberty Park Water's adopted gross revenues.

MM. Interim Rates Memorandum Account

1. Purpose

The purpose of the Interim Rates Memorandum Account ("IRMA") is to track the difference between the interim rates and the final rates adopted by the Commission in A.21-07-003, et al for rate case cycle 2022-2024. The authority to establish this account was granted in Administrative Law Judge Park's ("ALJ") ruling dated May 27, 2022 in Application 21-07-003 et al.

2. Applicability

The IRMA applies to all areas served.

3. Effective Date

The IRMA will become effective on July 1, 2022.

4. Disposition

The IRMA will remain in effect until a decision is reached in Liberty Park Water's A.21-07-003, et al. and the new rates are implemented at which time Liberty Park Water will file an Advice Letter requesting amortization of the balance.

(N)

(N)

TABLE OF CONTENTS

The following listed tariff sheets contain all effective rates and rules affecting the charges and service of the utility, together with other pertinent information:

<u>Subject Matter of Sheet:</u>	<u>C.P.U.C. Sheet No.</u>	
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Service Area Map Los Angeles County	914-W, 499-W, 1498-W, 1410-W	

Rate Schedules:

Schedule No. PR-1-R Residential Metered Service.....	1524-W, XXXX-W
Schedule No. ME-1-R General Metered Service.....	1430-W
Schedule No. PR-1-NR Nonresidential Metered Service.....	1525-W, XXXX-W
Schedule No. PR-4F Non-Metered Fire Sprinkler Service.....	1526-W, 1512-W
Schedule No. PR-5 Fire Flow Testing Charge.....	1155-W
Schedule No. PR-6 Reclaimed Water Service.....	1527-W, 1513-W
Schedule No. PR-9CM Construction & Other Temporary Meter Service.....	1158-W
Schedule No. 14.1 Water Shortage Contingency Plan.....	1533-W through 1540-W
Schedule No. LC Late Payment Charge.....	1459-W
Schedule No. UF Surcharge to Fund PUC Reimbursement Fee.....	1462-W
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Schedule No. CAP-SC California Assistance Program Surcharge.....	1521-W

LIST OF CONTRACTS AND DEVIATIONS: 723-W

Rules:

No. 1 Definitions	1432-W, 1433-W
No. 2 Description of Service	400-W
No. 3 Application for Service	345-W, 916-W
No. 4 Contracts	346-W
No. 5 Special Information Required on Forms	1453-W, 1454-W, 1434-W, 1435-W
No. 6 Establishment and Re-establishment of Credit	347-W
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No. 12 Information Available to Public	353-W, 354-W
No. 13 Temporary Service	355-W, 356-W

(Continued)

Attachment A
ALJ Park's Ruling Granting, in Part, Motion for Interim Rate Relief
dated May 27, 2022



FILED

05/27/22

10:11 AM

A2107003

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Liberty Utilities (Apple Valley Ranchos Water) Corp. (U346W) 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 21-07-003

And Related Matter.

Application 21-07-004

**ADMINISTRATIVE LAW JUDGE’S RULING
GRANTING, IN PART, MOTION FOR INTERIM RATE RELIEF**

Pursuant to Public Utilities (Pub. Util.) Code Section 455.2, this ruling grants, in part, the motion of Liberty Utilities (Apple Valley Ranchos Water) Corp. (AVR) and Liberty Utilities (Park Water) Corp. (collectively, Liberty Utilities) for interim rate relief for the above-captioned proceedings. This ruling also authorizes AVR and Park Water to establish memorandum accounts to track the difference between interim rates and the final rates for subsequent recovery or refund, consistent with the final rates adopted by the Commission in the consolidated proceedings.

1. Liberty Utilities’ Request

On April 29, 2022, AVR and Park Water filed a motion for interim rate relief (motion). AVR and Park Water seek authorization to implement interim rates in the event that the Commission is unable to issue a decision in these consolidated proceedings in time for rates to go into effect on the first day of the

test year, July 1, 2022. Both utilities request interim rate increases equal to the rate of inflation as compared to existing rates. These interim rates would be subject to refund or surcharge and be adjusted upward or downward back to the interim rate effective date, consistent with the final rates adopted by the Commission. AVR and Park Water also seek authorization to establish memorandum accounts to track any difference between the interim rates and the final rates. The motion is unopposed.

The Rate Case Plan for Class A Water Utilities, which was adopted in Decision (D.) 04-06-018, as modified by D.07-05-062, requires the applicant to file a motion for interim rate relief on or before the date for filing its opening brief, unless a different date is designated by the Presiding Officer. The Assigned Commissioner's Scoping Memo and Ruling dated September 30, 2021, set a due date of April 25, 2022, for the filing of opening briefs and any motion for interim rates. The assigned Administrative Law Judge extended the time for the filing of opening briefs to May 12, 2022. Although the time to file the motion for interim rate relief was not explicitly extended, given that the due date for the motion was based on the due date for opening briefs, which was extended, the motion has been accepted for filing and consideration.

2. Requirements of Public Utilities Code Section 455.2

Pursuant to Pub. Util. Code Section 455.2, interim rate relief may be granted when the Commission is unable to issue its final decision on the general rate case application of a water corporation with greater than 10,000 service connections in a manner ensuring the decision becomes effective on the first day of the test year in the application. Section 455.2(b) provides:

- (b) If the commission's decision is not effective in accordance with subdivision (a), the applicant may file a tariff

implementing interim rates that may be increased by an amount equal to the rate of inflation as compared to existing rates. The interim rates shall be effective on the first day of the first test year in the general rate case application. These interim rates shall be subject to refund and shall be adjusted upward or downward back to the interim rate effective date, consistent with the final rates adopted by the commission. The commission may authorize a lesser increase in interim rates if the commission finds the rates to be in the public interest. If the presiding officer in the case determines that the commission's decision cannot become effective on the first day of the first test year due to actions by the water corporation, the presiding officer or commission may require a different effective date for the interim rates or final rates.

The criteria for granting interim rate relief under Section 455.2 are set forth in D.04-06-018 and D.07-05-062 and require that:

- The utility demonstrate that it has made a substantial showing in its application supporting a rate increase at least equal to the rate of inflation;
- The Commission determine whether interim relief is in the public interest; and
- The presiding officer's decision address whether the delay in completing the general rate case proceeding is "due to action by the water corporation" and, if so, the presiding officer's decision shall specify the utility's actions that caused the delay and shall include a proposed effective date for interim or final rates.

3. Discussion

AVR and Park Water contend that they have met all requirements for interim rate relief as required in Section 455.2(b). Specifically, they contend: (1) they have made a substantial showing for their respective rate increases that are in excess of the CPI-U inflation rate; and (2) they have not

engaged in any actions to delay the completion of the consolidated applications. Based on the above considerations, AVR and Park Water contend that authorizing interim rates is in the public interest.

Under Section 455.2(b), interim rate relief is limited to the “rate of inflation,” but the Commission may also authorize a lesser increase in interim rates if the Commission finds the rates to be in the public interest. In D.04-06-018, as affirmed in D.07-05-062, the Commission adopted the most recent 12-month ending change in the U.S. Cities CPI-U published by the U.S. Bureau of Labor Statistics as the index for determining the rate of inflation.¹

AVR and Park Water have failed to make an adequate showing supporting an interim rate increase equal to the rate of inflation. According to the utilities, “The CPI-U for the most recent 12-month period, ending March 2022, was 8.7%.”² AVR’s application requests a revenue requirement increase of approximately \$2.86 million (or 11.11%) in 2022. Park Water’s application requests a revenue requirement increase of approximately \$5.48 million (or 15.10%) in 2022. In contrast to both utilities’ requests for rates that are in excess of the current rate of inflation, the Public Advocates Office contests the requested increases and recommends a decrease of \$0.36 million (or 1.37%) for AVR and a decrease of \$1.02 million (or 2.63%) for Park Water in 2022.³ Therefore, based on the record of this proceeding to date, it is uncertain whether the final rates adopted will reflect an increase over current rates at least equal to the rate of inflation.

¹ D.07-05-062 at 19-20.

² Motion at 3.

³ Public Advocates Office Opening Brief, filed May 12, 2022, at 2.

It is reasonable and in the public interest to authorize interim rates, effective the first day of the test year, July 1, 2022, set equal to current effective rates. Leaving the current effective rates in place will reduce customer confusion resulting from multiple rate changes within a year. Moreover, the Commission has recognized in past rulings and decisions that utilities should not be financially harmed or ratepayers allowed to gain from deferred rate increases caused by delays in processing general rate cases.⁴ Denying authorization for interim rates would result in AVR and Park Water forfeiting their right to adjust rates upward or downward consistent with the final rates adopted by the Commission in the pending general rate cases. Such a result would financially harm AVR and Park Water and is therefore not in the public interest.

The delay in completing the consolidated proceedings prior to the start of the test year is due, in part, to the six-month extension AVR and Park Water requested to file their general rate case applications.⁵ The Executive Director found good cause for and granted the requested extension. Given that the Executive Director found good cause for the extension, it is reasonable to authorize interim rates effective the first day of the test year. Once the applications were filed, parties to this proceeding largely adhered to the schedule set forth in the September 30, 2021 Scoping Memo. AVR and Park Water did request extensions to the briefing schedule, but these extensions were to facilitate mediation between the parties, which resulted in the resolution of additional issues.

⁴ *See, e.g.*, Administrative Law Judge's Ruling Granting AVR and Park Water Amended Motion for Interim Rate Relief, in Application 18-01-002 *et al.*, dated March 19, 2019.

⁵ Application 21-07-003 at 3, fn. 1.

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Artesia, CA 90701

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Santa Fe Springs, CA 90670

Suburban Water Systems
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kcarlson@swwc.com

Suburban Water Systems
Attention: Robert Kelly
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Cerritos, CA 90703

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

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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
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San Dimas, CA 91773

City of Lynwood Water Department
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Lynwood, CA 90262

City of Paramount Water Department
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Paramount, CA 90723

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California Water Service Company
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East Los Angeles District
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Commerce, CA 90040

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