

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 3, 2024

Tiffany Thong
Manager, 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. 339-A, (Supplement to Advice Letter No. 339), filed on December 14, 2023, regarding authorization to convert its Drinking Water Fees Memorandum Account to Drinking Water Fees Balancing Account (DWFBA).

Enclosed are copies of the following revised tariff sheets, effective December 15, 2021, for the utility's files:

P.U.C.	
Sheet No.	Title of Sheet
1630-W	Preliminary Statement, Sheet 31, JJ. Drinking Water Fee Memorandum Account
1631-W	Preliminary Statement, Sheet 37, QQ. Lead and Copper Rule Revisions Memorandum Account (LCRRMA) (Continued)
1632-W	Preliminary Statement, Sheet 38, RR. Drinking Water Fees Balancing Account
1633-W	Table of Contents, Sheet 1

Please contact Jeremy Ho at JRY@cpuc.ca.gov or 415-703-1905, if you have any questions.

Thank you.

Enclosures

**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 14, 2023

District: N/A

CPUC Utility #: U 314-W

Protest Deadline (20th Day): January 3, 2024

Advice Letter #: 339-W-A

Review Deadline (30th Day): January 13, 2024

Tier 1 2 3 Compliance

Requested Effective Date: December 15, 2021

Authorization General Order 96-B Rule 7.3.2(7) and 8.2

Rate Impact: N/A

Description: Liberty Park Water submits this advice letter to convert its Drinking Water Fees Memorandum Account to Drinking Water Fees Balancing Account (DWFBA).

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 Sanchez

Phone: 562.923.0711

Phone: 562.923.0711

Email: Tiffany.Thong@LibertyUtilities.com

Email: AnnMarie.Sanchez@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WITHDRAWN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. 339-W-A

December 14, 2023

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Liberty Utilities (Par Water) Corp. (U 314-W) (“Liberty Park Water”) hereby submits the attached revised tariff sheets applicable to water service in its service territory.

Pursuant to directives from the Water Division, this supplemental filing is being made to revise the Preliminary Statement to close the previously approved Drinking Water Fees Memorandum Account (DWFMA) and establish a new Drinking Water Fees Balancing Account (DWFMA). This supplemental filing will replace Advice Letter 339-W in its entirety.

Summary

Pursuant to GO 96-B, Water Industry Rules 7.3.2(7) and 8.2, Liberty Park Water requests treatment similar to the authority granted to Class B, C, and D water companies in Resolution (Res.) W-4698 to establish a balancing account for drinking water fees.

Specifically, Liberty Park Water seeks to close its existing DWFMA (Preliminary Statement JJ) and establish a DWFBA (Preliminary Statement RR), that tracks all drinking water fees charged by the State Water Resources Control Board (Water Board) that are incremental to authorized rates.

Background and Discussion

On September 22, 2021, the Water Board adopted emergency regulations that adjusted drinking water fees to conform to the revenue levels set forth in the Budget Act for fiscal year (FY) 2021-22. The emergency regulation adjusted the fee schedule adopted in FY 2019-20 to increase fees to community water systems, including Liberty Park Water, by an average of approximately 26.6 percent.

On December 15, 2021, Liberty Park Water submitted Advice Letter (AL) 320-W requesting authority to establish the DWFMA to track the differences between actual drinking water fees charged by the Water Board’s Division of Drinking Water (DDW) “based upon the revised fee schedule adopted by the Water Board on September 22, 2021,” and the drinking water fees authorized in rates. AL 320-W was approved with an effective date of December 15, 2021.

Since approval of Liberty Park Water’s current DWFMA, the Water Board has continued to increase its drinking water fees on an annual basis, resulting in expense increases that are much higher than those included in presently-authorized rates.

Small Company User Fee Memorandum and Balancing Accounts: As indicated in Res. W-4698, the Commission has allowed Class B, C, and D water utilities to pass on costs reasonably incurred while complying with water quality and user fees since 1993.¹ In Res. W-4327, memorandum accounts for the small companies were authorized for water quality compliance costs because of the potentially limited financial ability of small water companies to comply, and their less frequent rate case filings.² In the same resolution, the Commission allowed the opening of memorandum accounts for fees charged by the Division of Drinking Water's (DDW's) predecessor³ because "due to the variation in each billing the inclusion of such costs in base rates is often not feasible."⁴

Upon expiration of the memorandum accounts for the small companies, the Commission determined in Res W-4698 that there was a continued need to track drinking water user fees in a regulatory mechanism,⁵ and further that the appropriate mechanism was a balancing account rather than a memorandum account, stating that:

[T]hese types of costs are always recoverable...; the only issue is the reasonableness of the amount to be recovered. In this they are similar to the purchased water, purchased power and pump tax balancing accounts approved for recovery without an earnings test by D.06-04-037, April 13, 2006. Thus, the accounts tracking these costs should be classified as balancing accounts and recovery should be by advice letter requesting amortization of a Balancing Account (Tier 1).⁶

Liberty Park Water's Request for Similar Treatment: Water Industry Rule 8.2 of General Order 96-B states that:

A Utility may submit an advice letter requesting approval, authorization, or other relief similar to that accorded another Utility by Commission order. The advice letter shall cite each decision or resolution relied upon, and shall demonstrate that the Utility submitting

¹ Resolution W-4698, Order Establishing Water Quality and User Fee Balancing Accounts for Class B, C, and D Water Utilities (Res. W-4698) at 1.

² Resolution W-4327, Order Authorizing All Class B, C, and D Water Utilities to Establish Water Quality Memorandum Accounts (WRMA) for Recording the Expenses Resulting from Drinking Water Regulations, Including Water Sampling, Testing, Reporting, and Treatment Costs, and Office of Drinking Water (ODW) User Fee Memorandum Accounts (UFMA) to Track California Department of Health Services (DHS) User Fees Not Presently Included in Rates; and Authority to File Advice Letters for the Recovery of such Charges and Expenses (Res. W-4327) at 2.

³ Res. W-4327 refers to the California Department of Health Service's Office of Drinking Water (DHS's ODW), the relevant responsibilities of which are now at the State Water Resources Control Board's Division of Drinking Water (Water Board's DDW).

⁴ Res. W-4327 at 3.

⁵ Res. W-4698 at 1. In the resolution, the Commission provides the same treatment for water quality compliance costs of Class B, C, and D water utilities, however Liberty Park Water does not seek to address water quality compliance costs in this advice letter.

⁶ *Id.* at 1-2 (footnote omitted).

the advice letter is similarly situated in all material respects, and is requesting the same relief and relying on the same justification as in the cited order(s).

As discussed in AL 320-W, and similar to the experience of the small water companies described in Res. W-4327, Liberty Park Water has not been able to reflect the current level of drinking water fees in customer base rates because of the “variation” in user fee billing since DDW adopted its new fee structure on September 21, 2021. Liberty Park Water seeks the same relief granted to the small water companies in Res. W-4698, pursuant to Water Industry Rule 8.2 of GO 96-B. Accordingly, Liberty Park Water requests that its DWFMA in Preliminary Statement JJ be converted to a “Drinking Water Fees Balancing Account” (DWFBA) with the same effective date of the DWFMA (December 15, 2021).

Tier Designation and Effective Date

In accordance with General Order 96-B, Water Industry Rules 7.3.2(7) and 8.2, this advice letter is submitted with a Tier 2 designation, with an effective date of December 15, 2021 for the reasons discussed above.

Notice and Service

In accordance with General Order 96-B, General Rules 4.3 and 7.2, and Water Industry Rule 4.1, a copy of this advice letter will be electronically transmitted on December 14, 2023 to competing and adjacent utilities and other utilities or interested parties having requested such notification.

Customer notice is not required as there is no increase in rates.

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: Tiffany.Thong@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.

Sincerely,

LIBERTY UTILITIES (PARK WATER) CORP.

/s/ Tiffany Thong

Tiffany Thong
Manager, Rates and Regulatory Affairs

TT/as

Attachments

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
1630-W	PRELIMINARY STATEMENT Sheet 31	1559-W
1631-W	PRELIMINARY STATEMENT Sheet 37	1609-W
1632-W	PRELIMINARY STATEMENT Sheet 38	
1633-W	TABLE OF CONTENTS Sheet 1	1629-W

PRELIMINARY STATEMENT

JJ. Drinking Water Fee Memorandum Account

(D)

1. Purpose

The purpose of the Drinking Water Fees Memorandum Account (DWFMA) is to track the difference between actual drinking water fees charged by the State Water Resources Control Board (State Board) (based upon the revised fee schedule adopted by the State Board on September 22, 2021) and the drinking water fees authorized in rates.

2. Applicability

Liberty Park Water shall maintain the DWFMA by making entries at the end of each month as follows:

- a. A debit entry shall be made to the DWFMA at the end of each month to record the expenses.
- b. Interest shall accrue to the DWFMA on a monthly basis by applying a rate equal to one twelfth of the 3-month non-financial Commercial Paper Rate, as reported 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).

3. Effective Date

The DWFMA shall go into effect on the effective date of Liberty Park Water's Advice Letter AL 320-W. The DWFMA will sunset with the effective date of Liberty Park Water's rates from its July 2024 General Rate Case application.

4. Disposition

Disposition of amounts recorded in the DWFMA 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. The recovery of over/under collections will be passed on to the customers through volumetric surcredits or surcharges.

(D)

KK. Sativa Revenue Memorandum Account ("SRMA")

1. Purpose

The purpose of the Sativa Revenue Memorandum Account ("SRMA") is to track the customers' share of revenue (30%) of the net revenue associated with the Sativa Contract. The net revenue is the difference between the gross revenue and associated production expenses (purchased water, purchased power, replenishment, leased water rights, and chemicals).

2. Effective Date

The SRMA will go into effect on the effective date of Liberty Park Water's Advice Letter 321-W-A. The SRMA will terminate with the termination of the Sativa Contract.

(Continued)

PRELIMINARY STATEMENT

Page 37

QQ. Lead and Copper Rule Revisions Memorandum Account (LCRRMA) (Continued)

2. Applicability (continued)

- Development of service line material inventories for each of Liberty Park Water's water systems;
- Preparation of Lead Service Line Replacement (LSLR) Plans for each system;
- Replacement of service lines (if necessary);
- Preparation of a Standard Operating Procedure (SOP) for the development and ongoing maintenance of the customer service line inventories;
- Development of sampling plans for lead and copper compliance monitoring at the taps of customers, daycares and schools for each system;
- Development of school and childcare facility inventories for all Liberty Park Water's systems, and preparation for and the cost of sampling in these facilities; and
- Preparation of messaging for public education and customer notifications.

3. Accounting Procedure

The LCRRMA does not have a rate component.

- a. A debit entry shall be made to the LCRRMA to record all related costs including, but not limited to, developing of service line material inventories, lead and copper sampling plans/monitoring at the taps of private customers, daycares and schools/preparation of lead Service Line Replacement plans/public messaging, education and customer notifications.
- b. Monthly interest shall be 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 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](http://www.federalreserve.gov/Releases/H15/NFCP/M3.txt)) or its successor publication.
- c. A debit entry equal to the revenue of each capital expenditure at Liberty Park Water's authorized rate of return and related expenses (including return, income taxes, ad valorem tax, depreciation, and other taxes and fees).
- d. A credit entry to transfer all or portion of the balance in the LCRRMA to other adjustment clauses for future rate recovery, as may be approved by the CPUC.

4. Effective Date

The LCRRMA shall go into effect on the filing date of Advice Letter No. 334-W. The LCRRMA will remain open until one year after the completion of the LCRR.

5. Disposition

Disposition of amounts recorded in the LCRRMA shall be determined in Liberty Park Water's next General Rate Case.

(Continued)

Advice Letter No. 339-W-A
Decision No.

Issued by
Edward N. Jackson
PRESIDENT

Date Filed 12/14/2023
Effective 12/15/2021
Resolution No.

PRELIMINARY STATEMENT

RR. Drinking Water Fees Balancing Account

(N)

1. Purpose
The purpose of the Drinking Water Fees Balancing Account (DWFBA) is to track the difference between all actual drinking water fees charged by the State Water Resources Control Board (State Board) (based upon the revised fee schedule adopted by the State Board on September 22, 2021, and any subsequent revisions) and the drinking water fees authorized in rates.
2. Applicability
Liberty Park Water shall maintain the DWFBA by making entries at the end of each month as follows:
 - a. A debit entry shall be made to the DWFBA at the end of each month to record the difference between actual drinking water fees and adopted drinking water fees.
 - b. Pursuant to Standard Practice U-27-W of the Water Division, interest shall accrue to the DWFBA on a monthly basis by applying a rate equal to one twelfth of the 3-month non-financial Commercial Paper Rate, as reported 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).
3. Effective Date
The DWFBA shall go into effect on the effective date of Liberty Park Water's Advice Letter 320-W, which December 15, 2021.
4. Disposition
Disposition of amounts recorded in the DWFBA 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. The recovery of over/under collections will be passed on to the customers through volumetric surcredits or surcharges.

(N)

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(Continued)

City of Artesia
18747 Clarkdale Avenue
Artesia, CA 90701

City of Santa Fe Springs Water Dept.
11710 Telegraph Road
Santa Fe Springs, CA 90670
janetmartinez@santafesprings.org

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

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
ccornwell@comptoncity.org

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

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
sho@paramountcity.com

City of Bell Gardens
Attention: Steve Steinbrecher
7100 Garfield Avenue
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ssimonian@bellgardens.org
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Dominguez/California Water Service
2632 W. 237th Street
Torrance, CA 90505-5272
hwind@calwater.com

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
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Bellflower, CA 90706

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Dan Jordan
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