

CPUC FactSheet

PUBLIC PARTICIPATION HEARING

Liberty Utilities – Apple Valley Ranchos (Apple Valley)

General Rate Case Application (A.21-07-003)

March 9, 2022

What is this Rate Application About?

Every three years, the California Public Utilities Commission (CPUC) requires Apple Valley to file a General Rate Case (GRC) application. This application allows the CPUC to take a broad, in-depth look at Apple Valley’s income and expenses and consider quality of service and other factors, and then decide whether to raise or lower Apple Valley’s rates, and whether to require other changes in Apple Valley’s operations.

In this application, Apple Valley is requesting that the CPUC approve a rate increase. The following information is taken directly from Apple Valley’s July 2, 2021 report submitted with its application to the CPUC.

What Increases in Revenue is Apple Valley Requesting to be Funded Through Customer Water Bills for the Period of 2022-2024?¹

For 2022-2023: \$2.863 million (11.11%) above present revenues

For 2023-2024: \$2.068 million (7.18%) above proposed 2022 revenues

For 2024-2025: \$2.281 million (7.35%) above proposed 2023 revenues

What Residential Rate Design Changes is Apple Valley Requesting?

- Authorization to recover 50% of its revenue from monthly service charges and the remaining 50% from water quantity usage charges. The utility is currently authorized to recover 25% of its revenue from monthly service charges and 75% from water quantity usage charges.
- Authorization to increase the upper limit of the Tier 1 usage range from 11 CCF to 13 CCF. Apple Valley would also increase the upper limit of the second tier of usage from 22 to 26 CCF. Any usage above 26 CCF would fall into the third tier.

What Types of Additional Costs Does Apple Valley Say it Needs to Recover?

Apple Valley is requesting to recover costs for proposed new capital investments to replace and upgrade its water system and facilities as well as for additional administrative, general, and labor costs. Apple Valley’s application requests:

Proposed New Capital Investments:

- **Infrastructure Replacement:** \$14,762,824 3-year capital expenditures budget increase for capital investments in facility retirements, improvements, and replacements; pipeline and meter replacements; and IT upgrades.

¹ The amount of revenue to be authorized is based on the forecasted operating and capital costs of doing business. This, combined with forecasted water sales and number of customers, produces the necessary changes in rates.

Increases for costs of operation:

- **Parent Company Allocation:** \$499,114 increase for Apple Valley’s share of Liberty Utilities’ overall administrative and general costs, including payroll, outside consultant services, and maintenance.
- **Employee Benefit Expense:** \$357,995 increase for pensions and benefits costs reflecting expected increases in healthcare and benefits rates over the three-year GRC period.
- **Leased Water Rights:** \$119,158 increase for costs to lease carry-over water rights for production in excess of Apple Valley’s allotment in the Mojave Groundwater Basin

What are the Residential Bill Impacts Based on Requested Revenue Increases?

Excluding CPUC fee, City Tax, surcharges and refunds, an average residential customer with a 5/8-inch meter using 11.83 CCF (1 CCF = 748 gallons) every month will see an increase in their monthly bill from \$73.31 in July of 2021 to \$82.89 in July of 2022, a 13.06% increase. The same bill is estimated to be \$88.85 in July of 2023 and \$95.34 in July of 2024, resulting in an overall 30.05% rate increase over 3 years.

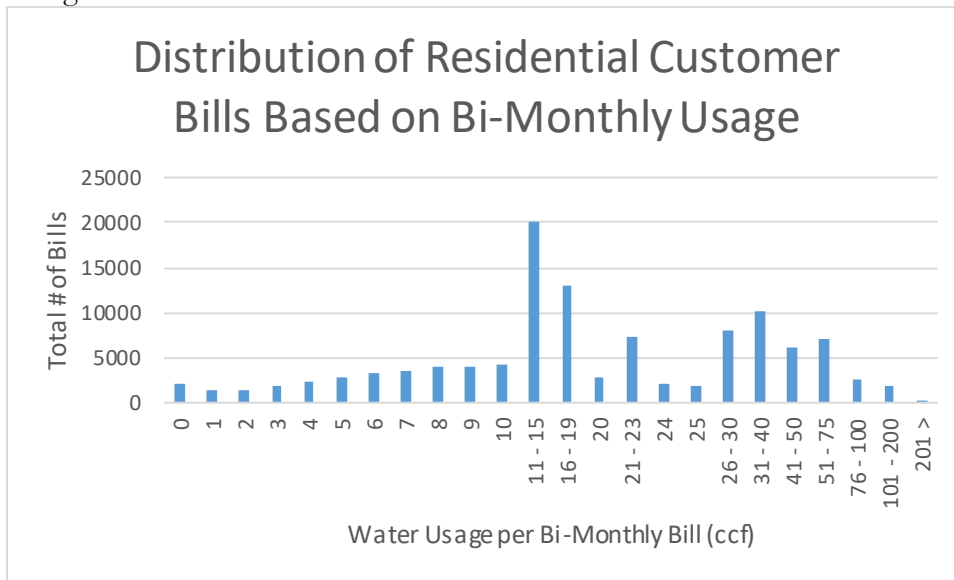
Three-Year Cumulative Impact to Base Charges	
Total Increase	Total % Increase
\$22.03	30.05%

Monthly Service Charge				
Meter Size	Present Rates (AL 316)	2022-2023 (% Increase)	2023-2024 (% Increase)	2024-2025 (% Increase)
5/8-inch	\$23.77	\$43.84 (84.43%)	\$41.01 (7.23%)	\$50.47 (7.36%)
3/4-inch	\$35.66	\$65.76 (84.43%)	\$70.52 (7.23%)	\$75.71 (7.36%)
1-inch	\$59.43	\$109.60 (84.43%)	\$117.53 (7.23%)	\$126.18 (7.36%)

Water Usage Quantity Rate*				
Usage Range	Present Rates (AL 255)	2022-2023 (% Change)	2023-2024 (% Change)	2024-2025 (% Change)
0 to 11 CCF	\$4.142	\$3.300 (-20.33%)	\$3.536 (7.15%)	\$3.792 (7.24%)
11 to 13 CCF	\$4.796	\$3.300 (-45.33%)	\$3.536 (7.15%)	\$3.792 (7.24%)
13 to 22 CCF	\$4.796	\$4.125 (-13.99%)	\$4.420 (7.15%)	\$4.740 (7.24%)
22 to 26 CCF	\$5.450	\$4.125 (-24.31%)	\$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%)

*Tier 1 usage rates are bolded and highlighted in yellow

The graph below shows the distribution of bi-monthly metered water usage per bill amongst residential customers for calendar year 2020. It illustrates that approximately 67% of monthly bills during this period were less than or equal to the average water usage of **24.5 CCF**.



What Other Rate Increase Requests are Pending for Apple Valley?

Besides this GRC, there are no pending rate applications for Apple Valley. There is one pending Advice Letter with the CPUC that requests authorization for a rate increase. Below is the cumulative impact of Apple Valley’s requests. Under Apple Valley’s proposals, a residential customer with a 5/8-inch meter using 11.83 CCF of water per month will see the following increases in monthly base charges.

Proceeding	Cumulative Increase (\$)	Cumulative Increase (%)
2022-2025 GRC (A.21-07-003)	\$22.03	30.05%
2019 WRAM Recovery (AL 257)	\$2.65	3.62%
Total	\$24.68	33.67%

How Can I Have My Voice Heard?

- Speak at an upcoming CPUC Public Participation Hearing (sometimes referred to as a Public Forum). A list of dates, times, and locations is at: <https://www.cpuc.ca.gov/proceedings-and-rulemaking/cpuc-public-participation-hearings/>
- Submit comments electronically to the CPUC using the “Add Public Comment” button on the “Public Comment” tab of the Docket Card for A.21-07-003. You can also review other public comments related to this rate request: <https://bit.ly/3scc11L>. The public may submit multiple public comments throughout the proceeding.
- Mail a letter to the CPUC’s Public Advisor and include the proceeding number A.21-07-003, to: public.advisor@cpuc.ca.gov or CPUC, Public Advisor’s Office, 505 Van Ness Ave., San Francisco, CA 94102.
- The Public Advisor’s Office provides information for the public to get involved in proceedings at: www.cpuc.ca.gov/pao and you can subscribe to receive documents in A.21-07-003 at: <http://subscribecpuc.ca.gov/fps/Default.aspx>.

Further Information on the Proceeding:

- View Apple Valley’s July 2, 2021 application and all filings in this proceeding by the Administrative Law Judge and Commissioner, parties to this proceeding, and the public, as well as hearing transcripts and the proposed decision when it is issued, by going to <https://bit.ly/3sccI1L> and pressing the “Documents” tab at the top of the page.
- View Apple Valley’s customer notice and the CPUC’s Fact Sheet at <https://www.cpuc.ca.gov/about-cpuc/divisions/news-and-public-information-office/public-advisors-office>.
- The Public Advocates Office is an independent consumer advocate within the Commission who will review, audit, and submit formal testimony on Apple Valley’s GRC application. Its website is: <https://www.publicadvocates.cpuc.ca.gov>.
- The CPUC’s Water Division provides information on the regulatory process for water utilities at: <https://www.cpuc.ca.gov/water/> and specific information on the General Rate Case process at: <https://www.cpuc.ca.gov/General.aspx?id=6442461381>.
- The CPUC adopted a framework to assess the affordability of utility services. Information on the Affordability Rulemaking R.18-07-006 can be found here: <https://www.cpuc.ca.gov/affordability/>