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## ORIGINAL

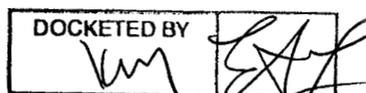
August 29, 2014

**VIA HAND-DELIVERY**

Ms. Carmel Hood  
Compliance Division  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Arizona Corporation Commission  
**DOCKETED**

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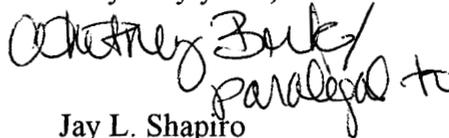
**Re: Liberty Utilities (Litchfield Park Water & Sewer) Corp.**  
Docket No. SW-01428A-13-0042, ~~et al.~~ W-01427A - 13-0043

Dear Ms. Hood:

Provided herewith is a copy of Liberty Utilities (Litchfield Park Water & Sewer) Corp.'s Plan of Administration for the Purchased Power Adjustor Mechanism pursuant to Decision No. 74437 (Apr. 18, 2014).

If you have any questions, please do not hesitate to call.

Very truly yours,

  
paralegal to

Jay L. Shapiro

JSHA/wb  
Enclosure

cc: Docket Control  
Robin Mitchell  
Dan Pozefsky (via U.S. mail)  
Olivia Burnes (via U.S. mail)

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**Liberty Utilities (Litchfield Park Water & Sewer) Corp.**  
**Purchased Power Adjustment Mechanism Plan of Administration**  
**August 29, 2014**

**1. General Description**

This document is the Plan of Administration ("POA") for the Purchased Power Adjustment Mechanism ("PPAM") approved for Liberty Utilities (Litchfield Park Water & Sewer) Corp. ("LPSCO" or "Company") by the Arizona Corporation Commission ("ACC" or "Commission") in Decision No. 74437 on April 18, 2014. The PPAM allows the Company to pass through to its customers the increase or decrease in purchased power costs that result from a rate change for any ACC regulated electric service provider supplying retail service to the Company.

**2. PPAM Related Filings**

- A. Within 60 days of the effective date of a Commission Decision authorizing a rate change in the approved tariffs for any ACC-regulated electric service provider supplying retail service to the Company, the Company shall file with docket control an analysis of the actual impact on the energy portion of the Company's electric service costs.
- B. LPSCO will provide the ACC with spreadsheets detailing exactly how LPSCO's purchased power expenses were calculated in the time period prior to a change in the rate that LPSCO must pay for purchased power. These calculations will include basic service charges and rate and volume figures. That is, LPSCO will break down its total purchased power bill into the amount due to fixed fees, volume of electricity used, and the rates paid per unit of electricity. For the period following the rate change, LPSCO will provide the same information, then compare the two periods, isolating any change in purchased power cost that is due exclusively to a rate change. The specific intent is to show exactly how much of any increase or decrease is due to changes in rate beyond LPSCO's control and how much is due to a change in the amount of power that LPSCO consumes. LPSCO will only recover increases or refund decreases that are due to changes in rate.
- C. All revised schedules filed with the Commission pursuant to the provisions of this PPAM will be accompanied by documentation prepared by LPSCO in a format approved by the Utilities Division Staff of the Commission and will contain sufficient detail to enable the Commission to verify the accuracy of LPSCO's calculations.
- D. The surcharges will not become effective until approved by the Commission.
- E. The Company will file annually with the Commission, a report detailing its purchased power costs and any conservation or power-shifting measures employed by the Company.
- F. The Company shall provide notice (in a form acceptable to Staff) of the rate increases to customers with the bill where the rate increase first appears.

### 3. Application to Sewer Customers

A. The increase or decrease in purchased power costs that are due to changes in rate at the Company's sewer facilities will be allocated on a per capita basis.

B. Example

<i>Test Year</i>		<i>Current Year</i>	
Purchased Power Rate	\$0.0800	Purchased Power Rate	\$0.1000
Kilowatt Hours Used	1,250,000	Kilowatt Hours Used	1,250,000
Purchased Power Expense	\$100,000	Purchased Power Expense	\$125,000

<i>Pass Through Calculation</i>	
Current Year Purchased Power Expense	\$125,000
Test Year Purchased Power Expense	\$100,000
Increase in Purchased Power Expense Due to Rate Increase	\$25,000

<i>PPAM Charge on Sample Customer Bill</i>	
Increase in Purchased Power Expense Due to Rate Increase	\$25,000
Number of Sewer Customers	20,000
PPAM Charge on Sample Customer Bill	\$1.25

### 4. Application to Water Customers

A. The calculated increase or decrease in rates for the system must amount to at least \$.01 per thousand gallons, after rounding the calculation, before an adjustment can be made. If the calculation results in a positive or negative value change of less than \$.01 per thousand gallons, the usage volume will be carried over to the next year. In the event of a carry over, such usage volume and surcharge amount will be subject to true-up.

B. The pass-through calculation must use the actual water loss factor for the period, but cannot be greater than an allowable 10% loss factor.

C. Example

<i>Test Year</i>		<i>Current Year</i>	
Thousand Gallons Pumped	400,000	Thousand Gallons Pumped	400,000
Thousand Gallons Sold	370,000	Thousand Gallons Sold	370,000
Thousand Gallons Unaccounted For	30,000	Thousand Gallons Unaccounted For	30,000
Purchased Power Rate	\$0.0800	Purchased Power Rate	\$0.1000
Kilowatt Hours Used	1,250,000	Kilowatt Hours Used	1,250,000
Purchased Power Expense	\$100,000	Purchased Power Expense	\$125,000

<i>Pass Through Calculation</i>	
Current Year Purchased Power Expense	\$125,000
Test Year Purchased Power Expense	\$100,000
Increase in Purchased Power Expense Due to Rate Increase	\$25,000
Thousand Gallons Pumped	400,000
Expense Increase Per Thousand Gallons Pumped	\$0.0625
Expense Increase Per Thousand Gallons Pumped (Rounded)	\$0.0600

<i>PPAM Charge on Sample Customer Bill</i>	
Expense Increase Per Thousand Gallons Pumped (Rounded)	\$0.0600
Actual Thousand Gallons Used	5
PPAM Charge on Sample Customer Bill	\$0.30