NEW APPLICATION

ORIGINAL

0000166437

RECEIVED

OCT 28 2015 P 3:47

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

OCT 28 2015

DOCKETED BY KM

SHAPIRO LAW FIRM, P.C.
Jay L. Shapiro (No. 014650)
1819 E. Morten Avenue, Suite 280
Phoenix, Arizona 85020
Telephone (602) 559-9575

LIBERTY UTILITIES
Todd C. Wiley (No. 015358)
12725 W. Indian School Road, Suite D-101
Avondale, Arizona 85392

Attorneys for Liberty Utilities (Bella Vista Water) Corp.

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF LIBERTY UTILITIES (BELLA VISTA WATER) CORP., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: W-02465A-15-____ W-02465A-15-0367 **APPLICATION**

Liberty Utilities (Bella Vista Water) Corp., an Arizona public service corporation ("Liberty Bella Vista"), hereby applies for an order establishing the fair value of its plant and property used for the provision of public water utility service and, based on such finding, approving permanent rates and charges for utility service designed to produce a fair return thereon. In support thereof, Liberty Bella Vista states as follows:

1. Liberty Bella Vista is an Arizona public service corporation engaged in providing water utility service in portions of Cochise County, Arizona, pursuant to certificates of convenience and necessity granted by the Arizona Corporation Commission. During the Test Year, Liberty Bella Vista served approximately 8,133 residential customers, 1,035 commercial customers, and 189 fire protection customers.

2. Liberty Bella Vista's business office is located at 12725 W. Indian School Road, Suite D-101, Avondale, Arizona 85392, and its telephone number is (623) 935-9367. The primary management contact is Matthew Garlick. Mr. Garlick is employed by Liberty Utilities ("Liberty Utilities") as President – AZ/TX.

3. The person responsible for overseeing and directing the conduct of this rate application is Gerald Becker, Liberty Utilities' Utility Rates and Regulatory Manager. Mr. Becker was assisted by Liberty Bella Vista's rate case consultant, Thomas Bourassa, and undersigned legal counsel. Mr. Becker's mailing address is 12725 W. Indian School Road, Suite D-101, Avondale, Arizona 85392; his telephone number is (623) 298-3769; and his e-mail address is Gerry.Becker@libertyutilities.com. Mr. Bourassa's mailing address is 139 W. Wood Drive, Phoenix, Arizona 85029; his telephone number is (602) 246-7150; and his e-mail address is tjb114@cox.net. **All discovery, data requests and other requests for information concerning this Application should be directed to Mr. Becker, including copies by e-mail, as well as to Mr. Garlick by e-mail at Matthew.Garlick@libertyutilities.com, and to Mr. Bourassa, with a copy by e-mail to undersigned counsel at jay@shapslawaz.com and whitney@shapslawaz.com, and to Liberty's Assistant General Counsel at Todd.Wiley@libertyutilities.com.**

4. Liberty Bella Vista's present rates and charges for utility service were approved by the Commission in Decision No. 72251 (April 7, 2011) using a test year ending March 31, 2009. There have been no other changes to Liberty Bella Vista's rates since the current rates went into effect on or after April 1, 2011.

5. Liberty Bella Vista's revenues from its utility operations are presently inadequate to provide a fair rate of return on the fair value of its utility plant and property devoted to public service. Operating expenses have caused the revenues produced by the current rates and charges for service to become inadequate to meet operating expenses and provide a reasonable rate of return. Therefore, Liberty Bella Vista requests that the

Commission approve certain adjustments to its rates and charges for utility service so that Liberty Bella Vista may recover its operating expenses and be given an opportunity to earn a just and reasonable rate of return on the fair value of its property. Liberty Bella Vista agrees to use its original cost rate base as its fair value rate base in this proceeding to minimize disputes and reduce rate case expense.

6. Filed concurrently herewith are the schedules required pursuant to A.A.C. R14-2-103 for rate applications by Class "B" utilities. The test year utilized by Liberty Bella Vista in connection with the preparation of such schedules is the 12-month period that ended December 31, 2014. Liberty Bella Vista requests that the Commission utilize such test year in connection with this Application, with appropriate adjustments to obtain a normal or more realistic relationship between revenues, rate base and expenses during the period in which the rates established in this proceeding are in effect.

7. During the test year, Liberty Bella Vista's adjusted gross revenues were $4,624,730. The adjusted operating income was $253,574, leading to an operating income deficiency of $956,154. The adjusted fair value rate base was $13,205,189. Thus, the rate of return during the test year was 1.92 percent.

8. Liberty Bella Vista submits that these rates of return are inadequate to allow it to obtain debt, pay a reasonable dividend to its stockholder, maintain a sound credit rating, and/or enable Liberty Bella Vista to attract additional capital on reasonable and acceptable terms in order to continue the investment in utility plant necessary to adequately serve customers.

9. Liberty Bella Vista is seeking an increase in revenues of $1,554,297, an increase in revenues of 33.61 percent. The adjustments to Liberty Bella Vista's rates and charges that are proposed herein, when fully implemented, will produce a rate of return on the fair value rate base equal to 9.16 percent.

10. Filed concurrently in support of this Application is the Direct Testimony of Matthew Garlick, providing an overview of Liberty Bella Vista and its parent, Liberty Utilities Co., introducing Liberty Bella Vista's request for approval of the Fair Value Arizona Rate Evaluation Model or "FARE," and discussing (1) the Purchased Power Adjuster Mechanism ("PPAM") and Property Tax Adjuster Mechanism ("PTAM") for which Liberty Bella Vista is seeking approval, (2) the proposed modifications to Liberty Bella Vista's tariff of rates and charges, (3) and Liberty Bella Vista's request for financing.

11. Liberty Bella Vista also submits the direct testimony of Peter Eichler. Mr. Eichler's testimony details the FARE. The FARE is a ratemaking mechanism developed following the disappointing decision of the Arizona Court of Appeals rendering the System Improvement Benefits surcharge unlawful. The FARE was designed to comply with Arizona law, including Arizona's unique "fair value" requirement, and to promote rate gradualism and rate stability, and to mitigate regulatory lag.

13. Liberty Bella Vista also submits the direct testimony of William Killeen. Mr. Killeen's testimony provides an overview of Liberty Utilities' business model, cost allocation manual, and corporate cost allocation process.

14. Finally, Liberty Bella Vista submits the Direct Testimony of Thomas J. Bourassa, in two separate volumes that collectively provide an overview of Liberty Bella Vista's rate filing, discussion of the revenue requirement, including the "A" through "F" schedules, development of the rate base and income statement adjustments, cost of equity capital and related issues, proposed rates, including the "H" schedules, and discussion of the effects of the proposed rates on customers' bills. Liberty Bella Vista's "D" Schedules, which concern the cost of capital, are attached to the volume of Mr. Bourassa's testimony addressing cost of capital. The remaining schedules are separately bound and filed concurrently with the Application.

15. Attached hereto as **Attachment 1** are water plant descriptions and a completed water use data sheet for the 2014 calendar year.

16. Attached hereto as **Attachment 2** is Liberty Bella Vista's proposed tariff of rates and charges.

17. Attached hereto as **Attachment 3** is Liberty Bella Vista's proposed PPAM.

18. Attached hereto as **Attachment 4** is Liberty Bella Vista's proposed PTAM.

WHEREFORE, Liberty Bella Vista requests the following relief:

A. That the Commission, upon proper notice and at the earliest possible time, conduct a hearing in accordance with A.R.S. § 40-251 and determine the fair value of Liberty Bella Vista's utility plants and property devoted to providing water utility service;

B. Based upon such determination, that the Commission approve permanent adjustments to the rates and charges for water utility service provided by Liberty Bella Vista, as proposed herein, or approve such other rates and charges as will produce a just and reasonable rate of return on the fair value of Liberty Bella Vista's utility plant and property;

C. That the Commission approve Liberty Bella Vista's request for approval of the FARE;

D. That the Commission approve Liberty Bella Vista's request for a PPAM and PTAM; and

E. That the Commission authorize such other and further relief as may be appropriate to ensure that Liberty Bella Vista has an opportunity to earn a just and reasonable return on the fair value of its utility plant and property and as may otherwise be required under Arizona law.

RESPECTFULLY SUBMITTED this 28th day of October, 2015.

SHAPIRO LAW FIRM, P.C.

By: _____
Jay L. Shapiro
1819 E. Morten Avenue, Suite 280
Phoenix, AZ 85020

and

LIBERTY UTILITIES

Todd C. Wiley
Assistant General Counsel
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392

Attorneys for Liberty Utilities
(Bella Vista Water) Corp.

ORIGINAL and fifteen (15) copies of the foregoing, together with the direct testimonies and schedules supporting this application were delivered this 28th day of October, 2015, to:

Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

By: Whitney Buk

ATTACHMENT 1

COMPANY NAME	Bella Vista Water Co., Inc.

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-610120 1	40	240	640	12	4	1956
55-610121 2	50	220	649	12	4	1958
55-610122 3	50	240	605	12	6	1968
55-610123 5	50	300	620	14	4	1972
55-610125 7	100	470	475	16	6	1968
55-610126 8	60	300	645	12	6	1954
55-610127 9	15	47	618	8	3	1954
55-610128 10	15	40	630	10	3	1956
55-610129 11	60	300	696	12	4	1956
55-610130 12	60	220	805	16	4	1972
55-610131 13	75	230	867	16	6	1978
55-610132 14	75	450	600	16	6	1972
55-610133 15	50	300	700	16	4	1972
55-610134 16	50	300	501	12	4	1960
55-518083 18	250	1200	1000	16	10	1987
55-519004 19	125	600	1000	16	8	1987
55-560741 VV1	15	110	400	8	4	1997
55-560742 VV2	15	160	385	8	4	1997
55-610119 STUMP	5	50	250	6	2	1982
55-805652 ASH	5	50	80	8	2	19982
55-536074 RO # 1	1	5	160	8	1	1992
55-553209 WHORSE	7.5	25	608	12	4	1997
55-597128 RO # 2	1.5	14	305	6	2	2003
55-583389 RO # 3	5	25	500	8	1	2001
55-508962 NV16	5	30	215	6	2	1984
55-507217 NV15	5	40	205	6	2	1984
55-642087 NV 3	3	20	243	6	2	1958
55-624091 NV 9	3	12	287	6	1.5	1959
55-200-402 NV17	7.5	17	790	8	2.5	2004
55-203881 FAIRFIELD	15	70	800	8	3	2004
55-641821 NV10	2	17	154	4	1	Unknown
55-204088 KR	25	170	900	8	6	2007

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
30	10	719	8
25	4		
20	24		
15	4		
10	2		
5	12		
2	8		
7.5	2		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
200,000	10	5,000	15
400,000	2	6,000	3
3,054	1	1,000	2
43,400	1	1,600	1
7,100	1	7,000	1
50,000	1	2,1100	1
100,000	4	4,864	1
1,500,000	2	1,500	1
5,700	1	100	2
17,000	1	81	2
7,000	1		
429,000	1		
32,000	1		
16,000	1		
32,340	1		
49,700	1		
10,000	1		
211,000	1		

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Bella Vista Water Co., Inc.
Name of System	ADEQ Public Water System Number (if applicable)

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	Galvanized	27,000
2	Steel	9,000
3	AC	16,000
4	AC	86,500
6	AC	180,600
8	AC	118,895
10	AC	3,300
12	Steel	600
2	PVC	2,935
3	PVC	175
4	PVC	1,330
6	PVC	5,052
8	PVC	14,015
12	PVC	15000
4	Ductile	164
6	Ductile	1125
8	Ductile	10,257
12	Ductile	1000

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X ¾	8,150
3/4	43
1	161
1 1/2	103
2	309
3	49
4	7
6	1
8	1
Fire Lines up to 4 inch	141
Fire Lines 6 inch	35
Fire Lines 8 inch	8

For the following three items, list the utility owned assets in each category for each system.
8

TREATMENT EQUIPMENT:
16 Chlorinators –

STRUCTURES:
Well # 18 Site building
Well # 13 Site building
Wall at Apache Booster Station
Wall at Well # 5
Well # 8 Site Building
Well # 19 Building
Fences (around wells & tanks)
Two small pump sheds
Well House NV # 9
4X6 Chlorinator bldgs

OTHER:
two generators
Back hoe, air compressor, trailer, dump truck, water tank
719 hydrants
8 standpipes
Ditch Witch Vactor potholing machine

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Bella Vista Water Co., Inc.	
Name of System	ADEQ Public Water System Number (if applicable)

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2014

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLONS PUMPED	GALLONS PURCHASED
JANUARY	8,454	68,364,602	77,047,279	
FEBRUARY	8,457	67,132,419	70,700,977	
MARCH	8,452	64,209,789	81,705,988	
APRIL	8,536	86,500508	93,861,535	
MAY	8,594	91,002,544	110,243,430	
JUNE	8,640	106,666,932	123,095,695	
JULY	8,597	110,388,987	98,609,992	
AUGUST	8,605	93,298,976	83,773,375	
SEPTEMBER	8,607	86,104,521	74,594,394	
OCTOBER	8,554	74,355,008	84,882,168	
NOVEMBER	8,873	87,287,465	76,638,781	
DECEMBER	8,880	72,586,993	72,989,009	
	TOTALS →	1,007,898,744	1,047,962,623	

What is the level of arsenic for each well on your system? _see attached__ mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? _1300___GPM for __2_hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
(X) Yes ( ) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
( ) Yes (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
( ) Yes (X) No

If yes, provide the GPCPD amount:_____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Northern Sunrise Water Company

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-807770	5	28	434	6	1	1971
55-220433	20	140	570	8	2	2011
55-807772	5	10	342	8	2	1960
55-807773	10	110	302	8	2	1958

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	1		
10	1		
9	2		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
100,000	1	2000	1
35,000	2	1,500	1
		81	3

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Northern Sunrise Water Company	
Name of System	ADEQ Public Water System Number (if applicable)

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLONS PUMPED	GALLONS PURCHASED
JANUARY	336	1,442,462	1,716,661	
FEBRUARY	343	1,712466	1,653,853	
MARCH	344	1,614,519	2,119,873	
APRIL	342	2,026,670	2,503,670	
MAY	347	2,459,846	3,238,196	
JUNE	351	3,330,519	3,518,270	
JULY	350	3,232,106	2,297,079	
AUGUST	343	2,098,014	2,125,144	
SEPTEMBER	347	1,872,724	1,907,024	
OCTOBER	355	1,652,360	1,975,013	
NOVEMBER	346	1,924,145	2,046,197	
DECEMBER	347	1,499,256	1,758,891	
	TOTALS →	24,865,087	26,859,871	

What is the level of arsenic for each well on your system? _____mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? ____GPM for ____hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
(X) Yes ( ) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
( ) Yes (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
( ) Yes (X) No

If yes, provide the GPCPD amount:_____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

Arsenic Levels for Bella Vista, Northern Sunrise, and Southern Sunrise		
System	CONTAMINANT	RESULTS
Coronado	Arsenic	0.0032
Sierra Sunset	Arsenic	0.0029
Mustang	Arsenic	0.0044
Crystal	Arsenic	0.0030
Cochise-Horseshoe/Naranja	Arsenic	<0.001
Cochise-Horseshoe/Jaxel	Arsenic	<0.001
Miracle Valley-Well #1	Arsenic	0.0018
BV South-Ash	Arsenic	<0.001
BV South-Stump	Arsenic	<0.001
BV South-Well #10	Arsenic	<0.001
BV South-Well #9	Arsenic	<0.001
BV South-Well #3	Arsenic	<0.001
BV South-Well #15, #116 & #17	Arsenic	<0.001
BV South-Rail Oaks Well #1 & #2	Arsenic	<0.001
BV South-Rio Grande	Arsenic	<0.001
BV South-Fairfield	Arsenic	<0.001

COMPANY NAME: Southern Sunrise Water Company

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-550951	5	45	144	10	2	1995
55-805546	5	25	458	8	1 1/2	1973
55-563118	5	75	150	8	2	1997
55-563117	5	45	145	6	2	1997
55-527262	10	110	298	6	2	1990
55-630018	40	150	524	16	6	1959

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	1		
10	4		
15	3		
2	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
170,000	1	1,000	2
10,000	1	3,000	1
16,000	2	100	1
100,000	1	81	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Southern Sunrise Water Company	
Name of System	ADEQ Public Water System Number (if applicable)

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	Unknown
3	PVC	Unknown
4	PVC	Unknown
5		
6	PVC	Unknown
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X ¾	856
3/4	
1	3
1 1/2	
2	1
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:
Chlorinator Injector Pumps & 40 Gallon Tank

STRUCTURES:
Small Sheds, building at Horseshoe, 6" chainlink fences at Jaxel, Horseshoe, Naranja & Miracle Valley

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Southern Sunrise Water Company	
Name of System	ADEQ Public Water System Number (if applicable)

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLONS PUMPED	GALLONS PURCHASED
JANUARY	808	3,889,147	5,069,800	
FEBRUARY	813	3,87,6423	4,918,064	
MARCH	865	4,137,030	5,718,316	
APRIL	817	4,895,814	6,300,874	
MAY	821	5,564,247	7,251,494	
JUNE	825	6,908,121	8,322,276	
JULY	807	6,626,182	5,99,3655	
AUGUST	800	4,680,680	5,542,832	
SEPTEMBER	805	4,168,466	5,085,646	
OCTOBER	818	3,835,404	5,256,014	
NOVEMBER	796	4,303,861	4,877,490	
DECEMBER	801	3,498,197	4,81,7650	
	TOTALS →	56,383,572	69,154,111	

What is the level of arsenic for each well on your system? _____mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? ____GPM for ____hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
(X) Yes ( ) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
( ) Yes (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
( ) Yes (X) No

If yes, provide the GPCPD amount:_____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

ATTACHMENT 2

TABLE OF CONTENTS

Sheet No.

PART ONE STATEMENT OF CHARGES FOR WATER SERVICE 1
I. RATES – General Residential, Commercial, and Industrial Service 1
A. Monthly Usage Charge 1
B. Commodity Rates 2
C. Service Line and Meter Installation Charges 3
D. Service Charges 4
II. TAXES AND ASSESSMENTS 5
III. PERMITTED COSTS 6
IV. CROSS-CONNECTION OR BACKFLOW TARIFF 7
V. INTERRUPTIBLE SERVICE; COMPANY'S LIABILITY LIMITATIONS 8
VI. RULES AND REGULATIONS 8
VII. CURTAILMENT PLAN FOR LIBERTY UTILITIES (BELLA VISTA WATER) CORP. 9

PART TWO HOOK UP FEES 10

PART THREE STATEMENT ALTERNATE RATES FOR WATER (ARW) DOMESTIC SERVICE – SINGLE FAMILY ACCOMMODATION 11

Matthew Garlick, President
Liberty Utilities (Bella Vista Water Corp.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392

Applies to all service areas

PART ONE

STATEMENT OF CHARGES

I. RATES – General Residential, Commercial, and Industrial Service

In Decision No. _____, issued _____, the Commission approved the following rates and charges **effective** _____:

A. Monthly Usage Charge

Meter Size Inches	**Minimum Charge Per Month**
5/8" x 3/4" Meter	$ 19.20
3/4" Meter	28.80
1" Meter	48.00
1 1/2" Meter	96.00
2" Meter	153.60
3" Meter	307.20
4" Meter	480.00
6" Meter	960.00
8" Meter	1,536.00
10" Meter	2,208.25
12" Meter	4,128.00

Applies to all **WATER** service areas

PART ONE

STATEMENT OF CHARGES

Meter Size	**Consumption**	**Charge**
4" Meter – All Classes (except standpipe)	0 to 158,000 gallons	3.07
	Over 158,000 gallons	3.82
6" Meter – All Classes (except standpipe)	0 to 327,000 gallons	3.07
	Over 327,000 gallons	3.82
8" Meter – All Classes (except standpipe)	0 to 584,000 gallons	3.07
	Over 584,000 gallons	3.82
10" Meter – All Classes (except standpipe)	0 to 870,000 gallons	3.07
	Over 870,000 gallons	3.82
12" Meter – All Classes (except standpipe)	0 to 1,500,000 gallons	3.07
	Over 1,500,000 gallons	3.82

Standpipe (hydrant, bulk)		3.82

Meter Size	**Consumption**	**Charge**
Fire Lines – 4 inch		(1)
Fire Lines – 6 inch		(1)
Fire Lines – 8 inch		(1)
Fire Lines – 10 inch		(1)
Fire Lines – 12 inch		(1)

(1): As authorized by A.A.C. R14-2-408(B), the charge for fire lines shall be 2% of the equivalent monthly meter size or $10, whichever is greater for all meter sizes.

Applies to all service areas

PART ONE

STATEMENT OF CHARGES

C. Service Line and Meter Installation Charges

(Refundable pursuant to A.A.C. R14-2-405)

Meter Size	**Service Line**	**Meter**	**Total**
5/8 x 3/4" Meter	At Cost	At Cost	At Cost
3/4" Meter	At Cost	At Cost	At Cost
1" Meter	At Cost	At Cost	At Cost
1 1/2" Meter	At Cost	At Cost	At Cost
2" Meter/Turbine	At Cost	At Cost	At Cost
2" Meter/Compound	At Cost	At Cost	At Cost
3" Meter/turbine	At Cost	At Cost	At Cost
3" Meter/Compound	At Cost	At Cost	At Cost
4" Meter/Turbine	At Cost	At Cost	At Cost
4" Meter/Compound	At Cost	At Cost	At Cost
6" Meter/Turbine	At Cost	At Cost	At Cost
6" Meter/Compound	At Cost	At Cost	At Cost
8" Meter & Larger	At Cost	At Cost	At Cost

Applies to all service areas

PART ONE

STATEMENT OF CHARGES

D. Service Charges

Service	Charge
Establishment (Regular Hours)	$25.00
Re-Establishment (within 12 months)	(1)
Re-Connection (Delinquent)	(2)
Meter Test (if correct)	$30.00
Meter Re-Read (if correct)	$20.00
Deposit (Residential)	(3)
Deposit (Non-Residential)	(4)
Deposit Interest	6.00%
NSF Check	$10.00
Deferred Payment Finance Charge	1.5% per month
Late Charge	1.5% per month
After Hours Service Charge (a)	$50.00
Moving meter at customer request	At Cost
Off-site Facilities Hook-Up Fee	Per Hook-Up Fee Tariff

(1) As authorized by A.A.C. R14-2-403(D), residential and non-residential customers shall pay the applicable minimum charge times number of months disconnected.

(2) Customer shall pay the actual cost of physical disconnection and Establishment (if same customer) and there shall be no charge for disconnection if no physical work is performed.

(3) As authorized by A.A.C. R14-2-403(B), the deposit for residential customers is two times average bill.

(4) As authorized by A.A.C. R14-2-403(B), the deposit for non-residential customers is two and one-half times average bill.

(a) At customer's request. No charge for service during normal working hours.

Applies to all service areas

PART ONE

STATEMENT OF CHARGES

II. TAXES AND ASSESSMENTS

In addition to all other rates and charges authorized herein, the Company shall collect from its customers all applicable sales, transaction, privilege, regulatory or other taxes and assessments as may apply now or in the future, per A.A.C. R14-2-409(D)(5).

Applies to all **WATER** service areas
PART ONE
STATEMENT OF CHARGES

III. PERMITTED COSTS

A. Costs shall be verified by invoice.

B. For services that are provided by the Company at cost, costs shall include labor, materials, other charges incurred, and overhead not to exceed 10%. However, prior to any such service being provided, the estimated cost of such service will be provided by the Company to the customer. After review of the cost estimate, the customer will pay the amount of the estimated cost to the Company.

C. In the event that the actual cost is less than the estimated cost, the Company will refund the excess to the customer within 30 days after completion of the provision of the service or after Company's receipt of invoices, timesheets or other related documents, whichever is later.

D. In the event the actual cost is more than the estimated cost, the Company will bill the customer for the amount due within 30 days after completion of the provision of the service or after the Company's receipt of invoices, timesheets or other related documents, whichever is later. The amount so billed will be due and payable 30 days after the invoice date. However, if the actual cost is more than five percent (5%) greater than the total amount paid, the customer will only be required to pay five percent (5%) more than the total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the total amount paid was made.

E. At the customer's request, the Company shall make available to the customer all invoices, timesheets or related documents that support the cost for providing such service.

F. Permitted costs shall include any Federal, State or local taxes that are or may be payable by the Company as a result of any tariff or contract for water facilities under which the Customer advances or contributes funds or facilities to the Company.

Applies to all **WATER** service areas

STATEMENT OF TERMS AND CONDITIONS FOR WATER SERVICE

IV. CROSS-CONNECTION OR BACKFLOW TARIFF

PURPOSE.

The purpose of this tariff is to protect Liberty Utilities (Bella Vista Water) Corp. ("Company") from the possibility of contamination caused by the backflow of contaminates that may be present on the customer's premises by requiring the installation and periodic testing of backflow prevention assemblies pursuant to the provisions of Arizona Administrative Code (A.A.C.) R14-2-405.B.6 and A.A.C. R18-4-215.

REQUIREMENTS.

In compliance with the rules and regulations of the Arizona Corporation Commission ("Commission") and the Arizona Department of Environmental Quality ("ADEQ"), specifically A.A.C. R14-2-405.B.6 and A.A.C. R18-4-215 relating to backflow prevention:

1. The Company may require a customer to pay for and install a backflow-prevention assembly if A.A.C. R18-4-215.B or C applies.

2. Any backflow-prevention assembly required to be installed by the customer under Paragraph 1 of this tariff shall comply with the requirements set forth in A.A.C. R18-4-215.D and E.

3. Subject to the provision of A.A.C. R14-2-407 and 410 and in accordance with Paragraphs 1 and 7 of this tariff, the Company may terminate service or may deny service to a customer who fails to install a backflow-prevention assembly as required by this tariff.

4. The Company shall give any existing customer who is required to install a backflow-prevention assembly written notice of said requirement. If A.A.C. R14-2-410.B.1.a. is **not** applicable, the customer shall be given thirty (30) days from the time such written notice is received in which to comply with this notice. If the customer can show good cause as to why she or he cannot install the device within thirty (30) days, the Company or Commission Staff may suspend this requirement for a reasonable period of time.

Applies to all **WATER** service areas

STATEMENT OF TERMS AND CONDITIONS FOR WATER SERVICE

5. Testing shall be in conformance with the requirement of A.A.C. R18-4-215.F. The Company may require the customer to pay to have the backflow-prevention assembly tested as long as the Company does not require an unreasonable number of tests. The Company may also require the customer to pay for repairs to a backflow-prevention assembly.

6. The customer shall provide the Company with records of installation and testing. For each backflow-prevention assembly, these records shall include:

   a. assembly identification number and description;
   b. location;
   c. date(s) of test(s);
   d. description of repairs and recommendations for repairs made by tester; and
   e. the tester's name and certification number.

7. In the event the backflow-prevention assembly does not function properly or fails any test, and an obvious hazard as contemplated under A.A.C. R14-2-410.B.1.a. exists, the Company may terminate service immediately and without notice. The backflow-prevention assembly shall be repaired or replaced by the customer and retested before service is restored.

8. In the event the backflow-prevention assembly does not function properly or fails any test, or in the event that a customer fails to comply with the testing requirement, and A.A.C. R14-2-410.B.1.a. is **not** applicable, the backflow-prevention assembly shall be repaired or replaced within fourteen (14) days of the initial discovery of the deficiency in the assembly or its function. Failure to remedy the deficiency or dysfunction of the assembly, or failure to retest, shall be grounds for termination of water service in accordance with A.A.C. R14-2-410.

Applies to all **WATER** service areas

STATEMENT OF TERMS AND CONDITIONS FOR WATER SERVICE

V. INTERRUPTIBLE SERVICE; COMPANY'S LIABILITY LIMITATIONS

The Company will supply only such water at such pressures as may be available from time to time as a result of the normal operation of its water system. The Company will maintain a minimum water pressure of 20 p.s.i. and will not guarantee a specific gallons per minute flow rate at any public fire hydrants or fire sprinkler service. In the event service is interrupted, irregular or defective, or fails from causes beyond the Company's control or through ordinary negligence of its employees or agents, the Company will not be liable for any injuries or damages arising therefrom.

VI. RULES AND REGULATIONS.

The Company has adopted the Rules and Regulations established by the Commission as the basis for its operating procedures. A.A.C. R14-2-401 through A.A.C. R14-2-411 will be controlling of Company's procedures, unless specific Commission Order(s) provide otherwise.

VII. CURTAILMENT PLAN FOR LIBERTY UTILITIES (BELLA VISTA WATER) CORP.

Authority.

Company is authorized to curtail water service to all customers under the following terms and conditions listed in this tariff.

This curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff, or any amendment thereof, a no later than sixty (60) days after the effective date of the tariff or the applicable amendment.

SOUTH SYSTEM CURTAILMENT PLAN

Definitions.

When capitalized in this Tariff, the following terms shall have the meaning set forth herein.

a. "Storage Capacity" means the combined total amount of capacity of the two storage tanks, out of the four major storage tanks shown on the attached Addendum, having the least amount of water in storage as a percentage of their storage capacity at the time of measurement.

   The Company may, after notice to the Consumer Services Supervisor, Utilities Division, use an alternative definition of "Storage Capacity" in relation to specified storage tanks where Company determines the general definition is inappropriate or inadequate to implement curtailment in specific portions of its South System. In such circumstances, Company shall identify the critical storage tank or tanks involved and shall define the terms "storage capacity" and "stored water" in relation to the identified storage tank or tanks. The procedure set forth in this tariff will then be applied to curtail service to the customers served by the storage tank or tanks so identified after approval by the Utilities Division Director.

b. "Stored Water" means the amount of water in storage in the Storage Capacity.

Stage 1 Exists When:

a. The Company is able to maintain Stored Water at 85% of Storage Capacity and there are no known problems with its well production or water storage in the South System.

b. Under Stage 1, the Company is deemed to be operating normally and no curtailment is necessary.

Stage 2 Exists When:

a. The amount of Stored Water has been less than 85% of Storage Capacity for at least 48 consecutive hours; or

b. The Company has identified issues (such as a steadily declining water table, an increased draw-down threatening pump operations, leaks in the storage tanks, poor water production higher than usual water demand, etc.) creating a reasonable belief the Company will be unable to meet anticipated water demand in the South System.

c. Under Stage 2, the Company may request the customers to voluntarily employ water conservation measures to reduce water consumption, including limiting outside watering to essential water, dividing outside watering on some uniform basis (such as even and odd days) and eliminating outside watering on weekends and holidays.

Stage 3 Exists When:

a. The amount of Stored Water has been less than 70% of Storage Capacity for at least 48 consecutive hours; or

b. The Company is having difficulty maintaining Stored Water 80% of Storage Capacity for a 24 consecutive hour period and the Company has identified issues (such as a steady declining water table, an increased draw-down threatening pump operations, leaks in the storage tank, poor water production, higher than usually water demand, etc.) creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

c. Under Stage 3 the Company shall request the customers to voluntarily employ water conservation measures and eliminate all outside water, except livestock, and to employ indoor water conservation techniques wherever possible.

Stage 4 Exists When:

a. The amount of Stored Water has been less than 60% of Storage Capacity for at least 24 consecutive hours.

b. Under Stage 4 the following Mandatory Water conservation Restrictions shall be in effect after not less than 12 hours notice to the South System customers and the

Matthew Garlick, President
Liberty Utilities (Bella Vista Water Corp.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392

Consumer Services Supervisor, Utilities Division of the time Stage 4 will go into effect and the expected duration of Stage 4:

1) Irrigation of outdoor lawns, trees, shrubs, or *any* plant life is prohibited.
2) Washing of any vehicle is prohibited.
3) The use of water for dust control or any outdoor cleaning uses is prohibited
4) The use of drip or misting systems of any kind is prohibited.
5) The filling of any swimming pools, spas, fountains or ponds is prohibited.
6) The filling of storage tank or any other water hoarding is prohibited.
7) Any other outdoor water intensive activity shall be prohibited.
8) No new connections will be permitted.

Stage 5 Exists When:

a. The amount of Stored Water has been less than 20% of Storage Capacity for at least 24 consecutive hours.

b. Under Stage 5, in addition to the Stage 4 Mandatory Water Conservation Restrictions, the Company shall:

1) Utilize its potable tank to haul water and fill the system storage tanks in an effort to bring the Stored Water to between 25% - 30% of Storage Capacity.
2) Be authorized to intentionally interrupt water service for up to four (4) consecutive hours, once a day at off peak times (i.e., between the hours of 1 pm and 4:00 am and 1O:00 am and 4:00 pm) in an effort to bring the Stored Water to between 20% -25% of Storage Capacity.
3) If Stored Water falls to 15 % of Storage Capacity or less, be authorized to intentionally interrupt water service up to six (6) consecutive hours at any time during the day, in an effort to bring Stored Water to between 15% - 20% of Storage Capacity.

Notice.

1. Generallv. The Company shall provide its South System customers notice of Stages 2, 3,4 and 5 by delivering written notice door-to-door at each service address or by United States First Class Mail, postage prepaid, to the billing address or, at the Company's option both. The Notice shall notify the customer of the need to conserve water and the general nature of the problem. The Notice shall also provide a number where questions will be answered. Where the Company has provided Notice of a curtailment stage, it will provide Notice that the stage has ended within one (1) business day of its termination.

2. Stages 2 and 3. Notice of Stages 2 and 3 may be provided separately or combined at the Company's option. Such notice shall be provided no later than one (1) business day after the later of:
    a. The effective date of this Tariff; or
    b. The date the Stored Water has reached the designated level of Storage Capacity for the designated time period; or
    c. In the case of a combined notice, the date the Stored Water has dropped below 80% of defined Storage Capacity.

3. Stages 4 and *5*. Notice of Stages 4 and 5 shall be noticed separately and shall be given to the Company's South System customers and the Consumer Services Supervisor, Utilities Division not less than 12 hours before the mandatory conservation measures of that Stage is effective.

Such Notice shall specify what mandatory water use restrictions are in effect, when the restrictions go into effect, how long the restrictions are likely to be in effect and that violations of the mandatory water use restrictions will subject the customer to immediate termination of water service without further notice; provided, however, persons will receive one warning if notice is provided only by United States mail and the violation occurs within three business days of the Notice being placed in the United States mail. The Notice shall also provide a number where violations may be reported and the customer can determine if the restrictions have been lifted.

Presumptive Violations.

Any customer using in excess of 600 gallons of water per day (i.e., at the rate of 18,000 gallons every thirty days) is presumed to be violating the mandatory restrictions imposed in stages 4 and 5. The notice of curtailment provided with stages 2, 3,4 and *5* shall include the following:

> "Any customer with water usage in excess of 600 gallons per day i.e., equivalent to 18,000 gallons per month) ***during a stage 4 or 5 curtailment*** is presumed to be violating the mandatory restrictions and is subject to having their water service terminated.
>
> According to the American Water Works Association, average daily indoor water use per person is between 52 and 74 gallons and includes: 9.6 -20.1 gallons for toilet flushing; 10 - 12.6 gallons for a shower; 10.6 - 15.1 gallons to run a washing machine; 11 gallons from their indoor faucets; and 5 -10 gallons for leaks. 50 to 70% of home water is used outside for lawns and gardens. Using 600 gallons per day during a curtailment is generally unnecessary and contrary to the need to conserve water. Providing reasonable amounts of water to livestock and domestic animals is not prohibited."

If a customer is exceeding the presumptive limit of 600 gallons per day during a stage 4 or stage *5* condition, the customer shall be noticed of this exceedance but service shall not be terminated until two business days have lapsed, after notice is received by the Customer. After notice is received and

prior to termination, the customer may present to the Company evidence which demonstrates that the excess usage was the consequence of allowed water use and not the result of restricted water conservation activities. If the Company determines that the evidence is valid, water service shall continue. This special notice provision applies only to a presumptive violation occurrence.

To determine if a customer is using more than 600 gallons per day while Mandatory Water Conservation Restrictions are in effect during Stage 4 or Stage *5,* the Company may either:

i. Use a regular monthly meter reading to determine the customer's average daily use if the Restrictions were in effect for the entire billing period.

ii. Make at least two special meter readings at least 36 hours apart to determine the customer's average daily use over that period. The company shall immediately notify the customer of the first special meter reading and shall not charge a customer for any special meter readings under this provision.

At any time, a customer may provide documentation satisfactory to the Company that their water use is for authorized purposes and not the result of restricted water conservation activities. The Company may then set a different daily gallon use for the presumptive violation limit for that individual customer. However, the Company may void that special presumptive limit, if it is reasonable to believe that the customer's water use circumstances have changed and if notice has been given to that customer.

Reconnection and Contesting Violation.

Any customer terminated for violating a mandatory water use restriction shall not be reconnected so long as the mandatory restrictions are in place; provided, however, Company shall reconnect, without charge, any customer disconnected under the Presumptive Violation provisions of this tariff if the customer provides Company written documentation satisfactory to Company that their water use is for authorized purposes and not the result of restricted water conservation activities.

Further, Company may allow reconnection during Stages 4 or 5 if (i) Customer provides written documentation satisfactory to Company demonstrating that prohibited water usage has ceased and will not reoccur: (ii) the Customer submits a statement of the conservation efforts it will implement if reconnected; and (iii) Company determines reconnecting the customer will not unduly threaten water availability to its other customers. A customer terminated under this provision of this tariff shall pay all applicable fees and charges authorized by the Arizona Corporation Commission before having service restored.

Any customer terminated for violating a mandatory water use restriction, whether under the presumptive violation provision or otherwise, shall pay all applicable fees and charges authorized by the Arizona Corporation Commission before having service restored. This is in addition to any other

remedy that may be available at law or equity for damages arising from the violation of the mandatory water use restrictions.

If a customer believes he/she has been disconnected in error or the Company has improperly not accepted the customer's documentation for a higher usage limit prior to disconnection, the customer should attempt to resolve the matter with Company but may also contact the Commission's Consumer Services section at 1-800-222-7000 to initiate an investigation.

CITY SYSTEM CURTAILMENT PLAN

It is not practicable to design a single curtailment plan for the Company's City System. Therefore, Company may, after notice to the Consumer Services Supervisor, Utilities Division, implement curtailment where production or storage issues are threatening the Company's ability to provide water service to specific portions of the City System. In such circumstances, Company shall identify the critical storage tank or tanks involved and shall define the terms "Storage Capacity" and "Stored Water" in relation to the identified storage tank or tanks. The procedure set forth in this tariff will then be applied to curtail service to the customers served by the storage tank or tanks so identified after approval by the Utilities Division Director.

CURTAILMENT PLAN FOR RAIL OAKS SYSTEM

A. Authoritv: The Company is authorized to curtail water service within its Rail Oaks System under the following terms and conditions:

1. Stage 1 exists when:

a. The Company is able to maintain water storage in the Rail Oaks System at 85,000 gallons (or 85% of capacity) and there are no known problems with its well production or water storage in the Rail Oaks System.

Under Stage 1, the Company is deemed to be operating normally and no curtailment is necessary.

2. Stage 2 exists when:

a. The Company's Rail Oaks System total storage has been less than 85,000 gallons (or 85% of capacity) for at least 48 consecutive hours; or

b. The Company has identified issues (such as a steadily declining water table, an increased draw-down threatening pump operations, leaks in the storage tank, poor water production, higher than usual water demand etc.) creating a reasonable belief the Company will be unable to meet anticipated water demand in the Rail Oaks System.

Under Stage 2, the Company may request the customers to voluntarily employ water conservation measures to reduce water consumption, including limiting outside watering to essential water, dividing outside watering on some uniform basis (such as even and odd days) and eliminating outside watering on weekends and holidays.

3. Stage 3 exists when:

a. The Company's Rail Oaks System total storage has been less than 70,000 gallons (or 70% of capacity) for at least 48 consecutive hours; or

b. The Company is having difficulty maintaining. total storage at 80,000 gallons (or 80 % of capacity) for a 24 consecutive hour period and the Company has identified issues (such as a steadily declining water table, an increased draw-down threatening pump operations, leaks in the storage tank, poor water production, higher than usual water demand etc.) creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Under Stage 3 the Company shall request the customers to voluntarily employ water conservation measures and eliminate all outside watering, except livestock, and to employ indoor water conservation techniques wherever possible.

4. Stage 4 exists when:

a. The Company's Rail Oaks System total storage has been less than 60,000 gallons (or 60% of capacity) for at least 48 consecutive hours; or

b. The Company's Rail Oaks System total storage has been less than 50,000 gallons (or 50% of capacity) for at least 24 consecutive hours.

Under Stage 4, the following Mandatory Water Conservation Restrictions shall be in effect after not less than twelve hours notice to the Rail Oaks System customers and the Utilities Division Director of the time Stage 4 will go into effect and the expected duration of Stage 4:

i. Irrigation of outdoor lawns, trees, shrubs, or any plant life is prohibited.

ii. Washing of any vehicle is prohibited;

iii. The use of water for dust control or any outdoor cleaning uses is prohibited;

iv. The use of drip or misting systems of any kind is prohibited;

v. The filling of any swimming, pools, spas, fountains or ornamental ponds is prohibited;

vi. The filling of storage tanks or any other water hoarding is prohibited;

vii. Any other outdoor water intensive activity shall be prohibited; and

viii. No new connections will be permitted.

5. Stage 5 exists when:

a. The Company's Rail Oaks System total storage has been less than 20,000 gallons (or 20% of total) for at least 24 consecutive hours.

Under Stage *5,* in addition to the Stage 4 Mandatory Water Conservation Restrictions, the Company shall:

i. Utilize its potable tank to haul water and fill the Rail Oaks storage tank in an effort to bring the storage level to between 20,000 and 25,000 gallons; and

ii. Be authorized to intentionally interrupt water service for up to four (4) consecutive hours, once a day at off peak times (i.e., between the hours of 1:00 p.m. and 4:00 a.m. and 10:00 a.m. and 4:00 pm.), in an effort to bring the storage level to between 20,000 and 25,000 gallons.

iii. If storage falls to 10,000 gallons or less, be authorized to intentionally interrupt water service for up to six (6) consecutive hours at any time during the day, in an effort to bring the storage level to between 10,000 and 15,000 gallons.

B. Notice:

1. Generally. The Company shall provide its Rail Oaks customers notice of Stages 2, 3, 4 and 5 by delivering written notice door-to-door at each service address or by United States First Class Mail, postage prepared, to the billing address or at the Company's option, both. The Notice shall notify the customer of the need to conserve water and the general nature of the problem. The Notice shall also provide a number where questions will be answered. Each customer will receive a copy of this Tariff in the first curtailment notice provided to that customer under this Tariff. Where the Company has provided Notice of a curtailment stage, it will provide Notice that the stage has ended within one (1) business day of its termination.

2. Stages 2 and 3. Notice of Stages 2 and 3 may be provided separately or combined at the Company's option. Such notice shall be provided no later than one (1) business day after the later of:

a. The effective date of this Tariff, or

b. The date the storage level has reached the designated level for the designated time period; or

c. In the case of a combined notice, the date the storage level has dropped below 80,000 gallons for 24 consecutive hours.

3. Stages 4 and 5. Notice of Stages 4 and 5 shall be noticed separately and shall be given to the Company's Rail Oaks customers and the Utilities Division Director not less than twelve hours before the mandatory conservation measures of that Stage is effective. Such Notice shall specify what mandatory water use restrictions are in effect, when the restrictions

go into effect, how long the restrictions are likely to be in effect and that violations of the mandatory water use restrictions will subject the customer to immediate termination of water service without further notice; provided, however, persons will receive one warning if notice is provided only by United States mail and the violation occurs within three business days of the Notice being placed in the United States mail. The Notice shall also provide a number where violations may be reported and the customer can determine if the restrictions have been lifted.

The Company shall also notify the Consumer Services Section within 4 hours of the reduction from Stages 4 or 5 to any lesser Stage.

C. Any customer terminated for violating a mandatory water use restriction shall pay all applicable tariffs before having service restored. This is in addition to any other remedy that may be available at law or equity for damages arising from the violation of the mandatory water use restrictions.

Applies to all service areas

PART TWO

HOOK UP FEES

LIBERTY UTILITIES (BELLA VISTA WATER) CORP.
WATER HOOK-UP FEE TARIFF

I. Purpose and Applicability

The purpose of the off-site hook-up fees payable to Liberty Utilities (Bella Vista Water) Corp. ("Company") pursuant to this tariff is to equitably apportion the costs of constructing additional off-site facilities necessary to provide water production, delivery, storage and pressure among all new service connections. These charges are applicable to all new service connections undertaken via Main Extension Agreements, or requests for service not requiring a Main Extension Agreement entered into after the effective date of this tariff. The charges are one-time charges and are payable as a condition to Company's establishment of service, as more particularly provided below.

II. Definitions

Unless the context otherwise requires, the definitions set forth in R-14-2-401 of the Arizona Corporation Commission's ("Commission") rules and regulations governing water utilities shall apply in interpreting this tariff schedule.

"Applicant" means any party entering into an agreement with Company for the installation of water facilities to serve new service connections, and may include Developers and/or Builders of new residential subdivisions and/or non-residential properties.

"Company" means Liberty Utilities (Bella Vista Water) Corp.

"Main Extension Agreement" means any agreement whereby an Applicant, Developer and/or Builder agrees to advance the costs of the installation of water facilities necessary to serve new service connections within a development, or installs such water facilities necessary to serve new service connections and transfers ownership of such water facilities to the Company, which agreement shall require the approval of the Commission pursuant to A.A.C. R-14-2-406, and shall have the same meaning as "Water Facilities Agreement" or "Line Extension Agreement."

"Off-site Facilities" means wells, storage tanks and related appurtenances necessary for proper operation, including engineering and design costs. Offsite facilities may also include booster pumps, pressure tanks, transmission mains and related appurtenances necessary for proper operation if these facilities are not for the exclusive use of the applicant and will benefit the entire water system.

"Service Connection" means and includes all service connections for single-family residential, commercial, industrial or other uses, regardless of meter size.

Applies to all service areas

PART TWO

HOOK UP FEES

III. Water Hook-up Fee

For each new service connection, the Company shall collect an Off-Site Hook-Up Fee derived from the following table:

OFF-SITE WATER HOOK-UP FEE TABLE		
Meter Size	Size Factor	Total Fee
5/8" x 3/4"	1	$1,800
3/4"	1.5	$2,2700
1"	2.5	$4,500
1-1/2"	5	$9,000
2"	8	$14,400
3"	16	$28,800
4"	25	$45,000
6" or larger	50	$90,000

IV. Terms and Conditions

(A) Assessment of One Time Off-Site Hook-up Fee: The off-site facilities hook-up fee may be assessed only once per parcel, service connection, or lot within a subdivision. If a development or subdivision is upsized by Applicant, Builder and/or Developer after assessment of Hook-Up fee by Company, Company may charge additional hook-up fees for such upsizing or expansion by Applicant based on the fee table above.

(B) Use of Off-Site Facilities Hook-up Fee: The off-site facilities hook-up fees may only be used to pay for capital items of off-site facilities, or for repayment of loans obtained to fund the cost of installation of off-site facilities. Off-site hook-up fees shall not be used to cover repairs, maintenance, or operational costs. The Company shall record amounts collected under this tariff as CIAC; however, such amounts shall not be deducted from rate base until such amounts have been expended for plant.

(C) Time of Payment:

1) For those requiring a Main Extension Agreement: In the event that the person or entity that will be constructing improvements ("Applicant", "Developer" or "Builder") is otherwise required to enter into a Main Extension Agreement, whereby the Applicant, Developer or Builder agrees to advance the costs of installing mains, valves, fittings, hydrants and other on-site improvements in order to extend service in accordance with R-14-2-406(B), payment of the Hook-Up Fees

2) required hereunder shall be made by the Applicant, Developer or Builder no later than within 15 calendar days after receipt of notification from the Company that the Utilities Division of the Arizona Corporation Commission has approved the Main Extension Agreement in accordance with R-14-2-406(M), or as otherwise mutually agreement between Applicant and Company.

3) For those connecting to an existing main: In the event that the Applicant, Developer or Builder for service is not required to enter into a Main Extension Agreement, the Hook-Up Fee charges hereunder shall be due and payable at the time the meter and service line installation fee is due and payable.

(D) Off-Site Facilities Construction By Developer: Company and Applicant, Developer, or Builder may agree to construction of off-site facilities necessary to serve a particular development by Applicant, Developer or Builder, which facilities are then conveyed to Company. In that event, Company shall credit the total cost of such off-site facilities as an offset to off-site hook-up fees due under this Tariff. If the total cost of the off-site facilities constructed by Applicant, Developer or Builder and conveyed to Company is less than the applicable off-site hook-up fees under this Tariff, Applicant, Developer or Builder shall pay the remaining amount of off-site hook-up fees owed hereunder. If the total cost of the off-site facilities contributed by Applicant, Developer or Builder and conveyed to Company is more than the applicable off-site hook-up fees under this Tariff, Applicant, Developer or Builder shall be refunded the difference upon acceptance of the off-site facilities by the Company.

(E) Failure to Pay Charges; Delinquent Payments: The Company will not be obligated to make an advance commitment to provide or actually provide water service to any Developer, Builder or other applicant for service in the event that the Developer, Builder or other applicant for service has not paid in full all charges hereunder. Under no circumstances will the Company set a meter or otherwise allow service to be established if the entire amount of any payment due hereunder has not been paid.

(F) Large Subdivision Projects: In the event that the Applicant, Developer or Builder is engaged in the development of a residential subdivision containing more than 150 lots, the Company may, in its discretion, agree to payment of off-site hook-up fees in installments. Such installments may be based on the residential subdivision development's phasing, and should attempt to equitably apportion the payment of charges hereunder based on the Applicant's, Developer's or Builder's construction schedule and water service requirements.

(G) Off-Site Hook-Up Fees Non-refundable: The amounts collected by the Company as Hook-Up Fees pursuant to the off-site hook-up fee tariff shall be non-refundable contributions in aid of construction ("CIAC").

(H) Use of Off-Site Hook-Up Fees Received: All funds collected by the Company as off-site hook-up fees shall be deposited into a separate unaffiliated third-party interest bearing bank account and used solely for the purposes of paying for the costs of installation of off-site facilities, including repayment of loans obtained for the installation of off-site facilities that will benefit the entire water system.

(I) Off-Site Hook-up Fee in Addition to On-site Facilities: The off-site hook-up fee shall be in addition to any costs associated with the construction of on-site facilities under a Main Extension Agreement.

Applies to all service areas

PART TWO

HOOK UP FEES

(J) Disposition of Excess Funds: After all necessary and desirable off-site facilities are constructed utilizing funds collected pursuant to the off-site hook-up fees, or if the off-site hook-up fee has been terminated by order of the Arizona Corporation Commission, any funds remaining in the unaffiliated third-party interest bearing bank account shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.

(K) Fire Flow Requirements: In the event the applicant for service has fire flow requirements that require additional facilities beyond those facilities whose costs were included in the off-site hook-up fee, and which are contemplated to be constructed using the proceeds of the off-site hook-up Fee, the Company may require the applicant to install such additional facilities as are required to meet those additional fire flow requirements, as a non-refundable contribution, in addition to the off-site hook-up fee.

(L) Status Reporting Requirements to the Commission: The Company shall submit a calendar year Off-Site Hook-Up Fee status report each January to Docket Control for the prior twelve (12) month period, beginning January 201__, until the hook-up fee tariff is no longer in effect. This status report shall contain a list of all customers that have paid the hook-up fee tariff, the amount each has paid, the physical property in respect of which such fee was paid, the amount of money spent from the account, the amount of interest earned on the funds within the tariff account, and an itemization of all facilities that have been installed using the tariff funds during the 12 month period.

Applies to all service areas

PART THREE

ALTERNATE RATES FOR WATER (ARW)

DOMESTIC SERVICE – SINGLE FAMILY ACCOMMODATION

APPLICABILITY

Applicable to residential water service for domestic use rendered to low-income households where the customer meets all the program qualifications and special conditions of this rate schedule.

TERRITORY

Within all customer service areas served by Liberty Utilities (Bella Vista Water) Corp. ("Liberty Bella Vista" or "Company" ").

RATES

Fifteen percent (15%) discount applied to the regular filed tariff.

PROGRAM QUALIFICATIONS

1. Liberty Bella Vista bill must be in your name and the address must be your primary residence or you must be a tenant receiving water service by a sub-metered system.
2. You may not be claimed as a dependent on another person's tax return.
3. You must reapply each time you move residences.
4. You must renew your application once every two (2) years, or sooner, if requested.
5. You must recertify each year by submitting a declaration attesting to your continuing eligibility, and provide one of the following items as proof of eligibility: 1) copy of tax return from prior year; or 2) copy of W2 form from prior year; or 3) copy of welfare / food stamp cards.
6. You must notify Liberty Bella Vista within thirty (30) days if you become ineligible for ARW.
7. Your total gross annual income of all persons living in your household cannot exceed the income levels below:

Applies to all service areas

PART THREE

ALTERNATE RATES FOR WATER (ARW)

DOMESTIC SERVICE – SINGLE FAMILY ACCOMMODATION

Effective: January 20, 2016

No. of Person in Household	Total Gross Annual Income
1	$XX,XXX
2	XX,XXX
3	XX,XXX
4	XX,XXX
5	XX,XXX
6	XX,XXX

For each additional person residing in the household, add $X,XXX

For the purpose of the program the "gross household income" means all money and non cash benefits, available for living expenses, from all sources, both taxable and non taxable, before deductions for all people who live in your home. This includes, but is not limited to:

Wages or salaries
Interest or dividends from:
Savings account, stocks or bonds
Unemployment benefits
TANF (AFDC)
Pensions
Gifts

Social Security, SSI, SSP
Scholarships, grants, or other aid used for living expenses
Disability payments
Food Stamps
Insurance settlements

Rental or royalty income
Profit from self-employment (IRS form Schedule C, Line 29)
Worker's Compensation
Child Support
Spousal Support

Applies to all service areas

PART THREE

ALTERNATE RATES FOR WATER

DOMESTIC SERVICE – SINGLE FAMILY ACCOMMODATION

SPECIAL CONDITIONS

1. Application and Eligibility Declaration: An application and eligibility declaration on a form authorized by the Commission is required for each request for service under this schedule. A customer must reapply every two (2) years.

2. Recertification: A customer enrolled in the ARW program must, each year, recertify by submitting a declaration attesting to continuing eligibility, and provide one of the following items as proof of eligibility: 1) copy of tax return from prior year; or 2) copy of W2 form from prior year; or 3) copy of welfare / food stamp cards.

3. Commencement of Rate: Eligible customers whose applications have been approved shall be billed on this schedule commencing with the next regularly scheduled billing period that follows receipt of application by Liberty Bella Vista.

4. Verification: Information provided by the applicant is subject to verification by Liberty Bella Vista. Refusal or failure of a customer to provide documentation of eligibility acceptable to Liberty Bella Vista, upon request by Liberty Bella Vista, shall result in removal from this rate schedule.

5. Notice from Customer: It is the customer's responsibility to notify Liberty Bella Vista if there is a change of eligibility status.

6. Rebilling: Customers may be re-billed retroactively for periods of ineligibility under the applicable rate schedule.

7. Master-metered: A reduction will be calculated in the bill of master-metered customers who have sub-metered tenants that meet the income eligibility criteria, so an equivalent discount (15%) can be passed through to eligible customer(s).

8. Participation Cap: The ARW program is limited to 2,400 customers. Applications will be reviewed and approved on a first come, first served basis. Applicants will be placed on a waiting list if the participation cap has been met.

RECOVERY OF COST OF LOW INCOME TARIFF AND CUSTOMER SURCHARGE

Under the terms of Company's Alternate Rates for Water (ARW) Domestic Service, qualifying low-income customers receive a 15 percent discount applied to the Company's regular filed tariff rates for water service. The cost of the ARW tariff shall be recovered by Company from a monthly low income tariff surcharge on all residential and non-residential water customers who are not participating in the ARW program. Specifically, Company is entitled to seek recovery of direct costs (*i.e.,* those costs directly associated with the program, and would not be incurred in the absence of the program). Company shall account for those direct costs separately from other operating costs.

Company shall be entitled to implement a monthly low income tariff surcharge on non-participating residential and non-residential water customers as follows.

- For customers participating in ARWW, the Company shall maintain a separate balancing account for water customers detailing the beginning and ending balance of the cumulative unrecovered program costs each month.

- Company's authorized rate of return shall be applied monthly to the average of the beginning balance of the cumulative unrecovered program costs for water service and included in the beginning balances for the following month.

- Using the separate balancing account for water customers, Company shall calculate a monthly surcharge for water customers. The water surcharge shall be calculated as follows:

  (Ending Balance for Low-Income Tariff Balancing Account including amortized carrying costs during recovery period/ Active water and wastewater connections at year end)/12

- The ending balance in the balancing account shall equal the beginning balancing plus discounts allowed on bills for the twelve month tracking period, plus direct program costs incurred in the twelve month period plus carrying charges less surcharge fees billed in the twelve month tracking period.

- Company shall implement a monthly water surcharge for the ARW program for each twelve month period of the ARW Program. Company shall calculate the monthly water surcharge each year based on the active number of water connections as of December 31 of the prior year. Company shall file notice of the water surcharge, along with a report on the ARW Program, with the Arizona Corporation Commission on or before January 31 and the surcharges shall be implemented on customer bills in February of each year with the recovery period ending in January of the following year.

Application for
Alternate Rates for Water (ARW)

To qualify for Liberty Bella Vista ARW please check (✓) all that apply:

☐ I am a Liberty Bella Vista residential customer and the Liberty Bella Vista account is in my name.

☐ I am a sub-metered tenant within the Liberty Bella Vista service area.

☐ My household income is at or below the income level in the listing below.

Household Size	Total Gross Annual Income from All Sources
1	$XX,XXX
2	$XX,XXX
3	$XX,XXX
4	$XX,XXX
5	$XX,XXX
6	$XX,XXX

For each additional person residing in the household, add $X,XXX.

The definition of "gross household income" (before taxes) is all money and non cash benefits available for living expenses from all sources, both taxable and non taxable, before deductions, including expenses, for all people who live in your home. **This includes, but is not limited to the following (please check (✓) all that apply):**

☐ Wages, salaries or profit from self-employment
☐ Disability and/or Workers' Compensation payments
☐ Insurance and/or legal settlements
☐ Pensions
☐ Spousal and/or child support
☐ Scholarships, grants, or other aid used for living
☐ Interest/dividends from: savings, stocks, bonds, or retirement accounts
☐ Social Security, SSI or SSP
☐ Food Stamps
☐ TANF (AFDC)
☐ Veterans Affairs benefits
☐ Unemployment benefits
☐ Rental and/or royalty income
☐ Cash, gifts and/or other income

Please print the following information. **Incomplete information will delay your discount.** The name used to apply for the discount **must** be the same as the name on the Liberty Bella Vista statement.

PLEASE PRINT LEGIBLY		
Liberty Bella Vista Account Number (As shown on statement)	-	
Total No. of persons living in household:	Household's Total Gross Annual Income: $	Contact Phone Number
Name as shown on Liberty Bella Vista statement		
Liberty Bella Vista Service Address		
City	State	Zip Code

Please attach one of the items listed as proof of income for eligibility verification: Copy of tax return from prior year, or copy of W2 from prior year, or copy of welfare / food stamp cards.

By signing below, I certify under penalty of perjury that this information is true and correct under the laws of the State of Arizona. I will provide proof of income and I will notify Liberty Bella Vista of any changes that affect my eligibility. I understand that if I receive the discount without meeting the qualifications for it, I may be required to pay back the discount I received.

_____ _____
Customer Signature Date

Note: An Application for ARW must be submitted every two years. A Declaration of Eligibility must be submitted annually for verification. Please allow 30-45 days for processing.

Office Use Only: Date Verified _____ Verified By _____ Expires _____

Declaration of Eligibility
Alternate Rates for Water (ARW)

To recertify enrollment in the ARW Program please fill out the following attesting to continuing eligibility:

PLEASE PRINT LEGIBLY																	
Name as shown on Liberty Utilities (Bella Vista Water) Corp. statement																	
Liberty Bella Vista Account Number (As shown on statement)											-						
Liberty Bella Vista Service Address																	
City	State									Zip Code							
Contact Phone Number								Work Phone Number									

I,

_____,
Your Name (Please Print)

Last submitted an Application for Alternative Rates (ARW) on _____
(dd/mm/yyyy)

and hereby confirm my eligibility for the year ending _____.
(dd/mm/yyyy)

Please attach one of the items listed below as proof of income for eligibility verification:
Copy of tax return from prior year, **or copy of W2 form from prior year,** **or copy of welfare / food stamp cards.**

By signing below, I certify under penalty of perjury that this information is true and correct under the laws of the State of Arizona. I will provide proof of income and I will notify Liberty Bella Vista of any changes that affect my eligibility. I understand that if I receive the discount without meeting the qualifications for it, I may be required to pay back the discount I received.

_____ _____
Customer Signature Date

Note: An Application for ARW must be submitted every two years. A Declaration of Eligibility must be submitted annually for verification.

Liberty Utilities (Bella Vista) Water Corp. Alternate Rates for Water (ARW)

Applicability

Applicable to residential water service for domestic use rendered to low-income households where the customer meets all the Program Qualifications and Special Conditions of this rate schedule.

Territory

Within all customer service areas served by Liberty Utilities (Bella Vista Water) Corp.

Discount

Fifteen percent (15%) discount applied to the regular filed tariff. The discount will be applied to the customer's total bill before any adjustments and application of any other taxes, credit, penalties or fees.

Program Qualifications

- The Liberty Bella Vista account must be in your name and the address must be your primary residence in our service area or you must be a tenant receiving water service by a sub-metered system.
- You may not be claimed as a dependent on another person's tax return.
- You must reapply each time you move residences.
- You must renew your application once every two (2) years or sooner if requested.
- You must recertify each year by submitting a declaration attesting to your continuing eligibility, and provide one of the following items as proof of eligibility: 1) copy of tax return from prior year; or 2) copy of W2 form from prior year; or 3) copy of welfare/food stamp cards.
- You must notify Liberty Bella Vista within thirty (30) days if you become ineligible for ARW.
- Your total gross annual income of all persons living in your household cannot exceed the income levels provided on the application.

Special Conditions

- You must fill out and sign the ARW Application completely. Incomplete information will delay your discount. You must reapply every two (2) years.
- You must recertify your enrollment in the ARW annually by submitting a Declaration of Eligibility and providing one of the following items as proof of eligibility: 1) copy of tax return from prior year; or 2) copy of W2 form from prior year; or 3) copy of welfare/food stamp cards.
- Customers shall be billed on this schedule commencing with the next regularly scheduled billing period that follows the receipt and approval of the application by Liberty Bella Vista.
- Documentation of your gross annual income must be provided to Liberty Bella Vista for verification of eligibility for ARW. Refusal or failure to provide documentation of acceptable eligibility to Liberty Bella Vista shall result in removal from this rate schedule.
- It is the customer's responsibility to notify Liberty Bella Vista if there is a change in eligibility status.
- You may be re-billed for any periods of ineligibility under the applicable rate schedule.
- Master-metered customers who have sub-metered tenants will receive a reduction in the billing. Sub-metered tenants must qualify and meet the income eligibility criteria so an equivalent discount (15%) can be passed through to eligible customer(s).
- The ARW program is limited to 2,400 customers.

How to Submit Completed ARW Application and/or Declaration of Eligibility

Mail, Fax or Email your ARW Application and Declaration of Eligibility to:
Liberty Utilities (Bella Vista Water) Corp.
4055 Campus Drive
Sierra Vista, AZ 85635
Fax: 520-469-6680
Email: customerservicesierravista@libertyutilities.com

ATTACHMENT 3

LIBERTY UTILITIES (BELLA VISTA WATER) CORP.

PROPOSED PLAN OF ADMINISTRATION FOR PURCHASED POWER ADJUSTMENT MECHANISM

I. GENERAL DESCRIPTION.

This document is the Plan of Administration ("POA") for the Purchased Power Adjustment Mechanism ("PPAM") for Liberty Utilities (Bella Vista Water) Corp. ("Liberty Bella Vista" or "Company") approved by the Arizona Corporation Commission ("Commission") in Decision No. _____ on _____, 2016. The PPAM allows Liberty Bella Vista to pass through to its customers the increase or decrease in purchased power costs that result from a rate change for any Commission-regulated electric service provider supplying retail electric service to the Company.

II. 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 Commission-regulated electric service provider supplying retail electric 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. The Company will provide the Commission with spreadsheets detailing exactly how the Company's purchased power expenses were calculated in the time period prior to a change in the rate that the Company must pay for purchased power. These calculations will include basic service charges and rate and volume figures. That is, the Company 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, the Company 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 rates beyond the Company's control and how much is due to a change in the amount of power that the Company consumes. The Company will only recover increases or refund decreases that are due to changes in rates.

C. All revised schedules filed with the Commission pursuant to the provisions of this PPAM will be accompanied by documentation prepared by the Company in a format approved by Utilities Division Staff of the Commission and will contain sufficient detail to enable the Commission to verify accuracy of the Company'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 the Company's 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.

III. APPLICATION TO SEWER CUSTOMERS.

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

B. See the following example:

Test Year			*Current Year*	
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

Pass Through Calculation	
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

PPAM Charge on Sample Customer Bill	
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

ATTACHMENT 4

LIBERTY UTILITIES (BELLA VISTA WATER) CORP.

PROPOSED PLAN OF ADMINISTRATION FOR PROPERTY TAX ADJUSTMENT MECHANISM

I. GENERAL DESCRIPTION.

This document is the Plan of Administration ("POA") for the Property Tax Adjustment Mechanism ("PTAM") for Liberty Utilities (Bella Vista Water) Corp. ("Liberty Bella Vista" or "Company") approved by the Arizona Corporation Commission ("Commission") in Decision No. _____ on _____, 2016. The PTAM allows Liberty Bella Vista to pass through to its customers the increase or decrease in property taxes that results from a change in the applicable assessment ratio and/or property tax rates.

II. PTAM RELATED FILINGS.

A. Within 60 days of the effective date of a change in the assessment ratio and/or property tax rates applicable to the Company, the Company shall file with Docket Control an analysis of the actual impact on the Company's property tax expenses.

B. The Company will provide the Commission with spreadsheets detailing exactly how the Company's property tax expenses were calculated in the time period prior to a change in the assessment ratio and/or property tax rate that affects the Company's property tax expenses. These calculations will include the assessment ratio, the property tax rates, and the value of the property that was taxed. For the period following the change(s), the Company will provide the same information, then compare the two periods, isolating any change in property tax expense that is due exclusively to changes in the assessment ratio and/or property tax rates. The specific intent is to show exactly how much of any increase or decrease in property tax expense is due to changes in the assessment ratio and tax rates beyond the Company's control and how much is due to changes in the value of the property the Company owns. The Company will only recover increases or refund decreases that are due to changes in the assessment ratio and tax rates.

C. All revised schedules filed with the Commission pursuant to the provisions of this PTAM will be accompanied by documentation prepared by the Company in a format approved by Utilities Division Staff of the Commission and will contain sufficient detail to enable the Commission to verify accuracy of the Company'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 the Company's property tax expenses.

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.

III. APPLICATION TO SEWER CUSTOMERS.

A. The increase or decrease in property tax expenses that are due to changes in the assessment ratio and/or property tax rates at the Company's sewer facilities will be allocated on a per capita basis.

B. See the examples on the next page:

Change in Assessment Ratio Example

Test Year	
Assessment Ratio	**20.00%**
Property Full Cash Value	$10,000,000
Assessed Valuation	$2,000,000

Current Year	
Assessment Ratio	**21.00%**
Property Full Cash Value	$10,000,000
Assessed Valuation	$2,100,000

Change in Assessed Valuation	
Current Year Assessed Valuation	$2,100,000
Test Year Assessed Valuation	$2,000,000
Increase in Assessed Valuation Due to Increase in Assessment Ratio	$100,000

Test Year	
Total Property Tax Rate	10.00%
Assessed Valuation	$2,000,000
Property Tax Expense	$200,000

Current Year	
Total Property Tax Rate	10.00%
Assessed Valuation	$2,100,000
Property Tax Expense	$210,000

PTAM Charge on Sample Customer Bill	
Increase in Property Tax Expense Due to Increase in Assessment Ratio	$10,000
Number of Sewer Customers	20,000
PTAM Charge on Sample Customer Bill	$0.50

Change in Total Property Tax Rate Example

Test Year	
Total Property Tax Rate	**10.00%**
Assessed Valuation	$2,000,000
Property Tax Expense	$200,000

Current Year	
Total Property Tax Rate	**11.00%**
Assessed Valuation	$2,000,000
Property Tax Expense	$220,000

Pass Through Calculation	
Current Year Property Tax Expense	$220,000
Test Year Property Tax Expense	$200,000
Increase in Property Tax Expense Due to Rate Increase	$20,000

PTAM Charge on Sample Customer Bill	
Increase in Property Tax Expense Due to Rate Increase	$20,000
Number of Sewer Customers	20,000
PTAM Charge on Sample Customer Bill	$1.00

SHAPIRO LAW FIRM, P.C.
Jay L. Shapiro (No. 014650)
1819 E. Morten Avenue, Suite 280
Phoenix, Arizona 85020
Telephone (602) 559-9575

LIBERTY UTILITIES
Todd C. Wiley (No. 015358)
12725 W. Indian School Road, Suite D-101
Avondale, Arizona 85392

Attorneys for Liberty Utilities (Bella Vista Water) Corp.

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF LIBERTY UTILITIES (BELLA VISTA WATER) CORP., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: W-02465A-15-____

DIRECT TESTIMONY OF

MATTHEW GARLICK

October 27, 2015

TABLE OF CONTENTS

I. INTRODUCTION 1

II. OVERVIEW OF LIBERTY UTILITIES 4

III. OVERVIEW OF LIBERTY BELLA VISTA 8

IV. OVERVIEW OF LIBERTY RIO RICO 12

V. LIBERTY'S PROPOSED FAIR VALUE ARIZONA RATE EVALUATION MODEL – THE FARE 17

VI. ADJUSTMENT MECHANISMS 20

VII. ADDITIONAL POST TEST YEAR CHANGES 23

VIII. TARIFF CHANGES 23

IX. FINANCING 25

I. INTRODUCTION.

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Matthew Garlick. My business address is 12725 W. Indian School Road, Suite D-101, Avondale, Arizona 85392.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I have been employed by Liberty Utilities since 2000. On June 1, 2015, I became President of the Liberty Utilities regulated utilities in Arizona and Texas, including Liberty Utilities (Bella Vista Water) Corp. ("Liberty Bella Vista") and Liberty Utilities (Rio Rico Water & Sewer) Corp. ("Liberty Rio Rico") (collectively "Liberty BV/RR" or "Applicants").

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I'm providing this testimony on behalf of both of the Applicants.

Q. PLEASE DESCRIBE YOUR RESPONSIBILITIES AS PRESIDENT OF LIBERTY UTILITIES IN ARIZONA/TEXAS.

A. I am responsible for Liberty Utilities' water and sewer operations in Texas and Arizona.[1] This includes directing the daily operations and administration of all of the utilities, including their financial and operating results, capital and operating cost budgeting, rate case planning and oversight, and rate setting policies and procedures. As President, I also oversee customer and development services, environmental, health and safety, accounting/finance, human resources, engineering, and conservation planning.

[1] In Arizona, along with Applicants, Liberty Utilities also owns and operates Liberty Utilities (Black Mountain Sewer) Corp. ("Liberty Black Mountain"), Liberty Utilities (Entrada Del Oro Sewer) Corp., Liberty Utilities (Gold Canyon Sewer) Corp., and Liberty Utilities (Litchfield Park Water & Sewer) Corp. ("Liberty Litchfield Park"). Liberty Black Mountain recently filed a rate case with the Commission.

Q. WHAT OTHER POSITIONS HAVE YOU HELD WITH LIBERTY UTILITIES?

A. I was hired in January 2000 as a Technical Services Supervisor. In November 2009, I was named Business Manager of Liberty Utilities (Litchfield Park Water & Sewer) Corp. (formerly known as Litchfield Park Service Company), and was responsible for operations for approximately 40,000 utility customers. In March 2012, I assumed the role of Director of Operations – Arizona, and was responsible for operations throughout Arizona, as well as Texas, Missouri, and Illinois. In June 2015, I became President of our operating utilities in Arizona and Texas.

Q. WHAT WAS YOUR EDUCATION AND EMPLOYMENT PRIOR TO LIBERTY UTILITIES?

A. For 15 years prior, I was a Senior Project Geologist with an environmental engineering firm called Environmental Science and Engineering. My role was to direct and support other project scientists in the daily work activities on various State of Arizona Water Quality Assurance Revolving Fund (WQARF) groundwater remedial projects. I earned a Bachelor of Science degree in Earth Science from Northern Arizona University.

Q. DO YOU HOLD ANY CERTIFICATIONS?

A. I hold the highest level of Operator Certifications (Grade IV – WD, WP, WWT, and Grade III in WWC) in Arizona. I am also a certified Backflow Tester. Additionally, I belong to several professional organizations such as the American Water Works Association (AWWA), and American Backflow Prevention Association (ABPA).

Q. HAVE YOU TESTIFIED BEFORE THIS OR ANY OTHER COMMISSION?

A. No, however, my direct testimony was filed in the Liberty Black Mountain rate proceeding on June 22, 2015, Docket Nos. SW-02361A-15-0206 and SW-02361A-

15-0207 (consolidated). That rate case is scheduled for hearing in early 2016. Now, I am concurrently prefiling this direct testimony in rate proceedings for Liberty Bella Vista and Liberty Rio Rico. We intend to request that the two rate cases be consolidated for processing at the Commission.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. To support Applicants' request for rate relief. Specifically, I will provide general background on the Liberty Utilities companies, and on Liberty Bella Vista and Liberty Rio Rico. I will then introduce Applicants' request for approval of the Fair Value Arizona Rate Evaluation Model or "FARE." I will also address Applicants' requests for approval of a purchased power adjuster mechanism and property tax adjuster mechanism, various changes that are being proposed to Applicants' tariffs of rates and charges, and the financing applications that are being concurrently filed for consolidation into the rate case dockets.

Q. WHAT IS THE FARE, MR. GARLICK?

A. The FARE is a ratemaking mechanism we developed following the disappointing decision of the Arizona Court of Appeals rendering the System Improvement Benefits ("SIB") surcharge unlawful. We designed the FARE to comply with Arizona law, including Arizona's unique "fair value" requirement, and to promote rate gradualism and rate stability, and to mitigate regulatory lag. The FARE will use regular filings in an open and transparent process that ensures that the cost of service to the customer reflects the utility's current cost of service. I will provide additional background testimony on the FARE in my direct testimony below, and Peter Eichler explains the proposed FARE in detail in his direct testimony. A copy of Liberty Utilities' written FARE proposal is attached to my testimony as **Exhibit MG-DT1**, and a copy is also attached to Mr. Eichler's direct testimony.

II. OVERVIEW OF LIBERTY UTILITIES.

Q. PLEASE PROVIDE AN OVERVIEW OF LIBERTY UTILITIES.

A. Liberty Utilities Co. ("Liberty Utilities") is a Delaware corporation that operates regulated gas, water, sewer and electric utilities in ten states—Arizona, Arkansas, California, Iowa, Illinois, Missouri, Georgia, Massachusetts, New Hampshire and Texas.[2] Liberty Utilities Co. is a subsidiary of Liberty Utilities (Canada) Corp. ("Liberty Utilities Canada"). The Arizona utilities are wholly owned subsidiaries of Liberty Utilities (Sub) Corp., which is a wholly owned subsidiary of Liberty Utilities. Algonquin Power & Utilities Corp., or APUC, a publicly traded member of the Toronto Stock Exchange, ultimately owns all of the Liberty Utilities entities, including Applicants.

APUC is a $4.1 billion electric generation, transmission and distribution utility company based in Oakville, Ontario. APUC is listed on the Toronto Stock Exchange and is a registrant with the U.S. Security and Exchange Commission. APUC subsidiaries own and operate regulated utilities in the United States, and own non-regulated generation facilities and regulated electric transmission and natural gas pipelines throughout the United States and Canada. The distribution business group operates in the United States as Liberty Utilities and provides rate-regulated water, wastewater, electricity and natural gas utility services to nearly half a million customers.[3] The electric generation business group operates as Algonquin Power Co. and owns or has interests in a portfolio of North American based contracted wind, solar, hydroelectric and natural gas powered generating

---

[2] Liberty Utilities Co. has also recently reached agreement to acquire three other regulated water companies—two in California and one in Montana.

[3] Liberty Utilities currently has over 480,000 regulated utility customers in the United States. Upon regulatory approval for the water company acquisitions in California and Montana, Liberty Utilities will have over 550,000 regulated customers.

facilities representing more than 1,150 MW of installed capacity. The transmission business group invests in rate regulated electric transmission and natural gas pipeline systems in the United States and Canada. Common shares and preferred shares of APUC are traded on the Toronto Stock Exchange under the symbols AQN, AQN.PR.A and AQN.PR.D. The APUC website is www.AlgonquinPowerandUtilities.com.

Q. WHAT IS LIBERTY UTILITIES' OVERALL PHILOSOPHY REGARDING THE OPERATION OF ITS REGULATED UTILITY BUSINESSES?

A. Liberty Utilities promotes a common set of organizational values to help guide day-to-day business decisions. Those organizational values are Family, Quality, Efficiency, Community, Care and Commitment. They are the foundation of the Liberty Utilities culture and provide guidance on day-to-day business operations. Overarching all of those organizational values is Safety. Liberty Utilities considers Safety a meta-level value and places safety of customers, employees and community first and foremost. In addition to local operations, strategic oversight and administrative support services are provided centrally from Liberty Utilities Canada and APUC to the local utility businesses. We take this approach because we believe these services can be provided more cost effectively and in a manner that ensures consistent quality across all of our operating utilities if provided on a shared services basis. We strive to ensure, however, that doing so will not detract from the local presence that is valued by our customers and regulators. Customers receive significant benefits from this shared services model and the local approach in the provision of high quality utility service.

Q. HOW DOES LIBERTY UTILITIES' REGULATORY PHILOSOPHY INFLUENCE THE WAY IN WHICH IT APPROACHES THE MANAGEMENT AND OPERATION OF THE UTILITIES IT OWNS?

A. We believe that there is no adequate substitute for local management, local decision-making and local operational control for a utility that is serious about achieving the highest level of customer satisfaction and maintaining strong regulatory compliance. We believe that utilities can best meet the needs of customers and regulators when the people making the decisions impacting the communities they serve are located near those customers and are in easy, regular, close contact with customers and regulators. In terms of operating its regulated utilities, Liberty Utilities focuses on local management control and operation. We operate on the following corporate principles—"Local. Responsive. We Care." Each state has a President who directs the utilities in that state. I am that President in Arizona and Texas. The state presidents have local decision making authority and responsibility, including operational and financial authority. We have system operators and local customer service representatives to interact with customers directly. Customers, based on our experience, appreciate the "local" aspect of our service, and we try to accomplish that wherever reasonably possible. We have been successful in implementing this local service approach in Arizona.

Q. WHAT ROLE DOES LIBERTY UTILITIES PLAY IN THE OPERATION AND MANAGEMENT OF APPLICANTS?

A. Liberty Utilities is more than just a holding company – it is the operator of each of the Applicants. Employees that operate, administer and manage the day-to-day operations are employed by Liberty Utilities Service Corp. ("LUSC"), a direct subsidiary of Liberty Utilities. Liberty Utilities is also Applicants' source of capital for utility plant investment and operations with investment capital ultimately coming from APUC.

Q. ARE THERE ADVANTAGES TO OPERATING IN THIS MANNER?

A. Yes, there are substantial advantages. To start, operating in this manner achieves

economies of scale that allow us to provide great service at a reasonable price. As stand-alone utilities, Applicants would have to hire and pay full time engineering staff, human resources, safety and rates personnel, repair and maintenance staff, accounting and billing staff, and customer service and management. In turn, those stand-alone costs would be incorporated into rates. We all see these financial realities daily in the hundreds of small water and sewer utilities regulated by the Commission. In Arizona, Liberty Utilities currently has 107 employees working to provide the best possible service at a reasonable cost to the customers of six different regulated water and wastewater utilities.

Q. BUT DO APPLICANTS REALLY NEED THAT MANY FULL-TIME EMPLOYEES TO OPERATE SAFELY AND RELIABLY?

A. Neither Applicant has any full-time staff, which illustrates the benefits of Liberty Utilities' operations model. For example, we currently have a substantial project for Liberty Black Mountain—the Boulders WWTP closure—and our engineering and regulatory staff spend a great deal of time focused on that project. Several years ago, we had a major plant expansion at the Liberty Litchfield Park Palm Valley Water Reclamation Facility, and we are expecting another expansion of that facility in the near future. The next time it may be Liberty Bella Vista or Liberty Rio Rico. Under our structure, each of our Arizona utilities has access to personnel with experience and expertise available to focus on major capital improvement projects for multiple utilities. And while the engineers and operators focus on capital improvements and maintenance of the existing systems, the billing clerks focus on getting bills out and payments in, and customer service handles customer inquiries. Each of us has a role in the running of all utility operations and that allows us to have the right people with the right skills available to do the job for each and any utility as needed. This operational structure also allows us to share

those necessary costs over multiple entities, in turn reducing service costs and rates for customers.

Q. DOESN'T THIS ARRANGEMENT RESULT IN CONFUSION OVER THE COSTS FOR LIBERTY UTILITIES' VARIOUS ARIZONA UTILITIES?

A. No. All direct costs related to each utility's specific operations are direct charged. Common costs are pooled and allocated through a central cost allocation. Mr. Killeen, Director, Regulatory Strategy for Liberty Utilities (Canada) Corp., addresses the corporate cost allocations from APUC and Liberty Utilities Canada in his direct testimony. All of the costs are scrutinized in the ratemaking process.

III. OVERVIEW OF LIBERTY BELLA VISTA.

Q. PLEASE PROVIDE AN OVERVIEW OF LIBERTY BELLA VISTA.

A. Liberty Bella Vista provides water service to approximately 9,357 customers. There are roughly 8,133 residential customers, 1,035 commercial customers, and 189 fire protection customers. Liberty Bella Vista's certificated service territory is located in Cochise County. Liberty Bella Vista's service area is not part of an Active Management Area.

In 2014, in accordance with Commission Decision No. 72251 (April 7, 2011), Liberty Bella Vista (which comprises the City System and the South System) merged with Liberty Utilities (Northern Sunrise Water) Corp. (which comprised the Crystal/Mustang subsystem and the Coronado/Sierra Sunset subsystem) and Liberty Utilities (Southern Sunrise Water) Corp. (which comprised the Cochise/Horseshoe subsystem and the Miracle Valley subsystem). Liberty Bella Vista is the surviving entity.

Q. PLEASE DESCRIBE LIBERTY BELLA VISTA'S WATER RESOURCES.

A. The City System has 18 wells capable of producing 9.288 mgd and 15 reservoirs providing 6.143 mg of storage. The South System has 13 wells capable of

producing 0.642 mgd and 12 reservoirs providing .709 mg of storage. The South System has challenges with regard to availability of groundwater.

The Coronado/Sierra Sunset subsystem has two wells (75 gpm and 65 gpm) and 70,000 gallons of storage. The Sierra Sunset well pumps directly into the distribution system (after chlorination) while the Coronado well pumps to storage. The Crystal/Mustang subsystem has two wells (45 gpm and 120 gpm) and 100,000 gallons of storage. The Crystal well pumps either directly into the distribution system (after chlorination) or into the Mustang storage tank, while the Mustang well pumps directly into the storage tank. The Mustang site includes a Variable Frequency Drive (VFD) booster station that feeds the distribution system.

The Cochise/Horseshoe (interconnected) subsystem has four wells capable of producing 190 gpm and 180,000 gallons of storage. The Miracle Valley subsystem has two wells (100 gpm and 250 gpm) and 150,000 gallons of storage. These three subsystems are also chlorinated.

Q. WHAT IS LIBERTY BELLA VISTA'S COMPLIANCE STATUS?

A. To the best of our knowledge, Liberty Bella Vista is currently in compliance with the rules and regulations of the Arizona Department of Environmental Quality ("ADEQ"), Arizona Department of Water Resources ("ADWR") and the Commission.

Q. WHEN DID THE CURRENT RATES GO INTO EFFECT?

A. The current rates were approved in Decision No. 72251 (April 7, 2011). These rates were based on a test year ended March 31, 2009, so it will have been five years between test years.

Q. WHAT SIGNIFICANT CAPITAL IMPROVEMENTS HAS LIBERTY BELLA VISTA MADE SINCE ITS LAST TEST YEAR ENDED?

A. In the City System, Liberty Bella Vista replaced the two-zone booster station at

Well 18 (the largest facility in the service area) with a two-zone VFD booster station. The existing station was over 30 years old and at the end of its service life.

In the Northern Sunrise System, Liberty Bella Vista drilled a new well at the Crystal site because the old well had gone dry. Liberty Bella Vista also completely removed and replaced 386 water meters in this system that were 20 years old and contributing to water loss. At the Crystal site, Liberty Bella Vista installed a transmission line to the Mustang reservoir, which now provides redundancy for the Crystal/Mustang subsystem. At the Coronado site, Liberty Bella Vista installed two new 35,000-gallon reservoirs for a total of 70,000 gallons of storage for customers in the area. New electrical controls were also installed to replace old units that were at the end of their service lives.

In the Southern Sunrise System, Liberty Bella Vista replaced the existing booster station at the Cochise site (Naranja), which was at the end of its service life. Liberty Bella Vista also completely removed and replaced 330 water meters in this system that were 20 years old and contributing to water loss. Liberty Bella Vista also installed a VFD booster and a water main to loop the existing system.

In addition to these improvements, Liberty Bella Vista added SCADA at several sites throughout all systems and installed a solar power generating system and completed an additional 798 water meter replacements in the Liberty Bella Vista South system. Also, Liberty Bella Vista constructed a compressed natural gas (CNG) loading station in Sierra Vista, AZ for company vehicles. The CNG facility was completed recently and is anticipated to begin operations by mid-November 2015.

Q. HAVE THERE BEEN ANY NOTEWORTHY CHANGES IN OPERATIONS SINCE THE LAST RATE CASE?

A. Yes. Interconnections made between Sierra Sunset and Coronado, between

Mustang and Crystal, and between the South and Cochise, plus other projects already mentioned have added redundancies to the systems and increased reliability to customers.

Q. ARE YOU PROPOSING THAT ANY POST TEST YEAR PLANT BE INCLUDED IN LIBERTY BELLA VISTA'S RATE BASE?

A. Yes. For all of the Liberty Bella Vista systems, we have $872,771.77 of post test year plant. Nearly $450,000 of this amount was for the CNG Facility project I mentioned earlier. Just over $210,000 was spent to install solar panels on the office building in Sierra Vista. There were a few other projects also included in this post test year plant. In addition, we have roughly $21,000 and $19,000 of post test year plant for the Northern and Southern Sunrise systems. All of these post test year plant improvements are used and useful or will be before a hearing in this case in the service of our existing customers.

Q. CAN YOU PROVIDE AN UPDATE REGARDING EFFORTS TO ADDRESS NON-ACCOUNT WATER IN THE LIBERTY BELLA VISTA SYSTEM?

A. Yes. In the last rate case, Liberty Bella Vista was ordered to monitor non-account water and report back to the Commission.[4] Since then, we have reduced non-account water in the former Northern and Southern Sunrise company systems considerably. During the test year, Liberty Bella Vista's total non-account water was approximately 5 percent. This reduction in water loss to well below the 10 percent threshold we know the Commission expects to see is largely due to the meter replacement program I discussed above, and to improvements in our management and operations as we continue to integrate these systems together.

[4] Decision No. 72251 at 53-54. Compliance filings were made on August 8 and December 13 of 2012 and Liberty Bella Vista's water loss has remained under 10 percent.

Q. WHY IS LIBERTY BELLA VISTA IN NEED OF RATE RELIEF AT THIS TIME?

A. Since the last Liberty Bella Vista rate case, operating expenses have increased and Liberty Bella Vista has made significant capital improvements to provide more reliable service to its customers, particularly those who were previously served by Liberty Utilities (Northern Sunrise Water) Corp. and Liberty Utilities (Southern Sunrise Water) Corp. prior to merger of those companies into Liberty Bella Vista. As a result, Liberty Bella Vista is significantly under earning.

IV. OVERVIEW OF LIBERTY RIO RICO.

Q. PLEASE PROVIDE AN OVERVIEW OF LIBERTY RIO RICO.

A. Liberty Rio Rico provides both water and wastewater service. Liberty Rio Rico's service area is located in Santa Cruz County north of the city of Nogales. Liberty Rio Rico's water and wastewater CC&Ns are geographically the same. However, due to varied terrain, wastewater service is generally concentrated in the central portion of the service area and includes fewer customers. Those who are not provided sewer service by Liberty Rio Rico use septic tanks.

Liberty Rio Rico's water customers include a number of commercial, a few industrial, and several irrigation customers. The 5/8" metered residential class, which is the largest customer class, uses an average of 6,723 gallons per month per connection. Liberty Rio Rico is an industry leading provider of water and wastewater services in Santa Cruz County, and has received several awards in the past for operational excellence, including the Arizona Water Association (formerly AWPCA) Small Water Distribution System of the year for 2003, 2005, and 2010, and the 2005 Small Wastewater Collection System of the year, as well as an Award of Merit for its outstanding safety record in 2010. These awards are given for significant efforts to provide safe drinking water and protect public health.

Q. PLEASE DESCRIBE LIBERTY RIO RICO'S WATER RESOURCES.

A. Liberty Rio Rico's water supply comes from groundwater. Groundwater is pumped from six wells directly into the distribution system or into one of five storage facilities for later distribution to customers. All water supplies are chlorinated prior to delivery to customers for disinfection purposes. Due to the vast elevation differences within the distribution system, including seven different 150-foot pressure zones, Liberty Rio Rico utilizes 27 booster stations to maintain proper pressure. Liberty Rio Rico's service territory is within the Santa Cruz Active Management Area.

Q. DOES LIBERTY RIO RICO PROVIDE WATER SERVICE FOR IRRIGATION?

A. Yes. Liberty Rio Rico supplies water to three school complexes, one resort, and two parks, including the one used for the local Little League. Liberty Rio Rico also supplies water to Rio Rico Properties for use in irrigating medians, common areas and drip irrigation, and provides separate irrigation water to a few residential customers who requested a dedicated irrigation line. There is one golf course in the service area, but Liberty Rio Rico only supplies domestic water for potable use. Liberty Rio Rico does not provide water for landscape irrigation to any golf courses at this time. The golf course in Liberty Rio Rico's CC&N has its own well, which the golf course uses for irrigation needs. Additionally, our wastewater is treated at the Nogales International Wastewater Treatment Plant ("NIWTP"), and, even if we owned the effluent, transporting effluent from that plant over 1/2 mile, uphill and under the Santa Cruz River, would be extremely cost prohibitive. And Liberty Rio Rico does not own the rights to the effluent from the NIWTP.

Q. PLEASE DESCRIBE LIBERTY RIO RICO'S PRIMARY WASTEWATER TREATMENT FACILITIES.

A. As mentioned, Liberty Rio Rico has purchased 550,000 gallons per day of treatment capacity from the City of Nogales. Liberty Rio Rico also has two sets of three evaporative ponds. The first set of three ponds (called the Villas 12) has a general permit to treat up to 20,000 gallons per day of sewage. The second set of three ponds (called the Villas 13) is permitted to treat up to 150,000 gallons per day of sewage on an emergency basis only. The collection system includes five lift stations, four of which pump wastewater for treatment under our agreement with the City, and the remaining pump to the evaporative ponds.

Q. WHAT IS LIBERTY RIO RICO'S COMPLIANCE STATUS?

A. To the best of our knowledge, Liberty Rio Rico is currently in compliance with the rules and regulations of ADEQ, ADWR and the Commission.

Q. WHEN DID THE CURRENT RATES GO INTO EFFECT?

A. The current rates were approved in Decision No. 73996 (July 30, 2013). These rates were based on a test year ended February 29, 2012.

Q. WHAT SIGNIFICANT CAPITAL IMPROVEMENTS HAS LIBERTY RIO RICO MADE SINCE ITS LAST TEST YEAR ENDED?

A. Liberty Rio Rico rehabilitated Water Plant 30. This was a 33-year old facility serving the southwest quadrant of the service territory at the end of its service life. The rehabilitation included installation of VFD pumps, new electrical and controls. Another project involved continuation of the Automated Meter Reading ("AMR") system installation. The AMR system installation included replacement of approximately 1,500 meters, as well as replacing outdated meter reading equipment.

Since the last test year, we made significant improvements to replace water service lines at the end of their service life (+30 years). In Liberty Rio Rico's service area, when a service line leaks, it is more cost effective to replace the entire service line as opposed to repairing it. On average, Rio Rico has approximately 100 service line replacements on an average annually. Replacement involves paving and other construction and engineering work required by Santa Cruz County, which accounts for about 40 percent of the total cost for each service line replacement.

Q. WOULD YOU BE ABLE TO AVOID THESE COSTS IF YOU HAD JUST REPAIRED THE SERVICE LINES INSTEAD OF REPLACING THEM?

A. No. The costs arise largely due to required access through streets and roadways, and we need the same access to repair a water service line as we do to repair it. That means we would incur the same paving, access and construction costs to repair the lines as to replace the lines. Given the age and condition of these service lines, it is much more cost effective and operationally more advantageous to replace these aging and deteriorating lines, rather than conduct piecemeal repairs.

Q. ARE YOU PROPOSING ANY POST TEST YEAR PLANT BE INCLUDED IN LIBERTY RIO RICO'S RATE BASE?

A. Yes. We have $1,393,902.78 of post test year plant. Almost $540,000 of this amount is for meter replacements. I discuss the issue with old and leaky meters above. We also incurred nearly $500,000 engineering and constructing a major booster station project. The remaining post test year plant relates to various other projects recently completed. All of these post test year projects are re used and useful serving existing customers or at least will be before the hearing in this rate case.

Q. THANK YOU. CAN YOU PROVIDE AN UPDATE REGARDING EFFORTS TO ADDRESS WATER LOSS?

A. Yes. In the last rate case we were ordered to monitor non-account water and report back to the Commission.[5] We have done so, and made several filings with the Commission. During 2014, Liberty Rio Rico's water loss was 9.9 percent.

Q. WHY IS LIBERTY RIO RICO IN NEED OF RATE RELIEF AT THIS TIME?

A. Because Liberty Rio Rico continues to under earn. Under earning by Arizona's regulated water and wastewater utilities is certainly nothing new – it has been a drag on our segment of the industry as long as I have been a part of it. I don't have the past ratemaking experience to single out any specific causes, but any system that is always one to two years behind what is really happening seems to me to be inherently unable to keep up. Liberty Rio Rico is an example. This is the fourth rate case for Liberty Rio Rico in a decade and basically it has yet to earn its revenue requirement.

Q. IS THAT WHY YOU MENTIONED LIBERTY RIO RICO WAS SEEKING APPROVAL OF THE FAIR VALUE ARIZONA RATE EVALUATION MODEL OR FARE?

A. Yes, the inability to achieve our revenue requirement and authorized return was a significant factor that led us to first support the SIB, and now to develop and propose the FARE.

[5] Decision No. 73996 at 58.

V. LIBERTY'S PROPOSED FAIR VALUE ARIZONA RATE EVALUATION MODEL – THE FARE.

Q. IN THE INTRODUCTION TO THIS TESTIMONY YOU MENTIONED THAT THE FARE FOLLOWED THE COURT OF APPEALS RULING IN THE SIB APPEAL. CAN YOU PLEASE ELABORATE?

A. Yes. The Court's decision was a substantial step back. While the SIB alone would not have remedied all of the difficulties with ratemaking in Arizona, it was a significant step in the right direction. The SIB would have provided an assured revenue stream to fund certain plant replacements, which in turn would have made it easier to obtain the capital needed to fund those improvements. Without it, we are back to the drawing board.

What our ratemaking experts came up with is a different ratemaking model for Arizona utilities based on the unique fair value requirements of Arizona law. The FARE will use regularly scheduled filings to reach updated fair value findings, promoting rate gradualism and rate stability, and minimizing the adverse consequences of regulatory lag. The intent, purpose and result will be to keep rates fair by updating revenues, plant and expenses each year in a simplified but entirely open and transparent process.

Q. AND YOU ARE PROPOSING THAT THE COMMISSION APPROVE THE FARE FOR BOTH LIBERTY BELLA VISTA AND LIBERTY RIO RICO?

A. Yes. Liberty Utilities proposes the FARE for Liberty BV/RR as a pilot program authorized by the Commission for five years, during and after which it can be further evaluated and refined by all stakeholders. Given the current regulatory environment for Arizona water and wastewater utilities, coupled with the substantial need for capital investment to address aging and deteriorating

infrastructure, we feel strongly that some type of alternative ratemaking model must be considered.

Q. BUT WON'T THIS CREATE AN OVERWHELMING AMOUNT OF WORK FOR COMMISSION STAFF?

A. We hope not, and we have tried to design a mechanism that isn't overwhelming on the regulators. Mr. Eichler explains how we propose detailed annual filings updating revenues, plant and expenses, and how quarterly FARE filings will be available to all interested parties to provide current financial and operational information and provide a timely snapshot of each company's operations and finances. It's all part of what we hope will become a systematic flow of operational and financial information from us to the regulators to allow for a more efficient analysis of annual FARE filings and enhance the transparency of the ratemaking process. This process is intended to allow Commission Staff and other stakeholders to stay well informed, at their own pace.

Don't get me wrong – we are not naïve. This is different, and change is rarely easy. But what we have is not working. All Arizona utilities will have trouble adequately meeting the needs of Arizona customers over the long haul without some fundamental changes in the way rates are set. That means we can be proactive, work together and find ways to make these changes for the long-term public interest, or we can ignore the problem and deal with it later, reactively, under crises conditions. We are committed to working hard to develop the best possible model, one that is entirely open and transparent, and to making the transition as non-burdensome as possible. We can only hope our regulators can meet us part way in this effort with the vision to see that change is needed, despite the hurdles.

Q. FAIR ENOUGH. BUT HOW WILL CUSTOMERS AND REGULATORS BENEFIT FROM THE FARE?

A. The starting point in summarizing the benefits of a model like the FARE is to understand and acknowledge that the current regulatory model for water and wastewater utilities in Arizona is not working for customers, regulators or utilities. Therefore, we need a model that will benefit Arizona's utilities, utility customers, and regulators. We believe the FARE is such a model.

In the FARE paper attached to my testimony, we provide a summary of the benefits to be realized from the FARE. These benefits include -

- **Transparency** – The FARE is an exceptionally open and transparent rate making model using quarterly and annual FARE filings to reflect updated and ongoing information about utility financial and operational status.
- **Rate Gradualism and Rate Stability** – The FARE brings greater stability to residential customer bills, which allows customers to budget and plan for cost increases.
- **Rate Shock** – The FARE promotes rate gradualism and rate stability while minimizing the risks of rate shock.
- **The FARE Works Both Ways** – By also capturing reductions in operation and maintenance expenses, operating efficiencies will provide timely benefits to customers.
- **Streamlined and Less Costly Rate Making Process** – The FARE provides a set schedule for 4-6 years of rate setting for Liberty BV/RR. All stakeholders benefit by streamlined and less costly rate making procedures.

- **Reduce Regulatory Lag and Encourage Needed Utility Investment** – The FARE is designed to reduce the adverse consequences of regulatory lag and, in so doing, make investment into Arizona water and wastewater utility infrastructure more attractive.
- **Closer Scrutiny by Regulators and Other Parties** – As proposed with quarterly and annual filings, the FARE results in a close and ongoing scrutiny of a utility rather than once every few years if a general rate case is filed.
- **Other Tangible Benefits** – The FARE will result in better and more reliable provision of water and sewer service by Arizona utilities, including reduced water loss.

So, I think the benefits of the FARE can be summarized as (1) an open, transparent, streamlined process (2) that promotes rate gradualism and rate stability while minimizing rate shock and (3) mitigating the adverse consequences of regulatory lag through annual updates to reflect increases and decreases in the cost of service. I think this will make investment in Arizona more attractive, and that will be good for everyone.

VI. ADJUSTMENT MECHANISMS.

Q. ARE THE APPLICANTS ALSO SEEKING APPROVAL OF ANY ADJUSTMENT MECHANISMS?

A. Yes, Applicants are seeking Commission approval of two adjuster mechanisms: (1) a Purchased Power Adjuster Mechanism ("PPAM");[6] and (2) a Property Tax Adjuster Mechanism ("PTAM").[7] Mr. Bourassa identifies and explains the

[6] Application, Attachment 3.

[7] Application, Attachment 4.

methodology for these adjusters in his direct testimony.[8]

Q. WHY DOES LIBERTY STILL NEED THESE ADJUSTERS IF THE COMMISSION APPROVES THE FARE?

A. Because we believe the costs covered by these two adjusters – the rate we pay for power and the rate at which our property taxes are set – should not impact the determination of whether we are in the FARE's "Established Range" of plus or minus 20 basis points. They are narrowly defined expenses outside the utility's control, costs that consistently increase, and it isn't fair to automatically require the Applicants to bear the expected and routine increases in those costs.

Q. BUT DON'T THESE TYPES OF ADJUSTERS DISCOURAGE UTILITIES FROM MANAGING THEIR OPERATING EXPENSES?

A. I don't agree with that. We are talking about necessary costs of service, and many of these expenses are largely or entirely outside of our control. The rate for power and the components of the property tax evaluation are not within our control. Because they are not within our control, the notion that operating expenses will run wild with adjusters is nonsense. Further, the notion that utilities are going to go out and just spend extra money on things like power, taxes, or chemicals because those costs are recoverable is nonsense. The scrutiny in ratemaking is such that this sort of practice would likely be found and dealt with harshly. Even if the Commission didn't mind us running up costs because we had adjusters, our shareholder would. We have an extensive capital and expense review process, and running up operating expenses because of an adjuster would be rejected out of hand. It's hard enough to deliver consistent, competitive returns, especially relative to other utilities in the Liberty family operating in states that use things like forward

[8] Direct Testimony of Thomas J. Bourassa – Rate Base, Income Statement and Rate Design ("Bourassa Dt.") at 34-36.

looking test years. I have no intention of reducing those returns further by running up operating costs.

Q. THANK YOU. WOULD YOU PLEASE SUMMARIZE THE PPAM?

A. The PPAM allows Applicants to increase rates in order to recover increases in purchased power costs resulting from increases in the rates charged by Sulphur Springs Valley Electric Cooperative ("SSVEC") and Arizona Public Service ("APS") for Liberty Bella Vista, as well as Unisource for Liberty Rio Rico, our electric utility providers. These changes in rates can only come about due to an order of the Commission, which, again, is something beyond our control. In addition, the form of the PPAM is consistent with the form of PPAM approved in Decision No. 74437 (April 18, 2014) for Liberty Litchfield Park. Mr. Bourassa explains the specifics of the PPAM further in his direct testimony.[9]

Q. WHAT IF SSVEC'S, APS'S, AND/OR UNISOURCE'S RATES GO DOWN?

A. Then our operating expenses will go down and the PPAM will adjust the rates to recognize that decrease. Again, adjusters are fair because they work whether costs go up or down. I assume that's why the Commission has approved and recognized purchased power and other similar adjusters for electric and gas utilities for many, many years.

Q. PLEASE SUMMARIZE THE PTAM.

A. As Mr. Bourassa explains in his direct testimony, the PTAM would allow rates to adjust, up or down, based on changes in the property tax rate and/or assessment ratios.[10] Like the rates for power charged by SSVEC, APS, and/or UniSource, these factors are outside of our control. Also, like increases in purchased power, increases in property taxes, if unrecovered, will undermine Applicants' ability to

[9] Bourassa Dt. at 35.

[10] *Id.*

earn its authorized return. The PTAM addresses this in a manner similar to that in which the PPAM addresses changes in the rates for power.

VII. ADDITIONAL POST TEST YEAR CHANGES.

Q. ARE APPLICANTS AWARE OF ANY POST TEST YEAR CHANGES THAT IT PROPOSES TO INCLUDE?

A. Yes. Applicants are aware of some increased regulation and changes regarding the Revised Total Coliform Rule ("RTCR"), and ADEQ is requesting that the Applicants submit updated plans by January 2016. These changes will require the installation of additional sampling stations in order to comply with the RTCR. Applicants expect that there will be some additional investment in plant along with some increased operating expenses but these amounts are yet unknown. Applicants intend to update these estimates once the changes have been quantified.

VIII. TARIFF CHANGES.

Q. DO APPLICANTS PROPOSE ANY CHANGES OR MODIFICATIONS TO TARIFFS?

A. Yes. A copy of the proposed tariff is attached to each respective rate application as Attachment 2.[11] The changes are being proposed for a few different reasons. For one thing, we are seeking to standardize all of the tariffs for Liberty Utilities' operating subsidiaries in Arizona. Standardizing our tariffs is intended to promote efficiency by streamlining administration and accounting for all of our Arizona utilities, and reducing confusion. Other changes are intended to clarify or correct certain items that have been carried over from tariff to tariff over the years.

[11] A redline comparing the new tariff to the current tariff has also been included in the Company's workpapers.

Q. CAN YOU SUMMARIZE SOME OF THE SPECIFIC CHANGES BEING PROPOSED?

A. Yes.

- Rates: Applicants' proposed rates have been inserted.
- Additional Charges: Applicants are proposing simplified statements of charges that will standardize charges as much as possible across all of Liberty Utilities' companies in Arizona. At Liberty Rio Rico, for example, the establishment fee would decrease from $30 to $25 and the NSF fee would decrease from $15 to $10. Applicants are also proposing to calculate certain fees based on formulas in order to more accurately align charges with actual costs. For example, the delinquent reconnection charge would change from a flat amount of $30 to being driven by the actual cost of disconnection. Further, the after-hours service charge would be $50, regardless of the work process performed.
- Curtailment: Applicants propose to continue their existing tariffs, which are included in Attachment 2 to the Application. The only proposed change is to update to Liberty Bella Vista's tariff with its proper name.

Q. HAVE THE APPLICANTS PROPOSED ANY CHANGES TO THE LOW INCOME TARIFF?

A. As discussed also by Mr. Bourassa, the Applicants are not making substantive changes to the low income discounts offered to qualifying customers. However, in reviewing the application in the instant proceeding, the Applicants have determined that certain discounts have been provided to qualifying low income customers but the Applicants have not recovered those amounts through a low income surcharge billed to the customers. The Applicants propose that they be able to recover the cumulative under recovered amounts over a three year period once new rates are

established as a result of this proceeding.

IX. FINANCING.

Q. IN HIS DIRECT TESTIMONY, MR. BOURASSA MENTIONS NEW CAPITAL STRUCTURES EQUAL TO 70 PERCENT EQUITY AND 30 PERCENT DEBT. WHY ARE APPLICANTS PROPOSING NEW CAPITAL STRUCTURES?

A. Liberty Bella Vista presently has a capital structure of 89.68 percent equity and 10.32 percent debt, and Liberty Rio Rico has a capital structure of 100 percent equity. We are seeking to standardize the capital structure of the Arizona operating utilities at 70 percent equity and 30 percent debt. So the specific purpose of the debt financing is to infuse more debt into Applicants' capital structures and bring the debt level to 30 percent.

Q. WHAT AMOUNT OF DEBT APPROVAL IS BEING REQUESTED?

A. Liberty Bella Vista is seeking to obtain approval to finance debt of up to $4,700,000. This amount of debt will allow the rebalancing of Liberty Bella Vista's capital structure from its present 89.68-10.32 capital structure to the 70-30 equity to debt structure Mr. Bourassa utilized in the rate filing and then to maintain that structure at those levels on a going-forward basis. Similarly, Liberty Rio Rico is seeking to obtain approval to finance debt of up to $8,900,000. This amount of debt will allow the rebalancing and maintenance of Liberty Rio Rico's capital structure from its present 100 percent equity capital structure to the 70-30 equity to debt structure.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

EXHIBIT MG-DT 1

Liberty Utilities

LIBERTY UTILITIES PROPOSED

FAIR VALUE ARIZONA RATE EVALUATION (FARE) MODEL

FOR LIBERTY UTILITIES (BELLA VISTA WATER) CORP AND LIBERTY UTILITIES (RIO RICO WATER & SEWER) CORP.

September 2015

Prepared by
Matthew Garlick
Todd Wiley, Esq.
Liberty Utilities

Jay L. Shapiro, Esq.
Shapiro Law Firm P.C.

Paul Walker
Insight Consulting, LLC

Tom Bourassa, CPA

FAIR VALUE ARIZONA RATE EVALUATION MODEL (FARE)

"Despite recent reform efforts, Arizona utilities continue to struggle with aging infrastructure and the adverse impacts of regulatory lag."

Despite recent reform efforts, Arizona utilities continue to struggle with aging infrastructure and the adverse impacts of regulatory lag. This comes at a time when hundreds of Arizona water and wastewater utilities require substantial capital investment to address aging and deteriorating infrastructure, as illustrated by the graph below. In order to achieve meaningful improvement to the Arizona regulatory process, Liberty Utilities requests that the Arizona Corporation Commission consider other regulatory models that comply with the difficult requirements of Arizona law, while also addressing regulatory lag and promoting rate gradualism.

Estimated Total Water and Wastewater Costs, 2008-2032 (Nominal Millions)

	Water	Wastewater
[illegible]	[illegible]	[illegible]
[illegible]	$652	[illegible]
[illegible]	$217	[illegible]
[illegible]	$197	[illegible]
[illegible]	$31	[illegible]
[illegible]	$336	[illegible]
[illegible]	$161	[illegible]
[illegible]	$42,088	[illegible]
[illegible]	[illegible]	[illegible]
Total Capital Costs	**$30,716**	**$14,162**

"*Infrastructure Needs and Funding Alternatives for Arizona: 2008 – 2032*," L. William Seidman Research Institute, Arizona State University, published by Arizona Investment Council, May 2008.

"The FARE will use regularly scheduled filings to reach updated fair value findings, promoting rate gradualism and rate stability and minimizing the adverse consequences of regulatory lag."

Toward that end, Liberty Utilities is proposing that the Commission approve and adopt the Fair Value Arizona Rate Evaluation ("FARE") model, a ratemaking model based specifically on Arizona's constitutional "fair value" requirement. The FARE would be approved initially for two entities: Liberty Utilities (Bella Vista Water) Corp. ("Liberty Bella Vista") and Liberty Utilities (Rio Rico Water & Sewer) Corp. ("Liberty Rio Rico") (collectively "Liberty BV/RR"). The FARE will use regularly scheduled filings to reach updated fair value findings, promoting rate gradualism and rate stability and minimizing the adverse consequences of regulatory lag. The intent, purpose and result will be to keep rates fair by updating all factors affecting rates—the FARE can move "up or down" to keep rates fair by tracking the underlying costs.

The FARE for Liberty BV/RR would be a pilot program authorized by the Commission as set forth below, during and after which it can be evaluated and refined by all stakeholders. Given the current regulatory environment for Arizona water and wastewater utilities, some type of alternative ratemaking model must be considered. As set forth below, the FARE was specifically designed to comply with Arizona's constitutional fair value requirement.

ARIZONA'S REGULATORY ENVIRONMENT FOR WATER/WASTEWATER UTILITIES

"Given the undisputed need for massive water and wastewater infrastructure investment over the coming decades, this is not a sustainable scenario for either Arizona utilities or utility customers."

Arizona water and wastewater utilities continue to bear the substantial burden of regulatory lag, which, from the standpoint of the national investment community, demonstrates that Arizona is a less attractive regulatory environment for water and wastewater utilities. The adverse consequences of that fact include restricted access to capital for regulated utilities: investors have options, and facing choices with similar or better returns, they will choose the investments with less risk. Given the undisputed need for massive water and wastewater infrastructure investment over the coming decades, this is not a sustainable scenario for either Arizona utilities or utility customers.[1]

Recognizing those challenges, today and in the future, key utilities and utility groups have tried to improve that regulatory environment, but those efforts have been ineffective to date. The industry seemed to have achieved some relief when the Commission adopted the System Improvement Benefits ("SIB") mechanism. Unfortunately, that achievement was short-lived. In *RUCO v. Arizona Corporation Commission* (August 2015), the Arizona Court of Appeals found the SIB unconstitutional under Arizona law.

Now, all stakeholders are grappling with the potentially far-reaching implications of that decision on regulation of all Arizona utilities. The Court of Appeals decision appears to limit the Commission's ability to use rate base adjustor mechanisms to reduce regulatory lag or to make more gradual rate changes (shielding customers from "rate shock"), while simultaneously allowing public service corporations a reasonable opportunity to earn their authorized returns.

[1] *See e.g.*, "*Infrastructure Needs and Funding Alternatives for Arizona: 2008 – 2032*," L. William Seidman Research Institute, Arizona State University, published by Arizona Investment Council, May 2008; "*Drinking Water Infrastructure Needs Survey and Assessment,*" U.S. Environmental Protection Agency, February 2009; "*2015 Report Card for Arizona's Infrastructure*," American Society of Civil Engineers, May 2015.

"In its decision, the Court of Appeals expressly recognized and stated that Arizona has a unique constitutional regulatory environment distinct from other jurisdictions..."

The undoing of the SIB revolved around the Court's interpretation of the fair value requirement unique to Arizona's Constitution. The Arizona Constitution requires the Commission to "ascertain the fair value of property" when it sets rates.[2] "[T]he Commission is required to find the fair value of the company's property and use such finding in determining what are just and reasonable rates."[3] The Court of Appeals determined that the proposed SIB didn't comply with Arizona's fair value requirement for several reasons:

> (1) "the documentation AWC must submit to obtain approval of surcharges is substantially less than what is required in a rate case";
>
> (2) "it is undisputed that the Commission will not conduct a full fair value determination when it evaluates AWC's surcharge requests";
>
> (3) the Commission will not "take into consideration all of the various ratemaking elements that would be looked at and scrutinized in a general rate case proceeding. That would include such things as revenues, expenses, and, of course, capital expenditures and the prudency considerations for each one of those ratemaking elements";
>
> (4) "when the Commission considers surcharge requests, other critical valuation factors will be premised on a past rate case that, at the outer reaches of the SIB cycle, will be five years old. Such a process is inconsistent with the mandate that the Commission perform a fair value determination 'at the time of inquiry'"; and
>
> (5) "Additionally, the Commission will not be assessing savings or other efficiencies attributable to capital improvements when it approves surcharges."[4]

---

[2] Ariz. Const. Art. 15, § 14.

[3] *Ariz. Corp. Comm'n v. Ariz. Pub. Service Co.*, 113 Ariz. 368, 370, 555 P.2d 326, 328 (1976).

[4] *RUCO v. Ariz. Corp. Comm'n,* at 14-15, ¶¶ 40-43.

"In making that statement, the Court of Appeals clearly distinguished Arizona rate making and Arizona's regulatory environment from other state jurisdictions. Under the plain language of that decision, Arizona is a more difficult and riskier regulatory environment compared to other jurisdictions."

In its decision, the Court of Appeals expressly recognized and stated that Arizona has a unique constitutional regulatory environment distinct from other jurisdictions: "[w]e recognize the Commission's legitimate desire to 'initiate innovative procedures in an attempt to deal promptly and equitably with increasingly complex regulatory matters,' and its corresponding goal of avoiding 'a constant series of extended rate hearings [that] are not necessary to protect the public interest'.... But the question before us is not whether the SIB mechanism represents prudent public policy. *Our focus is on the propriety of that mechanism given the unique and express provisions of our state constitution.*"[5]

In making that statement, the Court of Appeals clearly distinguished Arizona rate making and Arizona's regulatory environment from other state jurisdictions. Under the plain language of that decision, Arizona is a more difficult and riskier regulatory environment compared to other jurisdictions. This follows from the fact that given the Court's interpretation of Arizona's fair value requirement, the Commission does not have the latitude afforded public utility commissions in other states. In Arizona, many of the ratemaking tools designed to further the public interest by reducing regulatory lag and promoting rate gradualism appear to be unavailable to the Commission. That is, unless it first engages in long, complex and costly rate cases every time a rate needs to change (beyond changes that arise from a narrowly defined change in certain operating expenses under approved adjustor mechanisms).

Under this regulatory regime, utility owners and investors are strongly incentivized to spend capital in other jurisdictions. Investors facing the choice between two alternatives providing similar yield will select jurisdictions that have the flexibility to and do use well-established ratemaking tools like Distribution System Improvement Charges (DSICs), balancing accounts, forward looking test years, decoupling mechanisms, generic ROEs and other rate making mechanisms designed to minimize the adverse impacts of regulatory lag, streamline rate cases *and* promote and encourage investment in utility infrastructure. Some of the limitations inherent in Arizona today are the result of the Court's decision in *RUCO v. Arizona Corporation Commission.* Some, however, are due to the use of Arizona's historic test

[5] *RUCO v. Ariz. Corp. Comm'n,* at 17, ¶ 48 (emphasis added).

year model. Problems with Arizona's historic test year model are even more pronounced with the SIB declared unlawful.

THE FARE PILOT PROGRAM FOR LIBERTY BV/RR

"The FARE will minimize regulatory lag, streamline ratemaking and incent needed capital investment while benefitting utility customers by providing gradual rate changes, rate stability, and more frequent regulator scrutiny of utility costs and expenses before the cost of service to the customer changes, up or down."

Liberty Utilities ultimately views the recent Court of Appeals opinion as a strong indication of the need for meaningful improvement to the Arizona regulatory process for water and sewer utilities.[6] Liberty Bella Vista and Liberty Rio Rico request that the Commission implement and evaluate a rate setting mechanism that complies with Arizona's fair value requirement. The Fair Value Arizona Rate Evaluation model or FARE, developed by Liberty Utilities, is such a mechanism. The FARE will minimize regulatory lag, streamline ratemaking and incent needed capital investment while benefitting utility customers by providing gradual rate changes, rate stability, and more frequent regulator scrutiny of utility costs and expenses before the cost of service to the customer changes, up or down. ***Vitally, the FARE allows the cost of service to the customer to move up or down to ensure that rates reflect the most current cost information available.***

WHAT IS THE FARE?

The FARE is a significant improvement in fair value ratemaking that uses a traditional, well-established rate formula coupled with annual filings to ensure that the rates for service reflect current operating and financial criteria as determined by known, objective and measurable data. Under the FARE, rates will be established in a general rate case using the well-established formula:

Revenue Requirement = Operating Expenses + Return on Rate Base

[6] Many other states have adopted and implemented alternative ratemaking mechanisms. Pennsylvania, Illinois, Indiana and New York, for example, have implemented DSIC mechanisms to address the growing need for utilities to replace aging infrastructure. Alabama, Georgia, Louisiana, Mississippi, Oklahoma, South Carolina and Texas have approved rate stabilization tariffs. Georgia and Illinois have adopted and implemented formula rate mechanisms. Other states, such as California, use forward looking test years.

"With updated and detailed operational and financial data, and using the same capital structure, cost of capital, and rate design approved in the order adopting the FARE, the Commission will have all of the information necessary to make a new finding of fair value and approve a new annual cost for service for each Company based on such finding."

Thereafter, Liberty Bella Vista and Liberty Rio Rico will make annual filings updating the necessary components of the revenue requirement. With updated and detailed operational and financial data, and using the same capital structure, cost of capital, and rate design approved in the order adopting the FARE, the Commission will have all of the information necessary to make a new finding of fair value and approve a new annual cost for service for each Company based on such finding.

ANNUAL FARE FILING

Between twelve to fifteen (12-15) months after implementation of new rates approved in an order authorizing the FARE, and every twelve (12) months thereafter, Liberty Bella Vista and Liberty Rio Rico will file annual FARE schedules reflecting the following[7]:

- Calculation of Revenue Deficiency or Surplus
- Current rate base for PIS, A/D, ADITs, AIAC/CIAC and other usual rate base factors
- Income Statement
- Operating Revenues
- Operating Expense Summary
- Depreciation Expense
- Taxes
- Rate Schedules[8]

[7] For example, if the Commission issued a decision approving the FARE for Liberty Bella Vista and implementing new rates effective December 1, 2016, then the first FARE filings by Liberty Bella Vista would occur on March 1, 2018 for the 12 months ended December 31, 2017. The Company then would make annual filings on March 1 of each following year.

[8] Copies of the proposed schedules are included as **Attachment A**.

PROCESSING THE ANNUAL FARE FILING

FARE TIMELINE

Day 1: FARE Filing

Day 45: Staff Review/Response

Day 60: Company Reply

Day 90: Hearing (if necessary)

Day 150: FARE Order

STEP ONE – Commission Staff and other parties will have 45 days to review the FARE filing and file responses and recommendations. During that review period, Liberty BV/RR will answer discovery (data requests for additional information) on an expedited basis (5-7 days maximum). ***The Commission's regulations prescribe limits on the time required to process rate cases, but Arizona law does not prohibit expedited processing of utility rates.***

STEP TWO – Liberty BV/RR will have 15 days to review the analysis and recommendations of Staff and any other party and file a reply in support of its FARE request along with their final request and recommendations if different than the initial annual FARE filing.

STEP THREE – If there is no material dispute between the parties regarding the determination of fair value, the Commission shall issue its order making a fair value finding and approving rates thereon within 90 days of the annual FARE filing. If there is a material dispute between the parties regarding the determination of fair value, the Commission shall schedule a hearing to be held no more than 90 days after the annual FARE filing date, and thereafter, issue its order making a fair value finding and approving rates thereon within 150 days of the annual FARE filing date.

USE OF THE ANNUAL FARE FILING

"The Commission will use the annual FARE filing to make a fair value determination and set the cost of service for the forthcoming year."

The Commission will use the annual FARE filing to make a fair value determination and set the cost of service for the forthcoming year. The Commission's decision would utilize Liberty Bella Vista's and Liberty Rio Rico's then current rate bases, revenues and expenses, with adjustments for then known and measurable changes, to make a fair value finding and, if necessary, reset the cost of service for another year, using the same formula, the same cost of capital, and the same rate design approved in the rate case in which the FARE was first authorized.

"Under the FARE, if the Commission's fair value determination shows that Liberty Bella Vista's and/or Liberty Rio Rico's earnings are within an "Established Range" equal to plus or minus 20 basis points from the authorized rate of return on equity (ROE), there will be no change in the revenue requirement and rates for the one year period covered by the annual FARE filing."

Under the FARE, if the Commission's fair value determination shows that Liberty Bella Vista's and/or Liberty Rio Rico's earnings are within an "Established Range" equal to plus or minus 20 basis points from the authorized rate of return on equity (ROE), there will be no change in the revenue requirement and rates for the one year period covered by the annual FARE filing. For example, if the approved ROE for Liberty Bella Vista is 9.5% and the annual FARE filing shows that the Company has earned 9.3% during the first year of the FARE, then there will not be any changes in the cost of service paid by customers. If Liberty Bella Vista's or Liberty Rio Rico's earnings fall outside the Established Range, the Commission shall set a new revenue requirement based on its fair value finding and the costs of service shall be increased ***or*** decreased as necessary to produce the authorized ROE. For example, if the approved ROE for Liberty Bella Vista is 9.5% and the annual FARE filing shows that the Company has earned 9.0% during the first year of the FARE, then the revenue requirement and rates shall be set to achieve a 9.5% ROE based on the updated cost of service.[9]

Additionally, if Liberty Bella Vista's and/or Liberty Rio Rico's annual FARE filing reflects that either Company is under-earning or over-earning by 100 basis points or more, then that Company shall file a general rate application within 120 days of the Commission issuing such finding, unless the Commissioner orders otherwise pursuant to a request filed by Liberty Bella Vista or Liberty Rio Rico.

[9] The inverse is also true: if the actual ROE for a utility is more than 20 basis points greater than the authorized ROE, rates will be lowered.

ADDITIONAL FEATURES OF THE FARE

"This systematic flow of operation and financial information will allow for a more efficient analysis of annual FARE filings and enhance the transparency of the ratemaking process by allowing Commission Staff and other stakeholders to stay well informed."

Quarterly FARE Updates – In addition to the annual FARE filing, Liberty Bella Vista and Liberty Rio Rico shall make quarterly FARE filings available to all interested parties to provide current financial and operational information and provide a timely snapshot of each Company's operations and finances. These quarterly filings are intended to be informational only and not require additional action by Commission Staff or other parties. This systematic flow of operation and financial information will allow for a more efficient analysis of annual FARE filings and enhance the transparency of the ratemaking process by allowing Commission Staff and other stakeholders to stay well informed. Quarterly filings will be made within 60 days of the close of each quarter in which the FARE is in effect and shall include:

- Quarterly Profit/Loss Statement
- Quarterly Balance Sheet
- Quarterly Income Statement
- Quarterly Operating Expense Summary
- Quarterly Plant Schedules
- Statement of Any Significant Plant Investment

Under the FARE, Liberty BV/RR would be subject to requests for information regarding the quarterly FARE filings in the same manner as discovery would be conducted with respect to an annual FARE filing. This will allow Commission Staff and other parties to stay informed about the operational and financial status of Liberty BV/RR, in turn allowing Commission Staff and other parties to have detailed working knowledge of the Companies ***before*** the annual FARE filings. Liberty BV/RR will also work with Commission Staff and other parties to develop templates for the quarterly and annual FARE filings.

Along with the formula for determining the revenue requirement in future FARE filings, the Commission will determine the applicable cost of capital, capital structure, and rate design in the general rate case approving the FARE. The Commission then will use the established cost of capital, capital structure and rate design for the annual FARE filings. This will reduce the time necessary for the Commission's fair value determination as part of the annual FARE filings.

"Absent exigent circumstances, Liberty BV/RR would not file a general rate case for at least four (4) years after the FARE is approved, and a general rate case will be filed within five (5) years of FARE approval, unless required earlier under the FARE or otherwise ordered by the Commission."

Absent exigent circumstances, Liberty BV/RR would not file a general rate case for at least four (4) years after the FARE is approved, and a general rate case will be filed within five (5) years of FARE approval, unless required earlier under the FARE or otherwise ordered by the Commission.

Adjustment mechanisms for operating expenses that are chiefly outside the utility's control (*e.g.*, CAP water, rates for purchased power, property tax rates) would continue to be used in concert with the FARE and notwithstanding the 20 basis point Established Range. The FARE also could include a correction mechanism. Although not included in this pilot proposal, the FARE could incorporate an annual review as part of the FARE process, allowing correction of any calculation or other errors relating to the prior year's FARE filing and determination.

BENEFITS OF THE FARE TO ARIZONA'S UTILITY CUSTOMERS, ARIZONA UTILITIES AND THE COMMISSION

Implementation and adoption of the FARE will certainly benefit Arizona ratepayers, Arizona's utilities and the Commission itself in many ways. Liberty Utilities summarizes these benefits below.

"The FARE is an exceptionally transparent rate making model. The process will be open and transparent through the use of quarterly and annual FARE filings."

- **Transparency** – The FARE is an exceptionally transparent rate making model. The process will be open and transparent through the use of quarterly and annual FARE filings. Those quarterly and annual filings will provide the Commission and any interested parties with updated and ongoing information about utility financial and operational status.

- **Rate Gradualism and Rate Stability** – Use of the Established Range brings a great deal of stability to residential customer bills, which allows customers to budget and plan for cost increases. Likewise, commercial

customers can better plan for rate increases, in turn fostering economic development.

"The FARE promotes rate gradualism and rate stability while minimizing the risks of rate shock."

- **Rate Shock** – The FARE promotes rate gradualism and rate stability while minimizing the risks of rate shock.

- **The FARE Works Both Ways** – All FARE filings will be mandatory. As such, the utility can't avoid a reduced revenue requirement and decreased rates, if circumstances warrant. By also capturing reductions in operation and maintenance expenses, operating efficiencies will provide timely benefits to customers.

"All stakeholders benefit by streamlined and less costly rate making procedures."

- **Streamlined and Less Costly Rate Making Process** – The FARE provides a set schedule for approximately six years of rate setting for Liberty BV/RR. All stakeholders benefit by streamlined and less costly rate making procedures. The FARE will result in more efficient use of limited resources.

- **Sharing of Reduced Expenses** – Filing of updated expense information under the FARE captures and addresses reductions in operation and maintenance expenses. That means that operating efficiencies provide timely benefits to ratepayers.

- **Reduce Regulatory Lag and Encourage Needed Utility Investment** – The FARE is designed to reduce the adverse consequences of regulatory lag and, in so doing, make investment into Arizona water and wastewater utility infrastructure more attractive.

- **Closer Scrutiny by Regulators and Other Parties** – As proposed with quarterly and annual filings, the FARE results in a close and ongoing scrutiny of a utility rather than once every few years if a general rate case is filed.

- **Other Tangible Benefits** – The FARE will result in better and more reliable provision of water and sewer service by Arizona utilities, including reduced water loss.

- **Compliance with Arizona's Fair Value Requirement** – As written, the FARE proposed as a pilot program for Liberty BV/RR is designed to comply with Arizona's fair value requirement and, specifically, the recent SIB decision.

Liberty Utilities

Attachment A

FAIR VALUE ARIZONA RATE EVALUATION (FARE) MODEL

SCHEDULES 1-20

Exhibit
Schedule 1

[APPLICANT NAME]
Year Ended _____
Computation of Increase in Gross Revenue
Requirements As Adjusted

Line No.	Description
1	Fair Value Rate Base (a)
2	Adjusted Operating Revenues (b)
3	Adjusted Operating Expenses (b)
4	Adjusted Operating Income (b) (Ln. 2 - ln. 3)
5	Current Rate of Return (%) (ln. 2 / ln. 1) x 100
6	Required Rate of Return on Fair Value Rate Base (%)(c)
7	Required Operating Income (ln. 6 x ln. 1)
8	Operating Revenue Deficiency (ln. 4 - ln. 7)
9	Gross Revenue Conversion Factor (d)
10	Increase in Gross Revenue Requirement (ln. 8 x ln. 9)
11	Revenue Requirement (ln. 2 + ln. 10)
12	% Increase (ln. 10 / ln. 2) x 100

Customer Class	Projected Revenue Due to Increase in Rates(e)	% Dollar Increase (Decrease)(e)

SUPPORTING SCHEDULES:
(a) Schedule 2
(b) Schedule 11
(c) As authorized in last general rate case decision
(d) Schedule 15
(e) Schedule 16

[APPLICANT NAME]
Year Ended _____
Summary of Rate Base

Exhibit
Schedule 2

Line No.	(1)	(2) Original Cost Balance at End of Year	(3) Adjustments	(4) Original Cost Adjusted Balance (Col. 2 + Col. 3)	(5) Fair Value Rate Base (=Col. 4)
1	Gross Utility Plant in Service (a)				
2	Less: Accumulated Depreciation (b)				
3	Net Utility Plant in Service				
	Less:				
4	Advances in Aid of Construction (c)				
5	Contributions in Aid of Construction (d)				
6	Accumulated Amortization of CIAC (e)				
7	Customer Deposits (f)				
8	Accumulated Deferred Income Taxes (g)				
9	Other:(i)				
	Plus:				
10	Cash Working Capital Allowance (h)				
11	Other:(j)				
12	Total Rate Base	$ -	$ -	$ -	$ - (A)

SUPPORTING SCHEDULES:

(a) Schedule 3
(b) Schedule 4
(c) Schedule 5
(d) Schedule 6
(e) Schedule 7
(f) Schedule 8
(g) Schedule 9
(h) Schedule 10
(i) As needed
(j) As needed

RECAP SCHEDULES:

(A) Schedule 1

[APPLICANT NAME]
Year Ended _____
Plant-In-Service (PIS)

Exhibit
Schedule 3

Line No.	(1) NARUC Acct. No.	(2) Natural Acct. No.	(3) Account Title (by natural account, subtotaled by NARUC account)	(4) Original Cost Balance at End of Year	(5) Adj. PIS-1 (a)	(6) Adj. PIS-2 (a)	(7) Adj. PIS-3 (a)	(#) Adj. PIS-# (a)	(#) Total Adjustments (a)(A)	(#) Adjusted Original Cost Balance at End of Year
			TOTALS	$ -	$ -	$ -	$ -	$ -	$ -	$ -

SUPPORTING SCHEDULES:
(a) As Needed

RECAP SCHEDULES:
(A) Schedule 2

Exhibit
Schedule 4

[APPLICANT NAME]
Year Ended _____
Accumulated Depreciation (A/D)

Line No.	(1) NARUC Acct. No.	(2) Natural Acct. No.	(3) Account Title (by natural account, subtotaled by NARUC account)	(4) Original Cost Balance at End of Year	(5) Adj. A/D-1 (a)	(6) Adj. A/D-2 (a)	(7) Adj. A/D-3 (a)	(#) Adj. A/D-# (a)	(#) Total Adjustments (a)(A)	(#) Adjusted Original Cost Balance at End of Year
			TOTALS	$ -	$ -	$ -	$ -	$ -	$ -	$ -

SUPPORTING SCHEDULES:
(a) As Needed

RECAP SCHEDULES:
(A) Schedule 2

[APPLICANT NAME]
Year Ended _____
Advances-in-Aid of Construction (AIAC)

Exhibit
Schedule 5

Line No.	(1) NARUC Acct. No.	(2) Natural Acct. No.	(3) Account Title	(4) Original Cost Balance at End of Year	(5) Adj. AIAC-1 (a)	(6) Adj. AIAC-2 (a)	(7) Adj. AIAC-3 (a)	(#) Adj. AIAC-# (a)	(#) Total Adjustments (a)(A)	(#) Adjusted Original Cost Balance at End of Year
	(by natural account, subtotaled by NARUC account)									
			TOTALS	$ -	$ -	$ -	$ -	$ -	$ -	$ -

SUPPORTING SCHEDULES:
(a) As Needed

RECAP SCHEDULES:
(A) Schedule 2

[APPLICANT NAME]
Year Ended _____
Contributions-in-Aid of Construction (CIAC)

Exhibit
Schedule 6

Line No.	(1) NARUC Acct. No.	(2) Natural Acct. No.	(3) Account Title (by natural account, subtotaled by NARUC account)	(4) Original Cost Balance at End of Year	(5) Adj. CIAC-1 (a)	(6) Adj. CIAC-2 (a)	(7) Adj. CIAC-3 (a)	(#) Adj. CIAC-# (a)	(#) Total Adjustments (a)(A)	(#) Adjusted Original Cost Balance at End of Year
			TOTALS	$ -	$ -	$ -	$ -	$ -	$ -	$ -

SUPPORTING SCHEDULES:
(a) As Needed

RECAP SCHEDULES:
(A) Schedule 2

[APPLICANT NAME]
Year Ended _____
Accumulated Amortization (AA)

Exhibit
Schedule 7

Line No.	(1) NARUC Acct. No.	(2) Natural Acct. No.	(3) Account Title	(4) Original Cost Balance at End of Year	(5) Adj. AA-1 (a)	(6) Adj. AA-2 (a)	(7) Adj. AA-3 (a)	(#) Adj. AA-# (a)	(#) Total Adjustments (a)(A)	(#) Adjusted Original Cost Balance at End of Year
	(by natural account, subtotaled by NARUC account)									
			TOTALS	$ -	$ -	$ -	$ -	$ -	$ -	$ -

SUPPORTING SCHEDULES:
(a) As Needed

RECAP SCHEDULES:
(A) Schedule 2

[APPLICANT NAME]
Year Ended _____
Customer Deposits

Exhibit
Schedule 8

Line No.	(1) NARUC Acct. No.	(2) Natural Acct. No.	(3) Account Title (by natural account, subtotaled by NARUC account)	(4) Original Cost Balance at End of Year	(5) Adj. CD-1 (a)	(6) Adj. CD-2 (a)	(7) Adj. CD-3 (a)	(#) Adj. CD-# (a)	(#) Total Adjustments (a)(A)	(#) Adjusted Original Cost Balance at End of Year
			TOTALS	$ -	$ -	$ -	$ -	$ -	$ -	$ -

SUPPORTING SCHEDULES:
(a) As Needed

RECAP SCHEDULES:
(A) Schedule 2

[APPLICANT NAME]
Year Ended _____
Accumulated Deferred Income Taxes (ADIT)

Exhibit
Schedule 9

Line No.	(1) NARUC Acct. No.	(2) Natural Acct. No.	(3) Account Title (by natural account, subtotaled by NARUC account)	(4) Original Cost Balance at End of Year	(5) Adj. ADIT-1 (a)	(6) Adj. ADIT-2 (a)	(7) Adj. ADIT-3 (a)	(#) Adj. ADIT-# (a)	(#) Total Adjustments (a)(A)	(#) Adjusted Original Cost Balance at End of Year
			TOTALS	$ -	$ -	$ -	$ -	$ -	$ -	$ -

SUPPORTING SCHEDULES:
(a) As Needed

RECAP SCHEDULES:
(A) Schedule 2

[APPLICANT NAME]
Test Year Ended December 31, 2014
Cash Working Capital Allowance

Exhibit
Schedule 10

Line No.	(1) Description	(2) Amount	(3) Revenue Lag (Lead) Days (a)	(4) Expense Lag (Lead) Days (a)	(5) Net Lag (Lead) Days (Col. 3 - Col. 4)	(6) Lead/Lag Factor (Col. 5/365)	(7) Cash Working Capital Required (Co. 2 * Col. 6)
	OPERATING EXPENSES (Specify as needed)						
	TAXES (Specify as needed)						
	OTHER (Specify as needed)						
	TOTAL	$ -		WORKING CAPITAL CASH REQUIREMENT			$ - (A)

SUPPORTING SCHEDULES
(a) Details of computations as needed

RECAP SCHEDULES:
(A) Schedule 2

[APPLICANT NAME]
Year Ended _____
Revenues and Expenses

Exhibit
Schedule 11

Line No.	Description	(1)	(2) Year End Book Results (a)	(3) Adjustment (b)	(3) Year End Adjusted Results (Col. 2 + Col 3.)	
	Total Rate Revenues					
	Total Other Operating Revenues					
	Total Operating Revenues					(A)
	Operating Expenses (by Function)					
	Depreciation and Amortization (b)					
	Property Taxes (c)					
	Other Taxes (c)					
	Income Taxes (d)					
	Total Operating Expenses					(A)
	Operating Income					(A)

SUPPORTING SCHEDULES:
(a) Income Statement for 12 Months Ended
(b) Schedule 12

RECAP SCHEDULES:
(A) Schedule 1

Exhibit
Schedule 12

[APPLICANT NAME]
Year Ended _____
Adjustements to Revnues and Expenses

Line No.	(1) NARUC Acct. No.	(2) Natural Acct. No.	(3) Account Title	(4) Recorded Annual Results (A)	(5) Adj. IS-1 (a)	(6) Adj. IS-2 (a)	(7) Adj. IS-3 (a)	(#) Adj. IS-# (a)	(#) Total Adjustments (a)(A)	(#) Adjusted Annual Results(A)
			Operating Revenues							
			(by rate class)							
			Total Rate Revenues							
			Other Operating Revenue							
			(by natural account, subtotaled by NARUC account and function)							
			Total Operating Revenue							
			Operating Expenses							
			(by natural account, subtotaled by NARUC account and function)							
			Depreciation & Amorization Expense(b)							
			Property Taxes (c)							
			Other Taxes (c)							
			Income Taxes (c)							
			Total Operating Expenses							
			Operating Income							

SUPPORTING SCHEDULES:
(a) As needed
(b) Schedule 13
(c) Schedule 14

RECAP SCHEDULES:
(A) Schedule 11

[APPLICANT NAME]
Year Ended _____
Depreciation and Amortization Expense

Exhibit
Schedule 13

PLANT-IN-SERVICE (PIS)

Line No.	(1) NARUC Acct. No.	(2) Natural Acct. No.	(3) Account Title (by natural account, subtotaled by NARUC account and function)	(4) Unadjusted Original Cost (a)	(5) Non-Depr. and Fully Depr. PIS (b)	(6) Depreciable Original Cost (Col. 4 - Col. 5)	(7) Recorded Depreciation Expense (b)	(8) PIS Adjustments(a)	(9) Adjusted Original Cost (a) (Col. 4 - Col. 8)	(10) Non-Depr. and Fully Depr. PIS (b)	(11) Depreciable Original Cost (Col. 9 - Col. 10)	(12) Authorized Depreciation Rate (c)	(13) Annualized Depreciation Expense (Col. 11 x Col. 12)
			Totals										

CONTRIBUTIONS-IN-AID-OF CONSTRUCTION (CIAC)

Line No.	(14) NARUC Acct. No.	(15) Natural Acct. No.	(16) Account Title (by natural account, subtotaled by NARUC account and function)	(17) Unadjusted Original Cost (d)	(18) Fully Amortized CIAC (b)	(19) Amortizable Original Cost (Col. 17 - Col. 18)	(20) Recorded Amortization(b)	(21) CIAC Adjustments(d)	(22) Adjusted Original Cost (d) (Col. 17 - Col. 21)	(23) Fully Amortized CIAC (b)	(24) Amortizable Original Cost (Col. 22 - Col. 23)	(25) Amortization Rate (b)	(26) Annualized Amortization (Col. 24 x Col. 25)
			Totals										

Depreciation and Amorization Expense (Total of Col. 8 - Total of Col. 16) _____ (A)

Less: Recorded Depreciation and Amortization Expense _____

Adjustment to Depreciation and Amortization Expense _____ (B)

SUPPORTING SCHEDULES:
(a) Schedule 3
(b) As needed
(c) As authorized in last general rate case
(d) Schedule 5

RECAP SCHEDULES:
(A)(B) Schedule 12

Exhibit
Schedule 14

[APPLICANT NAME]
Year Ended _____
Taxes

Line No.	(1) NARUC Acct. No.	(2) Natural Acct. No.	(3) Account Title	(4) Recorded Annual Results(A)	(5) Adj. T-1 (a)	(6) Adj. T-2 (a)	(7) Adj. T-3 (a)	(#) Adj. T-# (a)	(#) Total Adjustments (a)(A)	(#) Adjusted Annual Results(A)
			Property Taxes (by natural account, subtotaled by NARUC)							
			Other Taxes (by natural account, subtotaled by NARUC)							
			Income Taxes (by natural account, subtotaled by NARUC)							

RECAP SCHEDULES:
(A) Schedule 12

SUPPORTING SCHEDULES:
(a) As needed

[APPLICANT NAME]
Year Ended _____
Computation of Gross Revenue Conversion Factor (GRCF)

Exhibit
Schedule 15

Line No.	Description	Percentage of Incremental Gross Revenues
1	Arizona Effective Income Tax Rate (a)	
2	Federal Effective Income Tax Rate (a)	
3	Property Taxes (a)	
4	Uncollectible Factor (a)	_____
5	Total Tax Percentage	
6	Operating Income % = 100% - Total Tax Percentage	100.000%
7	$\frac{1}{\text{Operating Income \%}}$ = Gross Revenue Conversion Factor (A)	

SUPPORTING SCHEDULES:
(a) As needed

RECAP SCHEDULES:
(A) Schedule 1

[APPLICANT NAME]
Year Ended _____
Summary of Rate Revenues by Customer Classification

Exhibit
Schedule 16

Line No.	(1) Customer Classification	(2) Revenues from Present Rates(a)	(3) Revenues from Proposed Rates(a)	(4) Revenue Increase (Decrease) (Col. 3 - Col. 2)	(5) % Increase(Decrease) (Col. 4 / Col. 2)
	Total Revenues				

SUPPORTING SCHEDULES:
(a) Schedule 17

RECAP SCHEDULES:
(A) Schedule 1

[APPLICANT NAME]
Year Ended _____
Analysis of Revenue by Detailed Class

Exhibit
Schedule 17

Line No.	(1) Class of Service (subtotaled by customer class)	(2) Average Number of Customers (a)	(3) Average Consumption (a)	(4) Total Revenues Present Rates	(5) Total Revenues Proposed Rates	(6) Revenue Increase (Decrease) (Col. 5 - Col. 4)	(7) % Increase(Decrease) (Col. 4 / Col. 2)(A)

SUPPORTING SCHEDULES:

RECAP SCHEDULES:
(A) Schedule 16

[APPLICANT NAME]
Year Ended _____
Bill Analysis

Exhibit
Schedule 18

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
					Average Bill				Median Bill			
Line No.	Class of Service (subtotaled by customer class)	Average Number of Customers (a)	Average Consumption (a)	Median Consumption (a)	Present Rates (a)	Proposed Rates (a)	Increase/ (Decrease) (Col. 6 - Col. 5)	% Increase/ (Decrease) (Col. 7 / Col. 5)	Present Rates (a)	Proposed Rates (a)	Increase/ (Decrease) (Col. 10 - Col. 9)	% Increase/ (Decrease) (Col. 11 / Col. 9)

SUPPORTING SCHEDULES:
(a) Schedule 19

RECAP SCHEDULES:

Exhibit
Schedule 19

[APPLICANT NAME]
Year Ended _____
Billing Determinants

Rate Schedule:_____

Description: _____

(1)		(2)	(3)	(4)	(5)	(6)	(7)
Line No.	Block	Number of Bills By Block	Consumption (a)	Cummulative Bills	No. Bills % of Total	Cummulative Consumption	Cummulative Consumption % of Total

Average Number of Customers:_____
Average Consumption:_____
Median Consumption:_____

SUPPORTING SCHEDULES:

RECAP SCHEDULES:

[APPLICANT NAME]
Year Ended _____
Changes in Representative Rate Schedules

Exhibit
Schedule 20

(1)		(2)	(3)	(4)	(5)	(6)
Line No.	Rate Schedule	Description	Block	Present Rate	Proposed Rate	Dollar Change

SUPPORTING SCHEDULES:

RECAP SCHEDULES:

Applies to all service areas

PART ONE

STATEMENT OF CHARGES

B. Commodity Rates

The rate for use in addition to the minimum stated above shall be at the following rates per 1,000 gallons:

Meter Size	Consumption	Charge
5/8" x 3/4" Meter – Residential	0 to 4,000 gallons	$2.07
	4,001 to 10,000 gallons	3.07
	Over 10,000 gallons	3.82
5/8" x 3/4" Meter – Commercial	0 to 4,000 gallons	3.07
	Over 4,000 gallons	3.82
3/4" Meter – Residential	0 to 4,000 gallons	2.07
	4,001 to 10,000 gallons	3.07
	Over 10,000 gallons	3.82
3/4" Meter – Commercial	0 to 4,000 gallons	3.07
	Over 4,000 gallons	3.82
1" Meter – All Classes (except standpipe)	0 to 10,000 gallons	3.07
	Over 10,000 gallons	3.82
1 1/2" Meter – All Classes (except standpipe)	0 to 26,000 gallons	3.07
	Over 26,000 gallons	3.82
2" Meter – All Classes (except standpipe)	0 to 45,000 gallons	3.07
	Over 45,000 gallons	3.82
3" Meter – All Classes (except standpipe)	0 to 98,000 gallons	3.07
	Over 98,000 gallons	3.82

SHAPIRO LAW FIRM, P.C.
Jay L. Shapiro (No. 014650)
1819 E. Morten Avenue, Suite 280
Phoenix, Arizona 85020
Telephone (602) 559-9575

LIBERTY UTILITIES
Todd C. Wiley (No. 015358)
12725 W. Indian School Road, Suite D-101
Avondale, Arizona 85392

Attorneys for Liberty Utilities (Bella Vista Water) Corp.

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF LIBERTY UTILITIES (BELLA VISTA WATER) CORP., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: W-02465A-15-____

DIRECT TESTIMONY OF

PETER EICHLER

October 27, 2015

TABLE OF CONTENTS

I. INTRODUCTION 1

II. LIBERTY'S PROPOSED FAIR VALUE ARIZONA RATE EVALUATION MODEL – THE FARE 3

I. INTRODUCTION.

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Peter Eichler. My business address is 354 Davis Road, Oakville, Ontario L6J 2X1.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Liberty Utilities as Vice President of Strategic Planning.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I am providing this testimony on behalf of Liberty Utilities (Bella Vista Water) Corp. ("Liberty Bella Vista") and Liberty Utilities (Rio Rico Water & Sewer) Corp. ("Liberty Rio Rico") (collectively "Liberty BV/RR" or "Applicants").

Q. WHAT ARE YOUR RESPONSIBILITIES AS VICE PRESIDENT OF STRATEGIC PLANNING?

A. My responsibilities include oversight for Regulatory Strategy, Customer Experience Strategy, and Operations Strategy. As part of my role, I regularly evaluate the regulatory environments within which Liberty Utilities operates and provide advice to Liberty's management teams about investment decisions.

Q. HAVE YOU HELD OTHER POSITIONS WITH LIBERTY UTILITIES?

A. Yes. I was previously Manager of Financial Planning & Analysis. In that role I was in charge of financial planning, including ensuring overall accountability for rate cases. I was also responsible for analyzing regulatory related accounting and finance issues and responding to related discovery issues. I have also held the positions of Director of Regulatory Strategy, in which my responsibilities included crafting strategies to enhance relationships with state regulatory agencies and developing mechanisms by which customers and utility owners alike can benefit. I have also held the position of Director, Liberty Services which was an unregulated affiliate of Liberty Utilities focused on providing hot water heater

rentals, rooftop solar leases, and compressed natural gas initiatives. I have also represented Liberty Utilities interests as a board member in the Missouri Energy Developers Association.

Q. PLEASE DESCRIBE YOUR PROFESSIONAL AND EDUCATIONAL BACKGROUND.

A. Before joining Liberty Utilities, I spent four years at regulated electric utilities in Ontario, Canada, working in the areas of Corporate Finance, Ratemaking and Regulatory Affairs.

I am a designated accountant, having received the Certified Management Accountant ("CMA") designation in Canada, which is now referred to as a Chartered Professional Accountant ("CPA, CMA"). That designation is similar to a Certified Public Accountant designation in the United States. In addition, I have completed a Masters of Business Administration degree from the University of Windsor in Ontario, Canada, and I have a Bachelor of Commerce degree with a specialization in Finance from Ryerson University in Toronto, Canada.

Q. DO YOU HAVE ANY SPECIALIZED TRAINING RELATED TO UTILITY RATEMAKING?

A. In addition to my work experience, I completed NARUC's Utility School in November, 2009.

Q. HAVE YOU TESTIFIED BEFORE THIS OR ANY OTHER PUBLIC UTILITIES COMMISSION?

A. Yes. I testified before the Arizona Corporation Commission ("Commission") in the 2009 rate proceeding for Liberty Rio Rico. Now, I am concurrently prefiling this direct testimony in rate proceedings for Liberty Bella Vista and Liberty Rio Rico.

I have also testified in proceedings before the Arkansas Public Service Commission, the California Public Utilities Commission, the Georgia Public Service Commission, the Illinois Corporation Commission, the Iowa Utilities Board, the Massachusetts Department of Public Utilities, the Missouri Public Service Commission, the New Hampshire Public Utilities Commission, and the Texas Commission on Environmental Quality. A listing of my regulatory testimony is attached as **Exhibit PE-DT1**.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. My testimony is limited to supporting the Applicants' request for approval of the Fair Value Arizona Rate Evaluation Model or "FARE."

II. LIBERTY'S PROPOSED FAIR VALUE ARIZONA RATE EVALUATION MODEL – THE FARE.

Q. WHAT IS THE FARE, MR. EICHLER?

A. The FARE is a ratemaking mechanism designed to comply with Arizona law, including the unique "fair value" requirement, promote rate gradualism and rate stability, and to mitigate regulatory lag. The FARE will use regular filings in an open and transparent process that ensures that the cost of service to the customer reflects the utility's current cost of service, which cost includes a return on the current level of investment in plant. The fundamental components, the timeline, the filing requirements and the justifications and benefits of the FARE are set forth in Liberty Utilities Proposed Fair Value Rate Evaluation (FARE) Model attached to my testimony as **Exhibit PE-DT2**.

Q. WHY DO YOU BELIEVE THE COMMISSION SHOULD CONSIDER NEW APPROACHES TO SETTING RATES FOR WATER AND WASTEWATER UTILITIES IN ARIZONA?

A. Our Arizona subsidiaries seem to always be chasing but never achieving their revenue requirements and authorized returns. The authorized returns are already lower in Arizona compared to almost every state in which we do business, and then we are unable to even achieve those returns due to adherence to the historic test year and limited use of adjusters. Then, the Commission took a step in the right direction with approval of the System Benefits Improvement surcharge or SIB, and the court overruled it.

The need for alternative ratemaking models did not go away with the decision to invalidate the SIB; it made the need more paramount. The FARE is a new approach to setting rates that is balanced and will benefit utilities and customers, which is why Liberty Utilities is requesting that the Commission adopt the FARE as a pilot program for Liberty Bella Vista and Liberty Rio Rico to be implemented and evaluated over the next few years.

Q. SO THE FARE IS A TOTALLY NEW RATEMAKING METHODOLOGY FOR ARIZONA?

A. No, it as a "different approach" to setting rates. The FARE (1) still uses the basic historical test year concept with pro forma adjustments for known and measurable changes; (2) still follows the well-established formula that rates should be derived from a revenue requirement that equals operating expenses plus a return on and of rate base; and (3) will be established in a general rate case. Additionally, the FARE does not use forecasts, does not alter that way cost of capital is determined, and does not alter how rate designs are established. The FARE requires a fair value finding each year, which finding will incorporate consideration of the full

range of current information concerning revenues, plant and expenses. We drafted that aspect of the FARE to specifically comply with Arizona's fair value requirement as set forth in the SIB Decision issued by the Court of Appeals.

Q. THEN WHAT MAKES THE FARE A "DIFFERENT APPROACH" TO RATEMAKING IN ARIZONA?

A. Under the FARE, the amount paid by the customers will be annually determined and updated in an open and transparent process intended to ensure that the utility has a reasonable opportunity to recover its operating expenses and earn its authorized returns. This regulatory model will enhance the ability of utilities, like Liberty Bella Vista and Liberty Rio Rico, to attract capital for investment in needed and critical utility infrastructure, while also ensuring that rate changes are gradual.

Q. SO THE RATES FOR UTILITY SERVICE WOULD BE ADJUSTED EVERY YEAR OF THE FARE?

A. I would not choose to use the term "adjusted." I would say that, under the FARE, the Commission will make a full fair value finding each year and rates will then be updated or maintained each year based on the full range of information concerning revenues, plant and expenses. The FARE would be approved in a general rate case, where fair value rate base, operating expenses, rate of return and a rate design will be developed and used to set rates for water and wastewater service by Applicants. Each year thereafter, using more current fair value rate base and operating expense information, the revenue requirement and rates will be updated. The manner in which rate base is used to determine rates, the cost of capital, and the rate design will not be altered following the general rate order approving the FARE.

Q. WHY WON'T THE COST OF CAPITAL AND RATE DESIGN BE "UPDATED" IN THE ANNUAL FARE FILINGS?

A. First, that would pretty much turn the annual FARE filing into a lengthy and time consuming general rate case. We are looking for a way to mitigate regulatory lag that does not require a general rate case very year. And, as I understand it, in the SIB decision, the court said the Commission can't set rates without a fair value finding, and that a fair value finding can't be made just by looking at rate base. But the court did not say a general rate case was required to make a fair value finding.

Second, absent a major change in circumstances, the rate design shouldn't need to be revaluated every year. The rate design approved in the general rate case approving the FARE can be applied to any revenue requirement. Moreover, if the need for a significant change were necessary, the Commission could consider it in the annual FARE process and, if necessary, order a new filing on rate design. But we think that will rarely be necessary and rate design can be addressed again in the general rate case in four to five years.

Third, while cost of capital does change from year to year, and even within a year, we are trying not to make the process longer, unduly expensive or overly burdensome. Not doing an annual cost of capital analysis furthers that goal. Since capital costs are far more likely to increase than decrease over the proposed life of this pilot program given historically low interest rates today, this seemed a reasonable compromise for a pilot program.

Q. SO IF THE COMMISSION APPROVES THE FARE IN THESE GENERAL RATE CASES, LIBERTY CAN JUST "UPDATE" THE RATES FOR BELLA VISTA AND RIO RICO CUSTOMERS EVERY YEAR?

A. Not without Commission approval. Each year after the rates approved in these two

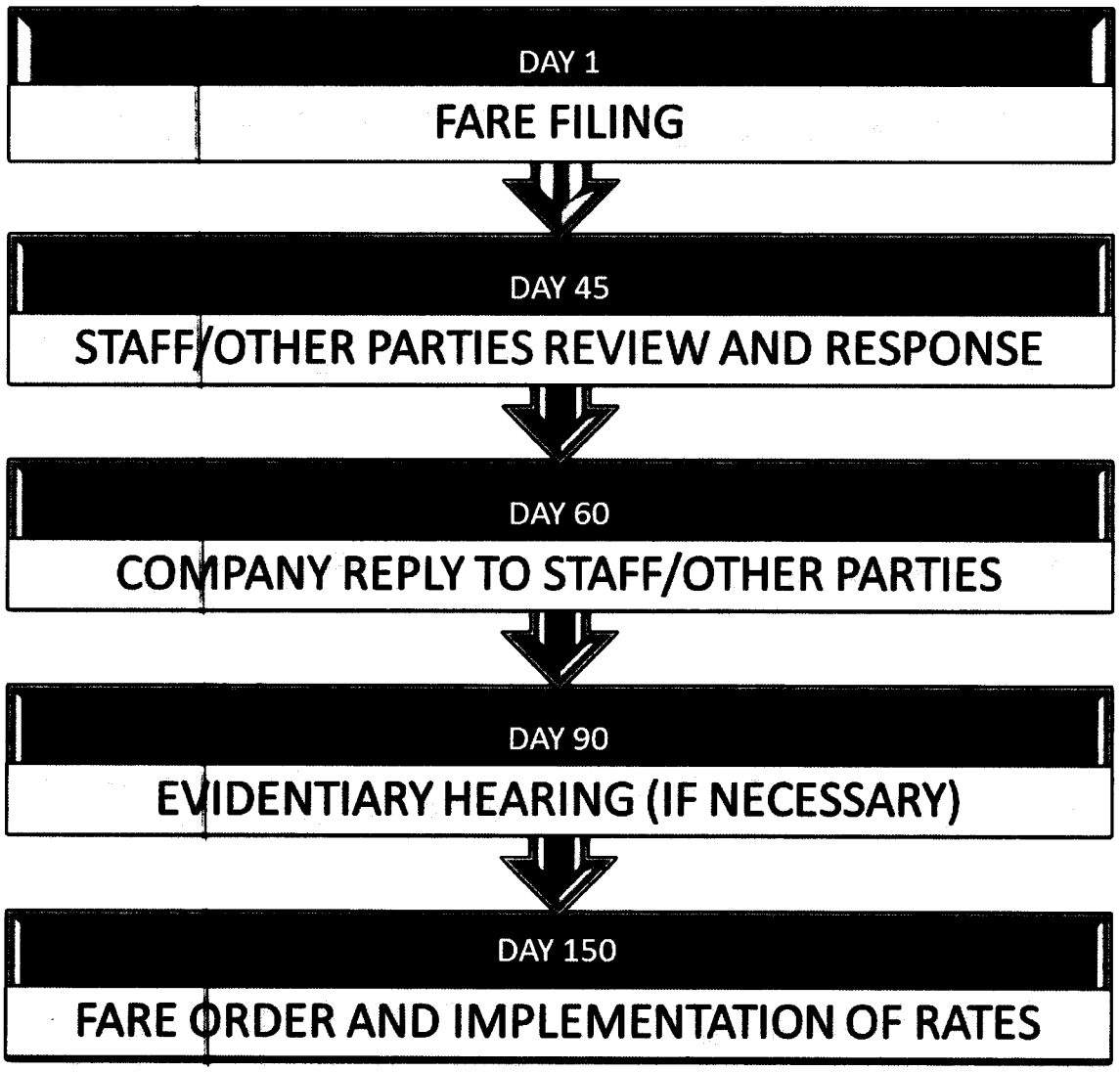
rate cases go into effect, Applicants will make a filing with schedules reflecting all of the following:

- Calculation of Revenue Deficiency or Surplus
- Current rate base for Plant In Service (PIS), Accumulated Depreciation ("A/D"), Accumulated Deferred Income Taxes (ADITs), Advances In Aid of Construction (AIAC)/Contributions In Aid of Construction (CIAC) and other rate base factors
- Income Statement
- Operating Revenues
- Operating Expense Summary
- Depreciation Expense
- Taxes
- Rate Schedules[1]

Commission Staff and other parties would be allotted time to review the FARE filing and file responses and recommendations. We suggest 45 days, during which Liberty BV/RR will answer data requests for additional information on an expedited basis. Then, Liberty BV/RR will have 15 days to review the analysis and recommendations of Staff and any other party and file a reply in support of its final FARE request. A goal of the FARE is to streamline and expedite rate setting in Arizona, as shown in the attached proposed timeline for implementation of the FARE:

[1] Copies of the proposed schedules are included as part of the FARE paper attached as **Exhibit PE-DT2**.

PROPOSED TIMELINE FOR IMPLEMENTATION OF FARE



Q. WILL THERE BE A HEARING BEFORE ANY CHANGES OR UPDATES ARE IMPLEMENTED?

A. That is ultimately up to the Commission. In our model, if there is no material dispute between the parties regarding the determination of fair value, we believe the Commission can issue its order making a fair value finding and approving rates thereon within 90 days of the annual FARE filing and without a hearing. On the

other hand, if there is a material dispute between the parties regarding the determination of fair value, we suggest that the Commission would schedule a hearing to be held no more than 90 days after the annual FARE filing date, and then issue its order making a fair value finding and approving rates within 150 days of the annual FARE filing date.

Q. IS A "MATERIAL DISPUTE" DEFINED IN THE FARE PROPOSAL?

A. No. Materiality will have to be determined largely on a case-by-case manner and within the Commission's discretion. If no dispute is found, we respectfully presume that the Commission order updating the rates would state something like "having found no material dispute, we Order.... " If there is a material dispute that the parties cannot resolve, then it would go to hearing. Our hope, though, is that the transparent, information rich process we have designed will minimize disputes and foster resolution.

Q. AND LIBERTY BELIEVES THIS ALL COMPLIES WITH ARIZONA'S CONSTITUTIONAL FAIR VALUE REQUIREMENT?

A. Yes. I am not a lawyer and will not try to argue our legal analysis. What I can say is that our specific intent was to design a ratemaking model in full compliance with Arizona's unique legal requirements. It is my understanding that the recent appeals court decision did not say rates could *not* be set in the manner we are suggesting. As I mentioned above, I understand that the court held that rates must be set based on a fair value finding, and that this fair value finding can't be limited to changes in plant after the rates are set. Instead, the fair value finding must also include evaluation of other ratemaking factors. That is precisely what the FARE is intended to do by capturing changes in revenues, plant investment and operating expenses from year to year.

Q. ARE THE TYPICAL CHANGES IN COSTS FROM YEAR TO YEAR SIGNIFICANT ENOUGH TO WARRANT AN ANNUAL REVIEW PROCESS SUCH AS LIBERTY IS SUGGESTING?

A. I would say on the whole, yes, although in any given year, the changes may not be significant. This is one reason we have proposed an "Established Range" as part of the FARE proposal. The Established Range essentially is an earnings band intended to keep earnings for utilities within that approved bandwidth, so to speak.

Specifically, we propose that if the Commission's fair value determination shows that either applicant's earnings are within an "Established Range" of plus or minus 20 basis points from the authorized ROE, there will be no "update" to the revenue requirement and rates for the one year period covered by the annual FARE filing. For example, if the approved ROE for Liberty Bella Vista is 10.0 percent and the annual FARE filing shows that Liberty Bella Vista has earned 9.8 percent during the first year of the FARE, then there will not be any changes in the cost of service paid by customers and, therefore, no update to the rates. On the other hand, if Liberty Bella Vista earned 9.5 percent during the first year of the FARE (50 basis points below the authorized ROE), the Commission would determine an updated revenue requirement based on its fair value finding and the rates paid by the customers would be updated as necessary to produce the authorized revenues and return.

Additionally, under our proposal, if the annual FARE filing reflects that either Applicant is under-earning or over-earning by 100 basis points or more, then that applicant would be required to file a general rate application within 120 days of the Commission issuing such finding. The FARE also allows a utility that is under-earning by 100 basis points or more to request that the Commission grant a waiver from that filing requirement. There may be circumstances where a utility

may not want to file a full rate case under the FARE, even though it is under-earning.

Q. AND YOU MENTIONED THAT THE FARE WORKS EQUALLY TO REDUCE RATES FOR CUSTOMERS IF WARRANTED?

A. Yes. While the adverse impacts of regulatory lag primarily fall on the utility, fundamental fairness compelled us to try to design a mechanism that worked equally for customers and utility alike. The simple goal is to mitigate regulatory lag in order to ensure that the cost paid for service by the customer actually provides us with a reasonable opportunity to earn our authorized returns. If changes in our operations or plant investment mean the costs are lower, then the customers should realize that benefit of the FARE, in which case the revenue requirement and rates would be lower. Either way, regulatory lag should be eliminated to the greatest extent possible.

Q. BUT, MR. EICHLER, ISN'T REGULATORY LAG AN INEVITABLE PART OF UTILITY RATEMAKING?

A. Yes, but only to a certain extent. Even under the FARE, there will still be up to a 1 to 1.5 year delay between cost increases and recovery. This is why we believe the Commission should take any and all reasonable steps to negate the adverse consequences of regulatory lag. As I understand the "regulatory compact," regulation by the Commission is supposed to act in place of the competitive marketplace. If the cost of chemicals goes up because there is an increase in shipping costs, the vendor is going to raise the price of those chemicals to recover the cost increase. Obviously, Liberty Bella Vista and Liberty Rio Rico can't do that. Nor should they have to wait years, emphasis on the plural, to avoid losing money because the costs of service went up considerably after a rate case.

Q. WOULD YOU AGREE, THOUGH, THAT REGULATORY LAG DOES BENEFIT CUSTOMERS?

A. No. Regulatory lag in Arizona undermines efforts to promote gradualism. Under the current regulatory regime, customers can't budget and plan for cost increases, and rate shock in Arizona is a regular occurrence. The FARE was designed and drafted to alleviate these issues. Regulatory lag also postpones the time when customers benefit from cost savings achieved by utilities during operations. And regulatory lag chills investment.

I do not think anyone legitimately disputes that the ability to attract capital is critical. Nor does there appear to be any dispute that the need for capital investment in utility infrastructure is staggering.[2] But it's hard to invest capital in Arizona when that investment will not see a return for at least two years after the investment is made, often longer, and then even when the plant hits rate base, the nature of ratemaking in Arizona is such that our subsidiaries almost never realize our authorized revenue levels. Compared to the other states where Liberty Utilities has regulated utility subsidiaries, where things like future test years are used and adjuster mechanisms are the norm, it shouldn't be difficult to see that investment is more attractive in those other states.

Q. HOW DOES THE FAILURE TO AMELIORATE REGULATORY LAG UNDERMINE EFFORTS TO PROMOTE RATE GRADUALISM, MR. EICHLER?

A. It makes ratemaking lumpy. Instead of rates that gradually go up or down to reflect the constantly changing realities of plant investment and operating expenses, you end up with general rate cases every few years and much larger, often huge,

[2] **Exhibit PE-DT2** at 2.

increases being necessary for the utility to recover its costs and earn a return on rate base. In order to reduce or even eliminate the chance of very large rate increases, regulated companies in Arizona need enhancements to the existing ratemaking model such as the FARE that updates all rate base items such as plant investment along with expenses every year.

Q. MR. GARLICK INDICATES IN HIS DIRECT TESTIMONY THAT QUARTERLY FILINGS ARE INTENDED TO AID STAFF IN PROCESSING THE FARE FILINGS?

A. Yes. We have proposed quarterly FARE filings available to all interested parties to provide current financial and operational information and provide a timely snapshot of each Company's operations and finances. Quarterly filings will be made within 60 days of the close of each quarter in which the FARE is in effect and include:

- Quarterly Profit/Loss Statement
- Quarterly Balance Sheet
- Quarterly Income Statement
- Quarterly Operating Expense Summary
- Quarterly Plant Schedules
- Statement of Any Significant Plant Investment

The quarterly filings would basically reflect a rolling 12-month period for all of the elements of each Company's revenue requirement. And under the FARE, Liberty BV/RR would be subject to requests for information regarding the quarterly FARE filings in the same manner as discovery related to the annual FARE filing.

1 **Q. WOULD STAFF AND OTHER PARTIES BE REQUIRED TO DO**
2 **ANYTHING WITH RESPECT TO THESE QUARTERLY FILINGS?**
3 A. Not as proposed. The quarterly filings are intended to be informational only.
4 We are trying to build a process predicated on a systematic flow of operational and
5 financial information from us to the regulators. The goal is to make the process
6 more efficient and enhance the transparency of the ratemaking process.
7 **Q. MR. EICHLER, ARE YOU SUGGESTING THAT THE FARE WILL**
8 **ACTUALLY BE SIMPLER TO IMPLEMENT THAN THE CURRENT**
9 **APPROACH?**
10 A. Yes, I guess I am. To us, filing one general rate case every four to five years, with
11 annual and quarterly filings each year in between, seems like less work than a
12 general rate case every one, two or three years. Commission Staff could assign one
13 or two specific analysts to Liberty Utilities. Those analysts would be responsible
14 for reviewing the quarterly fillings, and processing the annual filings for Staff.
15 Those analysts would be exposed to Liberty, and how we do business, and our
16 financial information on a regular basis. Each filing simply would update what the
17 analysts already know. It would mean that each new rate case does not require an
18 analyst to learn all about the utility, reviewing thousands of pages of documents
19 supporting years of plant and operations. This should make things easier and
20 therefore less costly, not harder.
21 **Q. ARE THERE OTHER STATES WHERE SIMILAR MODELS ARE BEING**
22 **IMPLEMENTED?**
23 A. Yes, and this sort of formulaic approach to setting rates is used at the federal level
24 as well. Our efforts actually began by looking at the GRAM, or Georgia Rate
25 Adjustment Mechanism. This particular ratemaking model was first used in
26 Georgia in 2011 for natural gas distribution utilities. The GRAM is similar in

many ways to rate stabilization, decoupling and other non-volumetric mechanisms employed all across the U.S.[3] However, the GRAM was merely a starting point – we adopted several features and then designed the FARE to work in compliance with Arizona law, using the same general historical ratemaking concept already in place. So, while the FARE shares some similarity with ratemaking models used in other states, it is unique. I also would re-emphasize that we do not view the FARE as a rate adjustment mechanism. Rather, the FARE is a rate-setting model based on the fair value requirements of Arizona law, and incorporating all of the required elements of ratemaking in Arizona. Again, the annual FARE process does not change how the rates were set; it merely updates the critical inputs.

Q. THANK YOU MR. EICHLER. WOULD YOU LIKE TO ADD ANYTHING ELSE TO YOUR TESTIMONY IN SUPPORT OF THE FARE?

A. We certainly recognize that the Commission has a number of competing factors to consider; we do not expect the Commission or anyone else to rubber-stamp the FARE. We understand this is a process. We brought together a significant amount of expertise and have worked hard to put forth a proposal that tries to balance a number of competing and sometimes conflicting considerations. Now we ask that it be given full and fair consideration, and we hope that the end result is the best possible model for all stakeholders.

We firmly believe that the FARE benefits all stakeholders. The FARE is an exceptionally transparent rate making model. The FARE process will use quarterly and annual FARE filings to provide the Commission and any interested parties with updated and ongoing information about the utility's financial and operational

[3] There were approximately 20 states with some form of approved decoupling tariff as of December 2011 including Arizona (Southwest Gas). There were also at least 7 states with approved rate stabilization tariffs as of December 2011.

status. This information allows for close and ongoing scrutiny of a utility rather than once every few years in a general rate case. In fact, the FARE provides a set schedule for approximately six years of rate setting for Liberty BV/RR. All of this will streamline the ratemaking process, making it less costly in future.

The result of that transparent process will be rate gradualism and rate stability, allowing customers to budget and plan for cost increases. This means rate shock will be minimized to the greatest extent possible. The FARE is also designed to reduce the adverse consequences of regulatory lag and, in so doing, make investment into Arizona water and wastewater utility infrastructure more attractive. That access to capital is critical to the health and future of every utility we operate and every customer Liberty Utility serves in Arizona.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

EXHIBIT PE-DT1

Eichler - Regulatory Testimony History

	Docket Type	Description	Year	Jurisdiction	Subject Matter Supported	Docket Number
1	Rate Case	In the matter of Rio Rico Utilities Inc. request for increase in rates	2009	Arizona Corporation Commission	Corporate allocations, accounting and tax matters, organizational structure, compliance	WS-20676A-09
2	Rate Case	In the Matter of Bella Vista Company, Northern Sunrise, and Southern Sunrise Company Joint Application for Rate Increase	2009	Arizona Corporation Commission	Corporate allocations, accounting and tax matters, organizational structure, compliance	W-02465A-09
3	Rate Case	In the matter of Tall Timbers Utilities Inc. Application for Rate Increase	2010	Texas Commission on Environmental Quality	Rate Increase, Revenue Requirement, Revenue Allocation, Cost Allocations, Capital Expenditures, etc.	20694
4	Eminent Domain	In the matter of the City of Tyler v Tall Timbers Utilities	2010	Special Judicial Subcommittee of the Texas Commission on	Utility valuation, operations	N/A
5	Acquisition	Joint Petition of Liberty Utilities and National Grid to acquire Granite State Electric Co. and EnergyNorth Natural Gas Inc.	2011	New Hampshire Public Utilities Commission	Corporate philosophy, financing, rates and ratemaking, corporate allocations	DG 11-040
6	Acquisition	Request to acquire Atmos Energy's Illinois assets	2011	Illinois Corporation Commission	Corporate philosophy, financing, rates and ratemaking, corporate allocations	IL 11-0559
7	Acquisition	Request to acquire Atmos Energy's Iowa assets	2011	Iowa Utilities Board	Corporate philosophy, financing, rates and ratemaking, corporate allocations	SPU-2011-0008
8	Acquisition	Request to acquire Atmos Energy's Missouri assets	2011	Missouri Public Service Commission	Corporate philosophy, financing, rates and ratemaking, corporate allocations	GM-2012-0037
9	Rate Case	In the matter of California Pacific Electric Company request for Rate Increase	2012	California Public Utilities Commission	Corporate allocations, accounting and tax matters, organizational structure, compliance	A-12-02-014
10	Financing	Request to enter in to an intercompany loan arrangement	2012	Illinois Corporation Commission	Approval of financing, merger of entities	IL 12-0326
11	Rate Case	In the matter of Granite State Electric request for Rate Increase	2013	New Hampshire Public Utilities Commission	Corporate allocations, accounting and tax matters, organizational structure, compliance	DE 13-063
12	Acquisition	Request to acquire United Water Arkansas	2013	Arkansas Public Service Commission	Corporate philosophy, financing, rates and ratemaking, corporate allocations	12-061-U
13	Acquisition	Request to acquire Atmos Energy's Georgia assets	2013	Georgia Public Service Commission	Corporate philosophy, financing, rates and ratemaking, corporate allocations	DN 36278
14	Acquisition	Request to acquire New England Gas Co.	2013	Massechusetts Department of Public Utilities	Corporate philosophy, financing, rates and ratemaking, corporate allocations, tax matters	DPU 13-009

EXHIBIT PE-DT2

Liberty Utilities

LIBERTY UTILITIES PROPOSED

FAIR VALUE ARIZONA RATE EVALUATION (FARE) MODEL

FOR LIBERTY UTILITIES (BELLA VISTA WATER) CORP AND LIBERTY UTILITIES (RIO RICO WATER & SEWER) CORP.

September 2015

Prepared by
Matthew Garlick
Todd Wiley, Esq.
Liberty Utilities

Jay L. Shapiro, Esq.
Shapiro Law Firm P.C.

Paul Walker
Insight Consulting, LLC

Tom Bourassa, CPA

FAIR VALUE ARIZONA RATE EVALUATION MODEL (FARE)

"Despite recent reform efforts, Arizona utilities continue to struggle with aging infrastructure and the adverse impacts of regulatory lag."

Despite recent reform efforts, Arizona utilities continue to struggle with aging infrastructure and the adverse impacts of regulatory lag. This comes at a time when hundreds of Arizona water and wastewater utilities require substantial capital investment to address aging and deteriorating infrastructure, as illustrated by the graph below. In order to achieve meaningful improvement to the Arizona regulatory process, Liberty Utilities requests that the Arizona Corporation Commission consider other regulatory models that comply with the difficult requirements of Arizona law, while also addressing regulatory lag and promoting rate gradualism.

Estimated Total Water and Wastewater Costs, 2008-2032 (Nominal Millions)

	Water	Wastewater
[illegible]	[illegible]	[illegible]
[illegible]	$652	[illegible]
[illegible]	$217	[illegible]
[illegible]	$197	[illegible]
[illegible]	$31	[illegible]
[illegible]	$336	[illegible]
[illegible]	$161	[illegible]
[illegible]	$42,088	[illegible]
[illegible]	[illegible]	[illegible]
Total Capital Costs	**$30,716**	**$14,162**

"Infrastructure Needs and Funding Alternatives for Arizona: 2008 – 2032," L. William Seidman Research Institute, Arizona State University, published by Arizona Investment Council, May 2008.

"The FARE will use regularly scheduled filings to reach updated fair value findings, promoting rate gradualism and rate stability and minimizing the adverse consequences of regulatory lag."

Toward that end, Liberty Utilities is proposing that the Commission approve and adopt the Fair Value Arizona Rate Evaluation ("FARE") model, a ratemaking model based specifically on Arizona's constitutional "fair value" requirement. The FARE would be approved initially for two entities: Liberty Utilities (Bella Vista Water) Corp. ("Liberty Bella Vista") and Liberty Utilities (Rio Rico Water & Sewer) Corp. ("Liberty Rio Rico") (collectively "Liberty BV/RR"). The FARE will use regularly scheduled filings to reach updated fair value findings, promoting rate gradualism and rate stability and minimizing the adverse consequences of regulatory lag. The intent, purpose and result will be to keep rates fair by updating all factors affecting rates—the FARE can move "up or down" to keep rates fair by tracking the underlying costs.

The FARE for Liberty BV/RR would be a pilot program authorized by the Commission as set forth below, during and after which it can be evaluated and refined by all stakeholders. Given the current regulatory environment for Arizona water and wastewater utilities, some type of alternative ratemaking model must be considered. As set forth below, the FARE was specifically designed to comply with Arizona's constitutional fair value requirement.

ARIZONA'S REGULATORY ENVIRONMENT FOR WATER/WASTEWATER UTILITIES

"Given the undisputed need for massive water and wastewater infrastructure investment over the coming decades, this is not a sustainable scenario for either Arizona utilities or utility customers."

Arizona water and wastewater utilities continue to bear the substantial burden of regulatory lag, which, from the standpoint of the national investment community, demonstrates that Arizona is a less attractive regulatory environment for water and wastewater utilities. The adverse consequences of that fact include restricted access to capital for regulated utilities: investors have options, and facing choices with similar or better returns, they will choose the investments with less risk. Given the undisputed need for massive water and wastewater infrastructure investment over the coming decades, this is not a sustainable scenario for either Arizona utilities or utility customers.[1]

Recognizing those challenges, today and in the future, key utilities and utility groups have tried to improve that regulatory environment, but those efforts have been ineffective to date. The industry seemed to have achieved some relief when the Commission adopted the System Improvement Benefits ("SIB") mechanism. Unfortunately, that achievement was short-lived. In *RUCO v. Arizona Corporation Commission* (August 2015), the Arizona Court of Appeals found the SIB unconstitutional under Arizona law.

Now, all stakeholders are grappling with the potentially far-reaching implications of that decision on regulation of all Arizona utilities. The Court of Appeals decision appears to limit the Commission's ability to use rate base adjustor mechanisms to reduce regulatory lag or to make more gradual rate changes (shielding customers from "rate shock"), while simultaneously allowing public service corporations a reasonable opportunity to earn their authorized returns.

[1] *See e.g.*, "*Infrastructure Needs and Funding Alternatives for Arizona: 2008 – 2032*," L. William Seidman Research Institute, Arizona State University, published by Arizona Investment Council, May 2008; "*Drinking Water Infrastructure Needs Survey and Assessment,*" U.S. Environmental Protection Agency, February 2009; "*2015 Report Card for Arizona's Infrastructure*," American Society of Civil Engineers, May 2015.

"In its decision, the Court of Appeals expressly recognized and stated that Arizona has a unique constitutional regulatory environment distinct from other jurisdictions..."

The undoing of the SIB revolved around the Court's interpretation of the fair value requirement unique to Arizona's Constitution. The Arizona Constitution requires the Commission to "ascertain the fair value of property" when it sets rates.[2] "[T]he Commission is required to find the fair value of the company's property and use such finding in determining what are just and reasonable rates."[3] The Court of Appeals determined that the proposed SIB didn't comply with Arizona's fair value requirement for several reasons:

> (1) "the documentation AWC must submit to obtain approval of surcharges is substantially less than what is required in a rate case";
>
> (2) "it is undisputed that the Commission will not conduct a full fair value determination when it evaluates AWC's surcharge requests";
>
> (3) the Commission will not "take into consideration all of the various ratemaking elements that would be looked at and scrutinized in a general rate case proceeding. That would include such things as revenues, expenses, and, of course, capital expenditures and the prudency considerations for each one of those ratemaking elements";
>
> (4) "when the Commission considers surcharge requests, other critical valuation factors will be premised on a past rate case that, at the outer reaches of the SIB cycle, will be five years old. Such a process is inconsistent with the mandate that the Commission perform a fair value determination 'at the time of inquiry'"; and
>
> (5) "Additionally, the Commission will not be assessing savings or other efficiencies attributable to capital improvements when it approves surcharges."[4]

---

[2] Ariz. Const. Art. 15, § 14.

[3] *Ariz. Corp. Comm'n v. Ariz. Pub. Service Co.*, 113 Ariz. 368, 370, 555 P.2d 326, 328 (1976).

[4] *RUCO v. Ariz. Corp. Comm'n*, at 14-15, ¶¶ 40-43.

"In making that statement, the Court of Appeals clearly distinguished Arizona rate making and Arizona's regulatory environment from other state jurisdictions. Under the plain language of that decision, Arizona is a more difficult and riskier regulatory environment compared to other jurisdictions."

In its decision, the Court of Appeals expressly recognized and stated that Arizona has a unique constitutional regulatory environment distinct from other jurisdictions: "[w]e recognize the Commission's legitimate desire to 'initiate innovative procedures in an attempt to deal promptly and equitably with increasingly complex regulatory matters,' and its corresponding goal of avoiding 'a constant series of extended rate hearings [that] are not necessary to protect the public interest'.... But the question before us is not whether the SIB mechanism represents prudent public policy. *Our focus is on the propriety of that mechanism given the unique and express provisions of our state constitution.*"[5]

In making that statement, the Court of Appeals clearly distinguished Arizona rate making and Arizona's regulatory environment from other state jurisdictions. Under the plain language of that decision, Arizona is a more difficult and riskier regulatory environment compared to other jurisdictions. This follows from the fact that given the Court's interpretation of Arizona's fair value requirement, the Commission does not have the latitude afforded public utility commissions in other states. In Arizona, many of the ratemaking tools designed to further the public interest by reducing regulatory lag and promoting rate gradualism appear to be unavailable to the Commission. That is, unless it first engages in long, complex and costly rate cases every time a rate needs to change (beyond changes that arise from a narrowly defined change in certain operating expenses under approved adjustor mechanisms).

Under this regulatory regime, utility owners and investors are strongly incentivized to spend capital in other jurisdictions. Investors facing the choice between two alternatives providing similar yield will select jurisdictions that have the flexibility to and do use well-established ratemaking tools like Distribution System Improvement Charges (DSICs), balancing accounts, forward looking test years, decoupling mechanisms, generic ROEs and other rate making mechanisms designed to minimize the adverse impacts of regulatory lag, streamline rate cases *and* promote and encourage investment in utility infrastructure. Some of the limitations inherent in Arizona today are the result of the Court's decision in *RUCO v. Arizona Corporation Commission.* Some, however, are due to the use of Arizona's historic test

[5] *RUCO v. Ariz. Corp. Comm'n*, at 17, ¶ 48 (emphasis added).

year model. Problems with Arizona's historic test year model are even more pronounced with the SIB declared unlawful.

THE FARE PILOT PROGRAM FOR LIBERTY BV/RR

"The FARE will minimize regulatory lag, streamline ratemaking and incent needed capital investment while benefitting utility customers by providing gradual rate changes, rate stability, and more frequent regulator scrutiny of utility costs and expenses before the cost of service to the customer changes, up or down."

Liberty Utilities ultimately views the recent Court of Appeals opinion as a strong indication of the need for meaningful improvement to the Arizona regulatory process for water and sewer utilities.[6] Liberty Bella Vista and Liberty Rio Rico request that the Commission implement and evaluate a rate setting mechanism that complies with Arizona's fair value requirement. The Fair Value Arizona Rate Evaluation model or FARE, developed by Liberty Utilities, is such a mechanism. The FARE will minimize regulatory lag, streamline ratemaking and incent needed capital investment while benefitting utility customers by providing gradual rate changes, rate stability, and more frequent regulator scrutiny of utility costs and expenses before the cost of service to the customer changes, up or down. ***Vitally, the FARE allows the cost of service to the customer to move up or down to ensure that rates reflect the most current cost information available.***

WHAT IS THE FARE?

The FARE is a significant improvement in fair value ratemaking that uses a traditional, well-established rate formula coupled with annual filings to ensure that the rates for service reflect current operating and financial criteria as determined by known, objective and measurable data. Under the FARE, rates will be established in a general rate case using the well-established formula:

Revenue Requirement = Operating Expenses + Return on Rate Base

[6] Many other states have adopted and implemented alternative ratemaking mechanisms. Pennsylvania, Illinois, Indiana and New York, for example, have implemented DSIC mechanisms to address the growing need for utilities to replace aging infrastructure. Alabama, Georgia, Louisiana, Mississippi, Oklahoma, South Carolina and Texas have approved rate stabilization tariffs. Georgia and Illinois have adopted and implemented formula rate mechanisms. Other states, such as California, use forward looking test years.

"With updated and detailed operational and financial data, and using the same capital structure, cost of capital, and rate design approved in the order adopting the FARE, the Commission will have all of the information necessary to make a new finding of fair value and approve a new annual cost for service for each Company based on such finding."

Thereafter, Liberty Bella Vista and Liberty Rio Rico will make annual filings updating the necessary components of the revenue requirement. With updated and detailed operational and financial data, and using the same capital structure, cost of capital, and rate design approved in the order adopting the FARE, the Commission will have all of the information necessary to make a new finding of fair value and approve a new annual cost for service for each Company based on such finding.

ANNUAL FARE FILING

Between twelve to fifteen (12-15) months after implementation of new rates approved in an order authorizing the FARE, and every twelve (12) months thereafter, Liberty Bella Vista and Liberty Rio Rico will file annual FARE schedules reflecting the following[7]:

- Calculation of Revenue Deficiency or Surplus
- Current rate base for PIS, A/D, ADITs, AIAC/CIAC and other usual rate base factors
- Income Statement
- Operating Revenues
- Operating Expense Summary
- Depreciation Expense
- Taxes
- Rate Schedules[8]

[7] For example, if the Commission issued a decision approving the FARE for Liberty Bella Vista and implementing new rates effective December 1, 2016, then the first FARE filings by Liberty Bella Vista would occur on March 1, 2018 for the 12 months ended December 31, 2017. The Company then would make annual filings on March 1 of each following year.

[8] Copies of the proposed schedules are included as **Attachment A**.

PROCESSING THE ANNUAL FARE FILING

FARE TIMELINE

Day 1: FARE Filing

Day 45: Staff Review/Response

Day 60: Company Reply

Day 90: Hearing (if necessary)

Day 150: FARE Order

STEP ONE – Commission Staff and other parties will have 45 days to review the FARE filing and file responses and recommendations. During that review period, Liberty BV/RR will answer discovery (data requests for additional information) on an expedited basis (5-7 days maximum). ***The Commission's regulations prescribe limits on the time required to process rate cases, but Arizona law does not prohibit expedited processing of utility rates.***

STEP TWO – Liberty BV/RR will have 15 days to review the analysis and recommendations of Staff and any other party and file a reply in support of its FARE request along with their final request and recommendations if different than the initial annual FARE filing.

STEP THREE – If there is no material dispute between the parties regarding the determination of fair value, the Commission shall issue its order making a fair value finding and approving rates thereon within 90 days of the annual FARE filing. If there is a material dispute between the parties regarding the determination of fair value, the Commission shall schedule a hearing to be held no more than 90 days after the annual FARE filing date, and thereafter, issue its order making a fair value finding and approving rates thereon within 150 days of the annual FARE filing date.

USE OF THE ANNUAL FARE FILING

"The Commission will use the annual FARE filing to make a fair value determination and set the cost of service for the forthcoming year."

The Commission will use the annual FARE filing to make a fair value determination and set the cost of service for the forthcoming year. The Commission's decision would utilize Liberty Bella Vista's and Liberty Rio Rico's then current rate bases, revenues and expenses, with adjustments for then known and measurable changes, to make a fair value finding and, if necessary, reset the cost of service for another year, using the same formula, the same cost of capital, and the same rate design approved in the rate case in which the FARE was first authorized.

"Under the FARE, if the Commission's fair value determination shows that Liberty Bella Vista's and/or Liberty Rio Rico's earnings are within an "Established Range" equal to plus or minus 20 basis points from the authorized rate of return on equity (ROE), there will be no change in the revenue requirement and rates for the one year period covered by the annual FARE filing."

Under the FARE, if the Commission's fair value determination shows that Liberty Bella Vista's and/or Liberty Rio Rico's earnings are within an "Established Range" equal to plus or minus 20 basis points from the authorized rate of return on equity (ROE), there will be no change in the revenue requirement and rates for the one year period covered by the annual FARE filing. For example, if the approved ROE for Liberty Bella Vista is 9.5% and the annual FARE filing shows that the Company has earned 9.3% during the first year of the FARE, then there will not be any changes in the cost of service paid by customers. If Liberty Bella Vista's or Liberty Rio Rico's earnings fall outside the Established Range, the Commission shall set a new revenue requirement based on its fair value finding and the costs of service shall be increased ***or*** decreased as necessary to produce the authorized ROE. For example, if the approved ROE for Liberty Bella Vista is 9.5% and the annual FARE filing shows that the Company has earned 9.0% during the first year of the FARE, then the revenue requirement and rates shall be set to achieve a 9.5% ROE based on the updated cost of service.[9]

Additionally, if Liberty Bella Vista's and/or Liberty Rio Rico's annual FARE filing reflects that either Company is under-earning or over-earning by 100 basis points or more, then that Company shall file a general rate application within 120 days of the Commission issuing such finding, unless the Commissioner orders otherwise pursuant to a request filed by Liberty Bella Vista or Liberty Rio Rico.

[9] The inverse is also true: if the actual ROE for a utility is more than 20 basis points greater than the authorized ROE, rates will be lowered.

ADDITIONAL FEATURES OF THE FARE

"This systematic flow of operation and financial information will allow for a more efficient analysis of annual FARE filings and enhance the transparency of the ratemaking process by allowing Commission Staff and other stakeholders to stay well informed."

Quarterly FARE Updates – In addition to the annual FARE filing, Liberty Bella Vista and Liberty Rio Rico shall make quarterly FARE filings available to all interested parties to provide current financial and operational information and provide a timely snapshot of each Company's operations and finances. These quarterly filings are intended to be informational only and not require additional action by Commission Staff or other parties. This systematic flow of operation and financial information will allow for a more efficient analysis of annual FARE filings and enhance the transparency of the ratemaking process by allowing Commission Staff and other stakeholders to stay well informed. Quarterly filings will be made within 60 days of the close of each quarter in which the FARE is in effect and shall include:

- Quarterly Profit/Loss Statement
- Quarterly Balance Sheet
- Quarterly Income Statement
- Quarterly Operating Expense Summary
- Quarterly Plant Schedules
- Statement of Any Significant Plant Investment

Under the FARE, Liberty BV/RR would be subject to requests for information regarding the quarterly FARE filings in the same manner as discovery would be conducted with respect to an annual FARE filing. This will allow Commission Staff and other parties to stay informed about the operational and financial status of Liberty BV/RR, in turn allowing Commission Staff and other parties to have detailed working knowledge of the Companies ***before*** the annual FARE filings. Liberty BV/RR will also work with Commission Staff and other parties to develop templates for the quarterly and annual FARE filings.

Along with the formula for determining the revenue requirement in future FARE filings, the Commission will determine the applicable cost of capital, capital structure, and rate design in the general rate case approving the FARE. The Commission then will use the established cost of capital, capital structure and rate design for the annual FARE filings. This will reduce the time necessary for the Commission's fair value determination as part of the annual FARE filings.

"Absent exigent circumstances, Liberty BV/RR would not file a general rate case for at least four (4) years after the FARE is approved, and a general rate case will be filed within five (5) years of FARE approval, unless required earlier under the FARE or otherwise ordered by the Commission."

Absent exigent circumstances, Liberty BV/RR would not file a general rate case for at least four (4) years after the FARE is approved, and a general rate case will be filed within five (5) years of FARE approval, unless required earlier under the FARE or otherwise ordered by the Commission.

Adjustment mechanisms for operating expenses that are chiefly outside the utility's control (*e.g.*, CAP water, rates for purchased power, property tax rates) would continue to be used in concert with the FARE and notwithstanding the 20 basis point Established Range. The FARE also could include a correction mechanism. Although not included in this pilot proposal, the FARE could incorporate an annual review as part of the FARE process, allowing correction of any calculation or other errors relating to the prior year's FARE filing and determination.

BENEFITS OF THE FARE TO ARIZONA'S UTILITY CUSTOMERS, ARIZONA UTILITIES AND THE COMMISSION

Implementation and adoption of the FARE will certainly benefit Arizona ratepayers, Arizona's utilities and the Commission itself in many ways. Liberty Utilities summarizes these benefits below.

"The FARE is an exceptionally transparent rate making model. The process will be open and transparent through the use of quarterly and annual FARE filings."

- **Transparency** – The FARE is an exceptionally transparent rate making model. The process will be open and transparent through the use of quarterly and annual FARE filings. Those quarterly and annual filings will provide the Commission and any interested parties with updated and ongoing information about utility financial and operational status.

- **Rate Gradualism and Rate Stability** – Use of the Established Range brings a great deal of stability to residential customer bills, which allows customers to budget and plan for cost increases. Likewise, commercial

customers can better plan for rate increases, in turn fostering economic development.

"The FARE promotes rate gradualism and rate stability while minimizing the risks of rate shock."

- **Rate Shock** – The FARE promotes rate gradualism and rate stability while minimizing the risks of rate shock.

- **The FARE Works Both Ways** – All FARE filings will be mandatory. As such, the utility can't avoid a reduced revenue requirement and decreased rates, if circumstances warrant. By also capturing reductions in operation and maintenance expenses, operating efficiencies will provide timely benefits to customers.

"All stakeholders benefit by streamlined and less costly rate making procedures."

- **Streamlined and Less Costly Rate Making Process** – The FARE provides a set schedule for approximately six years of rate setting for Liberty BV/RR. All stakeholders benefit by streamlined and less costly rate making procedures. The FARE will result in more efficient use of limited resources.

- **Sharing of Reduced Expenses** – Filing of updated expense information under the FARE captures and addresses reductions in operation and maintenance expenses. That means that operating efficiencies provide timely benefits to ratepayers.

- **Reduce Regulatory Lag and Encourage Needed Utility Investment** – The FARE is designed to reduce the adverse consequences of regulatory lag and, in so doing, make investment into Arizona water and wastewater utility infrastructure more attractive.

- **Closer Scrutiny by Regulators and Other Parties** – As proposed with quarterly and annual filings, the FARE results in a close and ongoing scrutiny of a utility rather than once every few years if a general rate case is filed.

- **Other Tangible Benefits** – The FARE will result in better and more reliable provision of water and sewer service by Arizona utilities, including reduced water loss.

- **Compliance with Arizona's Fair Value Requirement** – As written, the FARE proposed as a pilot program for Liberty BV/RR is designed to comply with Arizona's fair value requirement and, specifically, the recent SIB decision.

Liberty Utilities

Attachment A

FAIR VALUE ARIZONA RATE EVALUATION (FARE) MODEL

SCHEDULES 1-20

Exhibit
Schedule 1

[APPLICANT NAME]
Year Ended _____
Computation of Increase in Gross Revenue
Requirements As Adjusted

Line No.	Description
1	Fair Value Rate Base (a)
2	Adjusted Operating Revenues (b)
3	Adjusted Operating Expenses (b)
4	Adjusted Operating Income (b) (Ln. 2 - ln. 3)
5	Current Rate of Return (%) (ln. 2 / ln. 1) x 100
6	Required Rate of Return on Fair Value Rate Base (%)(c)
7	Required Operating Income (ln. 6 x ln. 1)
8	Operating Revenue Deficiency (ln. 4 - ln. 7)
9	Gross Revenue Conversion Factor (d)
10	Increase in Gross Revenue Requirement (ln. 8 x ln. 9)
11	Revenue Requirement (ln. 2 + ln. 10)
12	% Increase (ln. 10 / ln. 2) x 100

Customer Class	Projected Revenue Due to Increase in Rates(e)	% Dollar Increase (Decrease)(e)

SUPPORTING SCHEDULES:
(a) Schedule 2
(b) Schedule 11
(c) As authorized in last general rate case decision
(d) Schedule 15
(e) Schedule 16

[APPLICANT NAME]
Year Ended _____
Summary of Rate Base

Exhibit
Schedule 2

Line No.	(1)	(2) Original Cost Balance at End of Year	(3) Adjustments	(4) Original Cost Adjusted Balance (Col. 2 + Col. 3)	(5) Fair Value Rate Base (=Col. 4)
1	Gross Utility Plant in Service (a)				
2	Less: Accumulated Depreciation (b)				
3	Net Utility Plant in Service				
	Less:				
4	Advances in Aid of Construction (c)				
5	Contributions in Aid of Construction (d)				
6	Accumulated Amortization of CIAC (e)				
7	Customer Deposits (f)				
8	Accumulated Deferred Income Taxes (g)				
9	Other:(i)				
	Plus:				
10	Cash Working Capital Allowance (h)				
11	Other:(j)				
12	Total Rate Base	$ -	$ -	$ -	$ - (A)

SUPPORTING SCHEDULES:

(a) Schedule 3
(b) Schedule 4
(c) Schedule 5
(d) Schedule 6
(e) Schedule 7
(f) Schedule 8
(g) Schedule 9
(h) Schedule 10
(i) As needed
(j) As needed

RECAP SCHEDULES:

(A) Schedule 1

[APPLICANT NAME]
Year Ended _____
Plant-in-Service (PIS)

Exhibit
Schedule 3

Line No.	(1) NARUC Acct. No.	(2) Natural Acct. No.	(3) Account Title (by natural account, subtotaled by NARUC account)	(4) Original Cost Balance at End of Year	(5) Adj. PIS-1 (a)	(6) Adj. PIS-2 (a)	(7) Adj. PIS-3 (a)	(#) Adj. PIS-# (a)	(#) Total Adjustments (a)(A)	(#) Adjusted Original Cost Balance at End of Year
			TOTALS	$ -	$ -	$ -	$ -	$ -	$ -	$ -

SUPPORTING SCHEDULES:
(a) As Needed

RECAP SCHEDULES:
(A) Schedule 2

[APPLICANT NAME]
Year Ended _____
Accumulated Depreciation (A/D)

Exhibit
Schedule 4

Line No.	(1) NARUC Acct. No.	(2) Natural Acct. No.	(3) Account Title	(4) Original Cost Balance at End of Year	(5) Adj. A/D-1 (a)	(6) Adj. A/D-2 (a)	(7) Adj. A/D-3 (a)	(#) Adj. A/D-# (a)	(#) Total Adjustments (a)(A)	(#) Adjusted Original Cost Balance at End of Year
	(by natural account, subtotaled by NARUC account)									
			TOTALS	$ -	$ -	$ -	$ -	$ -	$ -	$ -

SUPPORTING SCHEDULES:
(a) As Needed

RECAP SCHEDULES:
(A) Schedule 2

[APPLICANT NAME]
Year Ended _____
Advances-in-Aid of Construction (AIAC)

Exhibit
Schedule 5

Line No.	(1) NARUC Acct. No.	(2) Natural Acct. No.	(3) Account Title (by natural account, subtotaled by NARUC account)	(4) Original Cost Balance at End of Year	(5) Adj. AIAC-1 (a)	(6) Adj. AIAC-2 (a)	(7) Adj. AIAC-3 (a)	(#) Adj. AIAC-# (a)	(#) Total Adjustments (a)(A)	(#) Adjusted Original Cost Balance at End of Year
			TOTALS	$ -	$ -	$ -	$ -	$ -	$ -	$ -

SUPPORTING SCHEDULES:
(a) As Needed

RECAP SCHEDULES:
(A) Schedule 2

[APPLICANT NAME]
Year Ended _____
Contributions-in-Aid of Construction (CIAC)

Exhibit
Schedule 6

Line No.	(1) NARUC Acct. No.	(2) Natural Acct. No.	(3) Account Title (by natural account, subtotaled by NARUC account)	(4) Original Cost Balance at End of Year	(5) Adj. CIAC-1 (a)	(6) Adj. CIAC-2 (a)	(7) Adj. CIAC-3 (a)	(#) Adj. CIAC-# (a)	(#) Total Adjustments (a)(A)	(#) Adjusted Original Cost Balance at End of Year
			TOTALS	$ -	$ -	$ -	$ -	$ -	$ -	$ -

SUPPORTING SCHEDULES:
(a) As Needed

RECAP SCHEDULES:
(A) Schedule 2

[APPLICANT NAME]
Year Ended _____
Accumulated Amortization (AA)

Exhibit
Schedule 7

Line No.	(1) NARUC Acct. No.	(2) Natural Acct. No.	(3) Account Title	(4) Original Cost Balance at End of Year	(5) Adj. AA-1 (a)	(6) Adj. AA-2 (a)	(7) Adj. AA-3 (a)	(#) Adj. AA-# (a)	(#) Total Adjustments (a)(A)	(#) Adjusted Original Cost Balance at End of Year
	(by natural account, subtotaled by NARUC account)									
			TOTALS	$ -	$ -	$ -	$ -	$ -	$ -	$ -

SUPPORTING SCHEDULES:
(a) As Needed

RECAP SCHEDULES:
(A) Schedule 2

[APPLICANT NAME]
Year Ended _____
Customer Deposits

Exhibit
Schedule 8

Line No.	(1) NARUC Acct. No.	(2) Natural Acct. No.	(3) Account Title (by natural account, subtotaled by NARUC account)	(4) Original Cost Balance at End of Year	(5) Adj. CD-1 (a)	(6) Adj. CD-2 (a)	(7) Adj. CD-3 (a)	(#) Adj. CD-# (a)	(#) Total Adjustments (a)(A)	(#) Adjusted Original Cost Balance at End of Year
			TOTALS	$ -	$ -	$ -	$ -	$ -	$ -	$ -

SUPPORTING SCHEDULES:
(a) As Needed

RECAP SCHEDULES:
(A) Schedule 2

[APPLICANT NAME]
Year Ended _____
Accumulated Deferred Income Taxes (ADIT)

Exhibit
Schedule 9

Line No.	(1) NARUC Acct. No.	(2) Natural Acct. No.	(3) Account Title (by natural account, subtotaled by NARUC account)	(4) Original Cost Balance at End of Year	(5) Adj. ADIT-1 (a)	(6) Adj. ADIT-2 (a)	(7) Adj. ADIT-3 (a)	(#) Adj. ADIT-# (a)	(#) Total Adjustments (a)(A)	(#) Adjusted Original Cost Balance at End of Year
			TOTALS	$ -	$ -	$ -	$ -	$ -	$ -	$ -

SUPPORTING SCHEDULES:
(a) As Needed

RECAP SCHEDULES:
(A) Schedule 2

[APPLICANT NAME]
Test Year Ended December 31, 2014
Cash Working Capital Allowance

Exhibit
Schedule 10

Line No.	(1) Description	(2) Amount	(3) Revenue Lag (Lead) Days (a)	(4) Expense Lag (Lead) Days (a)	(5) Net Lag (Lead) Days (Col. 3 - Col. 4)	(6) Lead/Lag Factor (Col. 5/365)	(7) Cash Working Capital Required (Co. 2 * Col. 6)
	OPERATING EXPENSES (Specify as needed)						
	TAXES (Specify as needed)						
	OTHER (Specify as needed)						
	TOTAL	$ -		WORKING CAPITAL CASH REQUIREMENT			$ - (A)

SUPPORTING SCHEDULES
(a) Details of computations as needed

RECAP SCHEDULES:
(A) Schedule 2

[APPLICANT NAME]
Year Ended _____
Revenues and Expenses

Exhibit
Schedule 11

Line No.	Description	(1)	(2) Year End Book Results (a)	(3) Adjustment (b)	(3) Year End Adjusted Results (Col. 2 + Col 3.)	
	Total Rate Revenues					
	Total Other Operating Revenues					
	Total Operating Revenues					(A)
	Operating Expenses (by Function)					
	Depreciation and Amortization (b)					
	Property Taxes (c)					
	Other Taxes (c)					
	Income Taxes (d)					
	Total Operating Expenses					(A)
	Operating Income					(A)

SUPPORTING SCHEDULES:
(a) Income Statement for 12 Months Ended
(b) Schedule 12

RECAP SCHEDULES:
(A) Schedule 1

[APPLICANT NAME]
Year Ended _____
Adjustements to Revnues and Expenses

Exhibit
Schedule 12

Line No.	(1) NARUC Acct. No.	(2) Natural Acct. No.	(3) Account Title	(4) Recorded Annual Results (A)	(5) Adj. IS-1 (a)	(6) Adj. IS-2 (a)	(7) Adj. IS-3 (a)	(#) Adj. IS-# (a)	(#) Total Adjustments (a)(A)	(#) Adjusted Annual Results(A)
			Operating Revenues							
			(by rate class)							
			Total Rate Revenues							
			Other Operating Revenue							
			(by natural account, subtotaled by NARUC account and function)							
			Total Operating Revenue							
			Operating Expenses							
			(by natural account, subtotaled by NARUC account and function)							
			Depreciation & Amorization Expense(b)							
			Property Taxes (c)							
			Other Taxes (c)							
			Income Taxes (c)							
			Total Operating Expenses							
			Operating Income							

SUPPORTING SCHEDULES:
(a) As needed
(b) Schedule 13
(c) Schedule 14

RECAP SCHEDULES:
(A) Schedule 11

[APPLICANT NAME]
Year Ended _____
Depreciation and Amortization Expense

Exhibit
Schedule 13

PLANT-IN-SERVICE (PIS)

Line No.	(1) NARUC Acct. No.	(2) Natural Acct. No.	(3) Account Title	(4) Unadjusted Original Cost (a)	(5) Non-Depr. and Fully Depr. PIS (b)	(6) Depreciable Original Cost (Col. 4 - Col. 5)	(7) Recorded Depreciation Expense (b)	(8) PIS Adjustments(a)	(9) Adjusted Original Cost (a) (Col. 4 - Col. 8)	(10) Non-Depr. and Fully Depr. PIS (b)	(11) Depreciable Original Cost (Col. 9 - Col. 10)	(12) Authorized Depreciation Rate (c)	(13) Annualized Depreciation Expense (Col. 11 x Col. 12)
(by natural account, subtotaled by NARUC account and function)													
Totals													

CONTRIBUTIONS-IN-AID-OF CONSTRUCTION (CIAC)

Line No.	(14) NARUC Acct. No.	(15) Natural Acct. No.	(16) Account Title	(17) Unadjusted Original Cost (d)	(18) Fully Amortized CIAC (b)	(19) Amortizable Original Cost (Col. 17 - Col. 18)	(20) Recorded Amortization(b)	(21) CIAC Adjustments(d)	(22) Adjusted Original Cost (d) (Col. 17 - Col. 21)	(23) ~~Fully Amortized~~ CIAC (b)	(24) Amortizable Original Cost (Col. 22 - Col. 23)	(25) Amortization Rate (b)	(26) Annualized Amortization (Col. 24 x Col. 25)
(by natural account, subtotaled by NARUC account and function)													
Totals													

Depreciation and Amorization Expense (Total of Col. 8 - Total of Col. 16) _____ (A)

Less: Recorded Depreciation and Amortization Expense _____

Adjustment to Depreciation and Amortization Expense _____ (B)

SUPPORTING SCHEDULES:
(a) Schedule 3
(b) As needed
(c) As authorized in last general rate case
(d) Schedule 5

RECAP SCHEDULES:
(A)(B) Schedule 12

[APPLICANT NAME]
Year Ended _____
Taxes

Exhibit
Schedule 14

Line No.	(1) NARUC Acct. No.	(2) Natural Acct. No.	(3) Account Title	(4) Recorded Annual Results(A)	(5) Adj. T-1 (a)	(6) Adj. T-2 (a)	(7) Adj. T-3 (a)	(#) Adj. T-# (a)	(#) Total Adjustments (a)(A)	(#) Adjusted Annual Results(A)
			Property Taxes (by natural account, subtotaled by NARUC)							
			Other Taxes (by natural account, subtotaled by NARUC)							
			Income Taxes (by natural account, subtotaled by NARUC)							

SUPPORTING SCHEDULES:
(a) As needed

RECAP SCHEDULES:
(A) Schedule 12

[APPLICANT NAME]
Year Ended _____
Computation of Gross Revenue Conversion Factor (GRCF)

Exhibit
Schedule 15

Line No.	Description	Percentage of Incremental Gross Revenues
1	Arizona Effective Income Tax Rate (a)	
2	Federal Effective Income Tax Rate (a)	
3	Property Taxes (a)	
4	Uncollectible Factor (a)	
5	Total Tax Percentage	
6	Operating Income % = 100% - Total Tax Percentage	100.000%
7	$\frac{1}{\text{Operating Income \%}}$ = Gross Revenue Conversion Factor (A)	

SUPPORTING SCHEDULES:
(a) As needed

RECAP SCHEDULES:
(A) Schedule 1

[APPLICANT NAME]
Year Ended _____
Summary of Rate Revenues by Customer Classification

Exhibit
Schedule 16

Line No.	(1) Customer Classification	(2) Revenues from Present Rates(a)	(3) Revenues from Proposed Rates(a)	(4) Revenue Increase (Decrease) (Col. 3 - Col. 2)	(5) % Increase(Decrease) (Col. 4 / Col. 2)
	Total Revenues				

SUPPORTING SCHEDULES:
(a) Schedule 17

RECAP SCHEDULES:
(A) Schedule 1

[APPLICANT NAME]
Year Ended _____
Analysis of Revenue by Detailed Class

Exhibit
Schedule 17

Line No.	(1) Class of Service (subtotaled by customer class)	(2) Average Number of Customers (a)	(3) Average Consumption (a)	(4) Total Revenues Present Rates	(5) Total Revenues Proposed Rates	(6) Revenue Increase (Decrease) (Col. 5 - Col. 4)	(7) % Increase(Decrease) (Col. 4 / Col. 2)(A)

SUPPORTING SCHEDULES:

RECAP SCHEDULES:
(A) Schedule 16

[APPLICANT NAME]
Year Ended _____
Bill Analysis

Exhibit
Schedule 18

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
					Average Bill				Median Bill			
Line No.	Class of Service (subtotaled by customer class)	Average Number of Customers (a)	Average Consumption (a)	Median Consumption (a)	Present Rates (a)	Proposed Rates (a)	Increase/ (Decrease) (Col. 6 - Col. 5)	% Increase/ (Decrease) (Col. 7 / Col. 5)	Present Rates (a)	Proposed Rates (a)	Increase/ (Decrease) (Col. 10 - Col. 9)	% Increase/ (Decrease) (Col. 11 / Col. 9)

SUPPORTING SCHEDULES:
(a) Schedule 19

RECAP SCHEDULES:

[APPLICANT NAME]
Year Ended _____
Billing Determinants

Exhibit
Schedule 19

Rate Schedule:_____

Description: _____

(1)		(2)	(3)	(4)	(5)	(6)	(7)
Line No.	Block	Number of Bills By Block	Consumption (a)	Cummulative Bills	No. Bills % of Total	Cummulative Consumption	Cummulative Consumption % of Total

Average Number of Customers:_____
Average Consumption:_____
Median Consumption:_____

SUPPORTING SCHEDULES:

RECAP SCHEDULES:

[APPLICANT NAME]
Year Ended _____
Changes in Representative Rate Schedules

Exhibit
Schedule 20

(1)		(2)	(3)	(4)	(5)	(6)
Line No.	Rate Schedule	Description	Block	Present Rate	Proposed Rate	Dollar Change

SUPPORTING SCHEDULES:

RECAP SCHEDULES:

SHAPIRO LAW FIRM, P.C.
Jay L. Shapiro (No. 014650)
1819 E. Morten Avenue, Suite 280
Phoenix, Arizona 85020
Telephone (602) 559-9575

LIBERTY UTILITIES
Todd C. Wiley (No. 015358)
12725 W. Indian School Road, Suite D-101
Avondale, Arizona 85392

Attorneys for Liberty Utilities (Bella Vista Water) Corp.

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF LIBERTY UTILITIES (BELLA VISTA WATER) CORP., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: W-02465A -15-____

DIRECT TESTIMONY OF

WILLIAM R. KILLEEN

October 27, 2015

TABLE OF CONTENTS

I. INTRODUCTION AND PURPOSE OF TESTIMONY 1
II. OVERVIEW OF LIBERTY UTILITIES' BUSINESS MODEL 3
III. COST ALLOCATION MANUAL 9

I. INTRODUCTION AND PURPOSE OF TESTIMONY.

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is William R. Killeen. My business address is 345 Davis Road, Oakville, Ontario, Canada, L6J 2X1.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am the Director of Regulatory Operations for Liberty Utilities (Canada) Corp. ("Liberty Utilities Canada"). Liberty Utilities Canada is the ultimate parent company of Liberty Utilities Co. ("Liberty Utilities"). Liberty Utilities Canada is a wholly owned subsidiary of Algonquin Power & Utilities Corp. ("APUC"). Liberty Utilities (Bella Vista Water) Corp. ("Liberty Bella Vista") and Liberty Utilities (Rio Rico Water & Sewer) Corp. ("Liberty Rio Rico") (collectively, "Applicants") are wholly owned subsidiaries of Liberty Utilities (Sub) Corp. Liberty Utilities (Sub) Corp. is a wholly owned subsidiary of Liberty Utilities Co.

As the Director of Regulatory Operations, I am responsible for strategy development and management of regulatory affairs for all of Liberty Utilities' regulated utilities currently providing water, wastewater, electric and gas utility services in Arizona, Arkansas, California, Georgia, Illinois, Iowa, Massachusetts, Missouri, New Hampshire and Texas. Liberty Utilities is continuing to expand its regulated utility footprint and holdings throughout the United States. For example, Liberty Utilities recently acquired three new regulated water utilities—two in California and one in Montana.[1]

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I earned a Bachelor of Engineering Science (Chemical) degree from the University

[1] Those acquisitions are subject to approval by the regulatory commissions in Montana and California, which are currently pending.

of Western Ontario (now Western University) in 1985. I also earned a Master's degree in Business Administration from the Ivey School of Business at Western University in 1989.

I have 26 years of professional experience in the energy and utilities industries in the areas of regulation, supply, operations and customer service. I have worked at natural gas and electric utilities, as well as in consulting, marketing, and government positions. Early in my career, I was employed by Union Gas Limited, a major natural gas utility serving over 1.4 million customers in Ontario, Canada, for twelve years in varying capacities, including regulatory and supply.

Prior to joining Liberty Utilities in February 2014, I was employed by Enersource Hydro Mississauga Inc., a major electric utility serving the City of Mississauga, Ontario, for three years as Manager, Regulatory Affairs. In between my employment at these two large utilities, I was employed at various other companies, always retaining responsibility for oversight of regulatory affairs, typically in Ontario or eastern Canada. These companies include Engage Energy Canada Inc., Direct Energy as Manager, Regulatory Affairs and a consulting company, ECNG Energy LP, as Director, Supply and Regulatory Affairs for eight years. Following ECNG, I spent a brief tenure within the Ministry of Energy of the Ontario Government. My Curriculum Vitae is attached as **Exhibit WRK-DT1**.

Q. DO YOU HAVE ANY PROFESSIONAL DESIGNATIONS?

A. Yes. I am a licensed Professional Engineer in the Province of Ontario and a member of the Ontario Society of Professional Engineers.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS OR ANY OTHER COMMISSION?

A. My direct testimony was filed in the Liberty Utilities (Black Mountain Sewer)

Corp. rate proceeding on June 22, 2015, Docket Nos. SW-02361A-15-0206 and SW-02361A-15-0207 (consolidated). It is the first proceeding before the Arizona Corporation Commission in which I am providing testimony. I have testified, however, in a number of gas and electric utility pricing cases and facility approval cases before the Ontario Energy Board. Also, I recently testified in a rate case before the Arkansas Public Service Commission (Docket No. 14-020-U) on behalf of Liberty Utilities (Pine Bluff Water) Inc.

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A. The purpose of my direct testimony is to support the Applicants' requests for new rates by addressing the corporate costs and allocation methods employed by all companies within the APUC organization. In my testimony, I explain the APUC and Liberty Utilities corporate cost allocation model and the benefits of our shared service model to Applicants and the other regulated utilities operated by Liberty Utilities.[2]

II. OVERVIEW OF LIBERTY UTILITIES' BUSINESS MODEL.

Q. WILL YOU PLEASE SUMMARIZE THE LIBERTY UTILITIES BUSINESS MODEL?

A. As mentioned above, APUC serves as the overall corporate parent and has two major operating subsidiaries, Algonquin Power Co. ("APCo") and Liberty Utilities. APCo is an unregulated entity that provides renewable power generation from facilities owned throughout the United States and Canada. Liberty Utilities owns regulated water, wastewater, gas and electric utilities in ten states.

[2] My direct testimony is being filed concurrently in rate case dockets for Liberty Bella Vista and Liberty Rio Rico.

Q. PLEASE EXPLAIN THE LIBERTY UTILITIES SHARED SERVICES AND CORPORATE COST ALLOCATION MODEL.

A. Two corporate groups provide shared services to entities within the APUC organizational structure, including Liberty Utilities and its regulated utilities. One is APUC, and the other is the shared services department within Liberty Utilities Canada.

Q. WHAT SHARED SERVICES DOES APUC PROVIDE?

A. APUC is structured as a publicly traded holding company and provides substantial benefits to its regulated utilities and generation facilities through access to capital markets. As the ultimate corporate parent, APUC also provides financial, strategic management, corporate governance, administrative and support services to Liberty Utilities and APCo.

APUC's Financing Services involve selling units to public investors in order to generate the funding and capital necessary (be it short term or long term funding, including equity and debt) for Liberty Utilities, as well as providing legal services in connection with the issuance of public debt. In connection with the provision of Financing Services, APUC incurs the following types of costs: (i) strategic management costs (board of director, third-party legal services, accounting services, tax planning and filings, insurance, and required auditing); (ii) capital access costs (communications, investor relations, trustee fees, escrow and transfer agent fees); (iii) financial control costs (audit and tax expenses); and (iv) administrative (rent, depreciation, general office costs).[3] Non-labor costs, including corporate capital, are pooled and allocated to Liberty Utilities and APCo using the "multi-factor" method summarized in Table 1 of the APUC Cost

[3] Appendix 2 of the APUC Cost Allocation Manual or "CAM" referenced below provides a more detailed discussion of the costs incurred by APUC.

Allocation Manual ("CAM"). Without question, the services provided by APUC are necessary for Liberty Utilities and its regulated subsidiaries to have access to capital markets for capital projects and operations.

Q. WHAT TYPES OF SHARED SERVICES DOES LIBERTY UTILITIES CANADA PROVIDE?

A. Liberty Utilities Canada provides Liberty Utilities (and its regulated utilities) with the following services: accounting, administration, corporate finance, human resources (including training and development), information technology, rates and regulatory affairs, environment, health and safety, and security, customer service, procurement, risk management, legal and utility planning. Specific examples of these services include: (i) budgeting, forecasting, and financial reporting services including preparation of reports and preservation of records, cash management (including electronic fund transfers, cash receipts processing, managing short-term borrowings and investments with third parties); (ii) development of customer service policies and procedures; (iii) development of human resource policies and procedures; (iv) selection of information systems and equipment for accounting, engineering, administration, customer service, emergency restoration and other functions and implementation thereof; (v) development, placement and administration of insurance coverages and employee benefit programs, including group insurance and retirement annuities, property inspections and valuations for insurance; (vi) purchasing services including preparation and analysis of product specifications, requests for proposals and similar solicitations, and vendor and vendor-product evaluations; and (vii) development of regulatory strategy.

Liberty Utilities Canada will direct charge or assign costs that can be directly attributable to a specific utility. Those costs include direct labor and direct non-labor costs. Indirect Liberty Utilities Canada costs, however, cannot be

directly attributed to an individual utility. Within the formal organizational structure, Liberty Utilities Canada provides certain services that benefit the entire company, i.e., both Liberty Utilities and APCo. Those indirect business services and costs from these shared service functions are allocated between APCo and Liberty Utilities using the "multi-factor" methodology shown in Table 4 of the CAM. Those factors are designed to closely align the costs with the driver of the activity. These shared service functions include risk management, information technology, human resources, training, facilities and building rent, financial reporting and administration, environmental health safety and security, legal costs, treasury, internal auditing, procurement, and communications.

Once those indirect costs are allocated between APCo and Liberty Utilities, the indirect labor and indirect non-labor costs, including capital costs, attributable to Liberty Utilities are then reallocated to its regulated utilities using the Utility Four Factor Methodology set forth in Table 2 of the CAM:

CAM Table 2: Utility Four Factor Methodology

Factor	Weight
Utility Plant	25%
Customer Count	25%
Non-Labor Expenses	25%
Labor	25%
Total	**100%**

Q. HOW DOES LIBERTY UTILITIES SERVICE CORP. FIT INTO THIS BUSINESS MODEL?

A. Liberty Utilities Service Corp. ("LUSC") is a wholly owned subsidiary of Liberty Utilities. All United States regulated utility employees are employed by LUSC. The purpose of LUSC is to streamline administration of payroll across the United

States-based companies. All employee costs, such as salaries, benefits, insurance, etc. are paid by LUSC and direct charged to the extent possible to the regulated utility for which the employee performs dedicated work. In situations where time sheets do not allow direct charging of LUSC costs (which is expected to be an infrequent occurrence), those indirect costs are allocated using the allocation methodology set forth in Table 5 of the CAM.

Q. HOW DO APPLICANTS AND THE OTHER REGULATED UTILITIES IN ARIZONA BENEFIT FROM THIS SHARED-SERVICES MODEL?

A. The Liberty Utilities shared services business model serves a significant and very important role for the Applicants and their sister companies in Arizona. The benefits of this shared service model are significant, including:

1. **Access to Skilled Strategic Management**. This means Applicants enjoy access to wide ranging expertise and resources that are typically not available to small utilities with less than 20,000 customers. That is a direct result of the nationwide utility footprint of Liberty Utilities and our shared services model.
2. **Controls and Processes**. Through this business model, controls and processes are in place to ensure that accounting methodologies are consistent with generally accepted accounting principles and fully adhere to Sarbanes-Oxley compliance and other appropriate internal controls. That means Applicants benefits from sound accounting, capital investment and operational expertise.
3. **Economies of Scale**. By sharing regional resources with other utilities, Applicants enjoy the benefits of lower overall cost structures while at the same time maintaining a local flavor in its day-to-day operations and customer contact. Further, as Liberty Utilities grows, its overall costs will

be allocated over a larger base of utilities, lowering the cost of shared services to each subsidiary utility, including the Applicants.

4. **Access to Capital**. As discussed earlier, APUC is the entity that is traded on the Toronto Stock Exchange and ensures that Applicants have uninterrupted access to capital. The APUC family (including Liberty Utilities) has access to over $600M in credit facilities and, from 2010-2014, raised over $1.7B in capital through the issuance of long-term debt and equity. The capital expenditure budget for 2015 is $106M for Liberty Utilities.

Q. AND THESE APUC AND LUC COSTS ARE NECESSARY AND BENEFICIAL?

A. Yes. Among other things, many of these costs are requirements of APUC being a publicly traded entity on the Toronto Stock Exchange (TSX). As a publicly traded entity, APUC must issue certain communications subject to the TSX's rules and regulations. For example, Section 714 of the TSX Company Manual states that "TSX may delist securities of a listed issuer that has failed to comply with the TSX's Timely Disclosure Policy... or with disclosure requirements under any securities law to which the issuer is subject." Additionally, section 406 of the TSX Company Manual in part states "It is a cornerstone policy of the Exchange that all persons investing in securities listed on the Exchange have equal access to information that may affect their investment decisions.... Companies whose securities are listed on the Exchange are legally obligated to comply with the provisions on timely disclosure..." Finally, Ontario Securities Commission National Policy 51-201 states in Section 4.5 that "Companies who do not comply with an exchange's requirements could find themselves subject to an administrative proceeding before a provincial securities regulator."

These requirements and related costs are no different than publicly traded companies on the New York Stock Exchange (NYSE), whose Listed Company Manual, Section 202.05 states "A listed company is expected to release quickly to the public any news or information which might reasonably be expected to materially affect the market for its securities. This is one of the most important and fundamental purposes of the listing agreement which the company enters into with the Exchange." Put simply, the APUC and LUC costs are the same types of costs that entities traded on the NYSE are required to incur. These costs are a necessary and unavoidable part of a publicly traded entity's cost of doing business. APUC's presence on the TSX is the means by which Liberty Utilities obtains capital for investment and I do not think anyone disputes that APUC's access to capital is a benefit to Applicants and their customers in Arizona. If we need access to capital, then we must incur those costs to obtain the needed capital, and those costs should be included if we show they are required. The underlying record illustrates that those costs are required. Copies of these pertinent provisions of the TSX and NYSE rules are attached as **Exhibit WRK-DT2**.

III. COST ALLOCATION MANUAL.

Q. YOU HAVE REFERRED TO A COST ALLOCATION MANUAL OR CAM THAT GOVERNS THE LIBERTY UTILITIES BUSINESS MODEL. CAN YOU PLEASE DESCRIBE THE CAM?

A. Yes. Our cost allocation methodologies and processes are set forth in the Algonquin Power & Utilities Corp. Cost Allocation Manual or CAM, which is attached as **Exhibit WRK-DT3**. Shared services and corporate costs are allocated to Applicants in accordance with the methodologies and processes set forth in the CAM. Specifically, the CAM outlines the methods of direct charge and cost allocations between (1) APUC and its affiliates, APCo and Liberty Utilities;

(2) Liberty Utilities Canada and APCo/Liberty Utilities; (3) Liberty Utilities and its regulated utility subsidiaries; and (4) LUSC and its affiliates.

The CAM is based on the National Association of Regulatory Utility Commissions ("NARUC") Guidelines for Cost Allocations and Affiliate Transactions. The NARUC Guidelines are attached as Appendix 1 to the CAM. The fundamental premise of those guidelines and the CAM is to direct charge costs as much as possible and to use reasonable allocation factors where allocation of indirect costs is necessary and direct charging is not possible.

Q. CAN YOU CITE THE KEY PRINCIPLES FROM THE NARUC GUIDELINES TO WHICH YOU ARE REFERRING?

A. Yes. The CAM utilizes the following "Cost Allocation Principles" as stated in the NARUC Guidelines:

1. To the maximum extent practicable, in consideration of administrative costs, costs should be collected and classified on a direct basis for each asset, service or product provided (NARUC Guidelines at 2, § B.1).
2. The general method for charging indirect costs should be on a fully allocated cost basis. Under appropriate circumstances, regulatory authorities may consider incremental cost, prevailing market pricing or other methods for allocating costs and pricing transactions among affiliates (NARUC Guidelines at 2, § B.2).
3. To the extent possible, all direct and allocated costs between regulated and non-regulated services and products should be traceable on the books of the applicable regulated utility to the applicable Uniform System of Accounts. Documentation should be made available to the appropriate regulatory authority upon request regarding transactions between the regulated utility and its affiliates (NARUC Guidelines at 2, § B.3).

4. The allocation methods should apply to the regulated entity's affiliates in order to prevent subsidization from, and ensure equitable cost sharing among, the regulated entity and its affiliates, and vice versa (NARUC Guidelines at 2-3, § B.4).

5. All costs should be classified to services or products, which, by their very nature, are regulated, non-regulated, or common to both (NARUC Guidelines at 3, § B.5).

6. The primary cost driver of common costs, or a relevant proxy in the absence of a primary cost driver, should be identified and used to allocate the cost between regulated and non-regulated services or products (NARUC Guidelines at 3, § B.6).

7. The indirect costs of each business unit, including the allocated costs of shared services, should be spread to the services or products to which they relate using relevant cost allocators (NARUC Guidelines at 3, § B.7).

Our CAM follows these cost allocation principles and, as a result, provides for the appropriate allocation of prudently incurred corporate costs and shared services to Applicants.

Q. CAN YOU BRIEFLY EXPLAIN HOW THE ALLOCATION PROCESS WORKS FOR APUC CORPORATE COSTS AND SHARED SERVICES?

A. Yes. APUC will charge costs that can be directly attributable to a specific utility to that utility. APUC charges labor rates for these shared services at cost. These labor costs are charged directly to a specific utility based on timesheets. If such labor is for the benefit of all subsidiaries and, therefore, not directly chargeable to a single entity, then those indirect labor costs are allocated using the methodologies in the CAM. To start, indirect non-labor and indirect labor costs incurred by APUC, including corporate capital, are pooled and allocated to Liberty

Utilities Canada and APCo using the methodology in Table 1 of the CAM. Once those costs are allocated between Liberty Utilities Canada and APCo, the APUC costs allocated to Liberty Utilities Canada are then allocated to the regulated utilities under Liberty Utilities using the Four Factor Methodology set forth in Table 2 of the CAM (as set forth above).

Q. CAN YOU BRIEFLY EXPLAIN HOW THE ALLOCATION PROCESS WORKS FOR LIBERTY UTILITIES CANADA CORPORATE COSTS AND SHARED SERVICES?

A. Liberty Utilities Canada will charge costs that can be directly attributable to a specific utility to that utility. Those costs include direct labor and direct non-labor costs. Any remaining indirect corporate costs incurred by Liberty Utilities Canada that can't be directly attributed or billed to an individual utility are then allocated using the Four Factor Method in Table 2 of the CAM.

Due to an internal restructuring, Liberty Utilities Canada, through a shared services department, now provides certain services to both Liberty Utilities (and its regulated utilities) and APCo. Those shared services are as follows: treasury; financial reporting and administration; internal audit; risk management; training; information technology; human resources; environmental, health, safety, and security; legal; procurement; and communication. These services were previously within APUC prior to the restructuring. As noted above, costs will continue to be directly charged where possible.

When shared services costs cannot be directly assigned to a specific entity such as either APCo or Liberty Utilities, indirect costs incurred by the shared services department within Liberty Utilities Canada first will be allocated between Liberty Utilities and APCo using the cost drivers and methodologies shown in Table 4 of the CAM. Once those indirect corporate costs are allocated between

APCo and Liberty Utilities, the resulting indirect charges of Liberty Utilities Canada that are allocated to Liberty Utilities by the shared services department are then reallocated to the regulated utilities using the Four Factor Methodology noted above. Put simply, Liberty Utilities Canada allocates its indirect labor and indirect non-labor costs, including capital costs, to its regulated utilities using the Four Factor Methodology noted above to allocate those costs incurred for the benefit of all of its regulated utilities. Those indirect costs are allocated to the Liberty Utilities regulated entities from the shared services departments within Liberty Utilities Canada, using the Four Factor Utility Methodology (utility plant, customer count, non-labor expenses, and labor). Each factor is equally weighted to more accurately reflect the size and scope of each utility.

Q. CAN YOU PLEASE DESCRIBE HOW THE CAM IS USED TO ASSIGN AND ALLOCATE COSTS TO THE APPLICANTS?

A. Yes, under the CAM, a utility incurs costs in one of three ways: (1) Direct Costs – costs incurred directly by a local operating company for its own purposes; (2) Assigned costs – costs incurred by one company for the exclusive benefit of one or more other companies, and which are directly charged to the company or companies that specifically benefited; and (3) Allocated costs – costs incurred by one company that are for the benefit of either (a) all of the Algonquin companies or (b) all of the regulated Liberty Utilities companies. Allocated costs are charged to the benefited companies using a methodology and set of logical allocation factors that establish a reasonable link between cost causation and cost recovery.

Q. CAN YOU PROVIDE EXAMPLES?

A. Yes. First, costs that are incurred by the Applicants as part of providing utility services in Arizona are direct costs, and thus are neither assigned nor allocated under the CAM. Second, costs that are incurred by APUC, LUC, or LUSC for the

exclusive benefit of any utility's operations are directly assigned. Third, costs that are incurred by APUC, LUC or LUSC that benefit other companies within the Algonquin corporate family are allocated on a rational basis that logically links cost causation to cost recovery using a two-step process.

Q. WHAT IS THAT TWO-STEP ALLOCATION PROCESS?

A. The CAM addresses those assigned and allocated costs under the following two-step process. Boiled down, all allocated costs have two levels of allocation filters applied. The first level is designed to appropriately separate common costs between the regulated and the unregulated businesses. The second level is designed to appropriately allocate the costs that have been allocated to the group of regulated utilities to each of the individual regulated utilities.

Q. PLEASE ILLUSTRATE THESE CORPORATE COST ALLOCATION METHODOLOGIES.

A. As noted above, Applicants can be assigned and/or allocated costs from APUC, LUC and LUSC. I provide an overview of the methodology for each cost center in the following paragraphs.

Q. LET'S START WITH APUC.

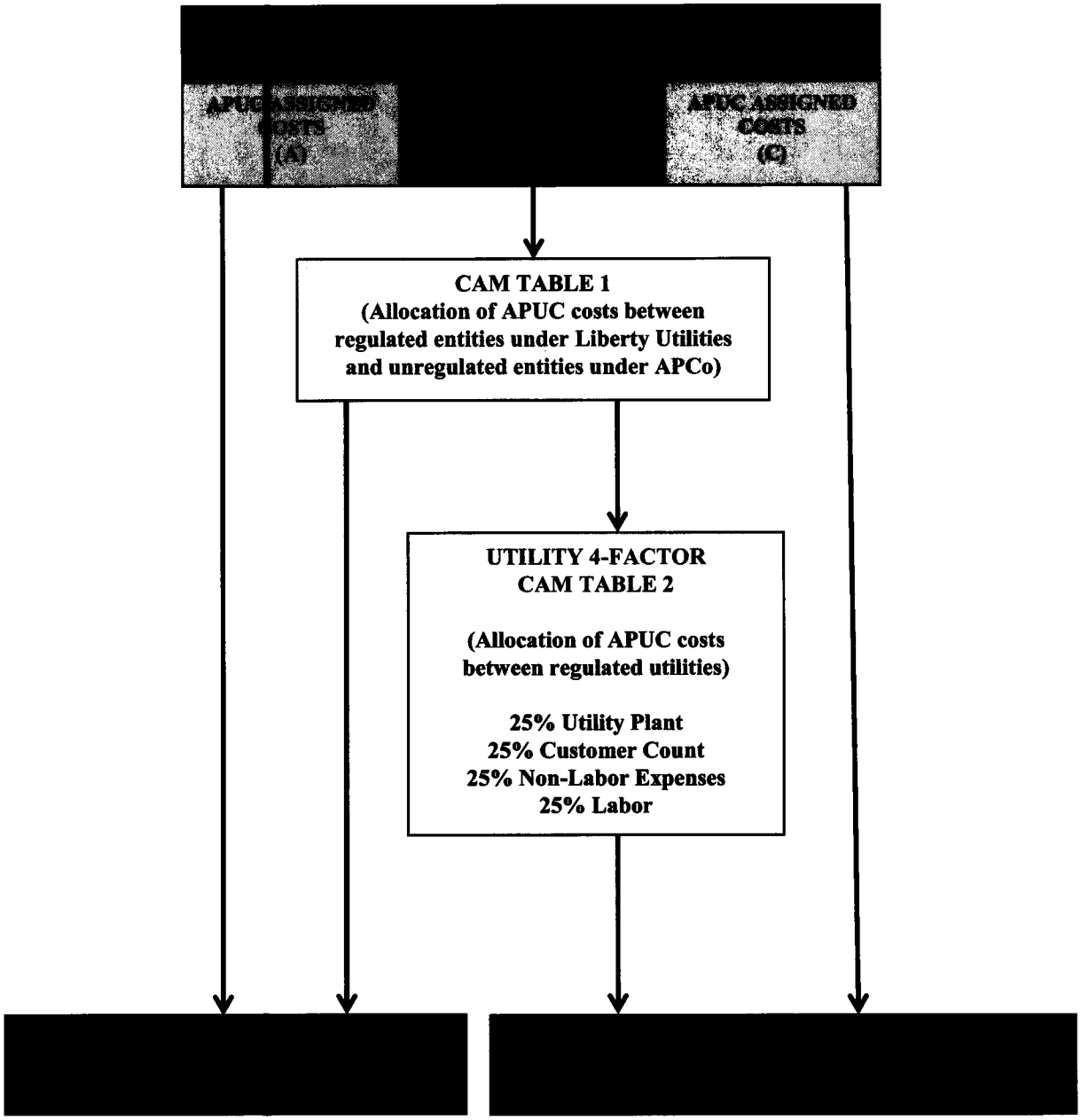
A. As noted below on Appendix 1 (Illustration of CAM Allocation of APUC Services) and as described in §3.1 of the CAM, APUC incurs three types of costs that are allocated to its direct and indirect subsidiaries. The first type is APUC's costs that directly benefit a particular unregulated company. Those "Assigned Costs" on Appendix 1 are directly assigned to that unregulated company (APCo). The second type is APUC's Assigned Costs that directly benefit a particular regulated company. Those costs are directly assigned to that regulated company. The third type is APUC's remaining "Allocated Costs" that benefit the entire enterprise (both regulated and unregulated), which are allocated between regulated

and unregulated company groups under CAM Table 1. CAM Table 1 specifies: (a) each type of cost incurred by APUC that is to be allocated between regulated and unregulated parts of the business; (b) the factors used to allocate each type of cost between regulated and unregulated activity; (c) the rationale for selecting the factors that are used for allocation; and (d) examples of the specific allocated costs.

Once those Allocated Costs are allocated between APCo (unregulated) and Liberty Utilities (regulated) using CAM Table 1, the total of those Allocated Costs allocated to Liberty Utilities is then reallocated to individual utilities using the Four-Factor Utility Allocation Methodology set forth in CAM Table 2.

Appendix 1 below labeled "Illustration of CAM Allocation of APUC Services" provides a flow chart illustration of how the APUC direct and indirect costs are allocated under the CAM. The APUC cost allocations for Applicants here follow this allocation methodology and process.

APPENDIX 1:
ILLUSTRATION OF CAM ALLOCATION OF APUC SERVICES



(A): Costs that are directly assigned and charged to unregulated entities (APCo).
(B): Costs that benefit both unregulated entities and regulated utilities.
(C): Costs that are directly assigned and charged to regulated utilities (Liberty Utilities).

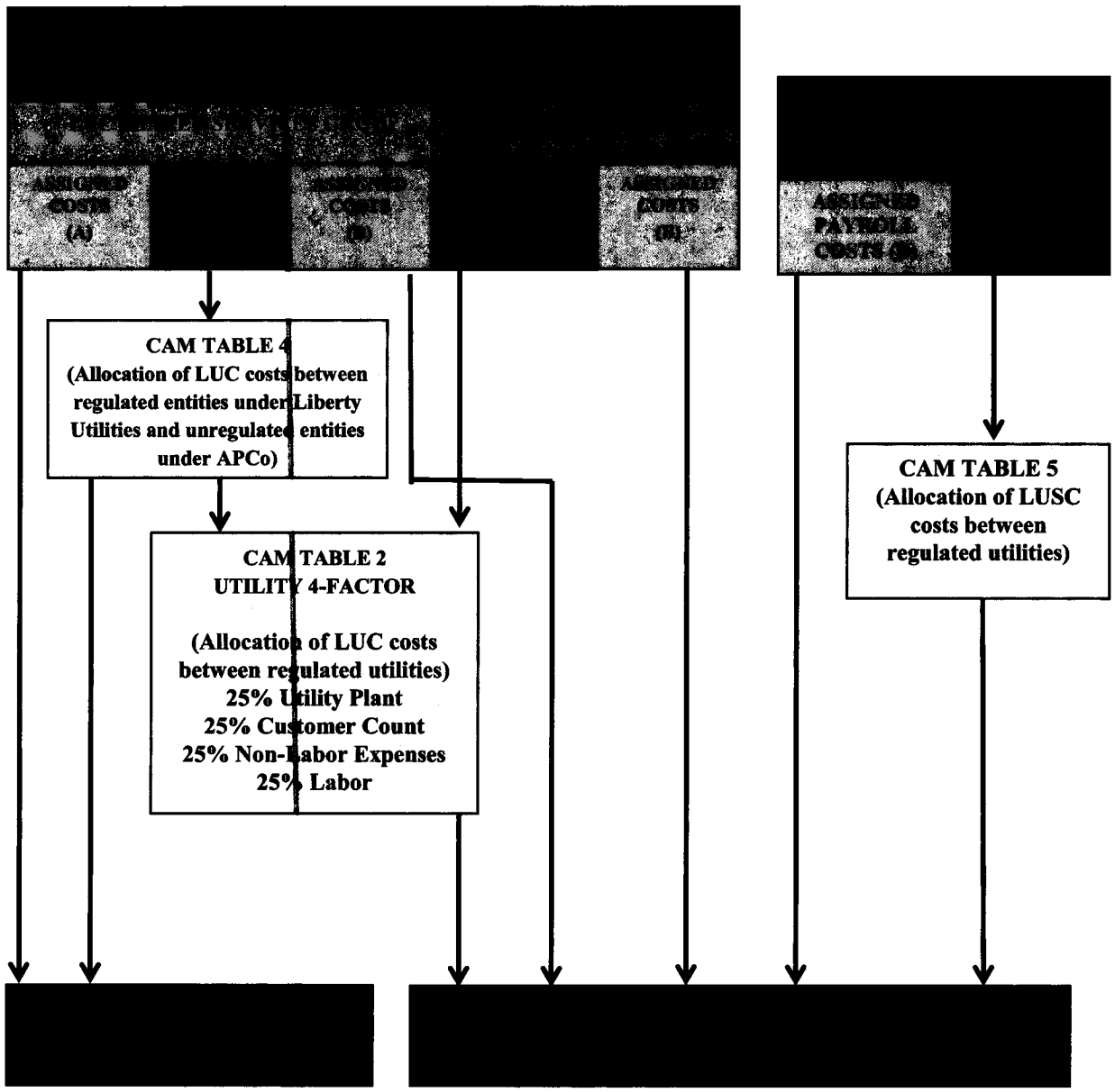
Q. THANK YOU. CAN YOU PLEASE ILLUSTRATE THE LIBERTY UTILITIES CANADA ALLOCATIONS?

A. As illustrated in Appendix 2 below and as described in section 4 of the CAM, Liberty Utilities Canada incurs three types of costs that are passed on to other direct or indirect subsidiaries of APUC. The first type is Assigned Costs that directly benefit a particular regulated company, which are directly assigned to that regulated company. The second type is Shared Services Costs that benefit both the regulated group of companies and the unregulated group of companies. Those Shared Services Costs are allocated between the two groups under the methodology set forth in CAM Table 4. CAM Table 4 includes: (a) each type of cost incurred by Liberty Utilities Canada that is to be allocated between regulated and unregulated parts of the business; (b) the factors used to allocate each type of cost between regulated and unregulated activity; (c) the rationale for selecting the factors that are used for allocation; and (d) examples of the specific allocated costs. In turn, the Shared Services costs that are allocated to the regulated companies as a group are then reallocated to individual companies using the four-factor utility allocation methodology set forth in CAM Table 2, resulting in utility-specific allocated charges from Liberty Utilities Canada.

The third type of costs allocated by Liberty Utilities Canada is Allocated Costs that benefit all of the regulated companies, which are allocated using the four-factor method in CAM Table 2. Appendix 2 below illustrates the cost allocation methodology relating to the direct and indirect services provided and costs incurred by Liberty Utilities Canada for the benefit of Applicants. The Liberty Utilities Canada cost allocations for Applicants follow this allocation methodology and process.

APPENDIX 2:

ILLUSTRATION OF CAM ALLOCATION OF LUC AND LUSC SERVICES



(A): Costs that are directly assigned to unregulated companies.
(B): Costs that are directly assigned to regulated companies.
(C): Costs that benefit both unregulated and regulated companies and operations.
(D): Costs that benefit all regulated companies and operations.

Q. FINALLY, CAN YOU ILLUSTRATE HOW THE ALLOCATION PROCESS WORKS FOR LUSC COSTS?

A. As illustrated in Appendix 2 above and as described in section 5 of the CAM, LUSC can incur two types of costs that can be passed on to regulated utilities of Liberty Utilities. The first type is LUSC Assigned Payroll Costs that directly benefit a particular regulated company. Those Assigned Payroll Costs are directly assigned to that regulated company. Currently, payroll expenses for all regulated operating company employees are incurred by LUSC, and those utility-specific expenses are directly assigned to each operating utility.

The second type of cost that may be incurred by LUSC is Allocated Costs that benefit all of the regulated operating companies. LUSC does not provide indirect services to any unregulated entity, so there is no reason to allocate these costs between APCo and Liberty Utilities. As such, the only allocation by LUSC occurs under CAM Table 5 between the regulated utilities of Liberty Utilities. Currently, LUSC is not incurring any indirect costs and LUSC has not allocated any Allocated Costs to Applicants. I only mention it here because if those costs are incurred by LUSC in the future, those costs would be allocated to Applicants under CAM Table 5.

Q. HOW WOULD YOU SUMMARIZE APUC'S COST ALLOCATION METHODOLOGIES AS APPLIED TO APPLICANTS UNDER THE CAM?

A. Ultimately, our cost allocation process applies a reasonable and common sense approach. To start, costs are assigned and allocated from the three cost centers (APUC, LUC and LUSC) each month. Where there is a factual basis to do so, costs incurred specifically for Liberty Bella Vista are directly assigned to Liberty Bella Vista. And costs incurred specifically for Liberty Rio Rico are directly assigned to Liberty Rio Rico. The cost allocation methodologies are applied only

after all direct charges have been assigned to Applicants and the other APUC subsidiaries. The allocations deal only with remaining costs that are not specific to a particular operating entity. Cost allocations involve a two-step approach. The first step is to split all costs between the unregulated businesses (APCo) and the regulated businesses (Liberty Utilities and its subsidiaries). The second step is to allocate the costs that are attributable to the regulated utilities among those regulated entities, including Applicants, to determine utility-specific charges. All of those costs are allocated among the regulated utilities to determine utility-specific charges.

Q. WHEN WAS THE CAM MOST RECENTLY UPDATED?

A. The current methodology within the CAM became effective January 1, 2014 and includes updates to reflect the growth of the companies within the APUC group of companies and Liberty Utilities. As discussed above, some corporate service functions were relocated from APUC into Liberty Utilities Canada, further enhancing the shared services department structure. A thorough review of the cost drivers also was done to develop and affirm the current methodology, including a department-by-department identification of cost drivers. Essentially, each department was asked to confirm the factors driving their costs, and the weightings of the factors if there were multiple drivers. Going forward, we intend to review the CAM annually to evaluate whether the methodology is achieving its purposes—i.e., to achieve a fair allocation of shared services and corporate costs, and to adjust for changes in the number and size of companies receiving shared services and benefitting from the shared services model. This could occur more frequently in the event of a significant acquisition that could change the balance of utility sizes and scope or the overall cost structure.

Q. HAS THE ARIZONA CORPORATION COMMISSION APPROVED THIS COST ALLOCATION MODEL IN THE MOST RECENT RATE CASES FOR LIBERTY UTILITIES?

A. I was not involved in the most recent rate cases for Liberty Utilities (Litchfield Park Water & Sewer) Corp. and Liberty Rio Rico, but my understanding is that the Commission approved the APUC/Liberty Utilities cost allocation model in the recent case decisions for those entities. In both of those cases, the Liberty entities reached an accord with Commission Staff and RUCO relating to the allocated level of costs. We also have received favorable treatment and review of this cost allocation model in other states.

Q. HAVE THE APUC AND LUC CORPORATE COST POOLS CHANGED SINCE THE LAST RATE CASES FOR LIBERTY UTILITIES?

A. No, the general costs allocated from APUC and LUC have not changed. We are allocating the same general corporate costs from APUC and LUC to the Applicants and the other Arizona utilities. Although the types of costs allocated have not changed, we have made changes to how those costs are allocated. As noted above, we updated the cost methodologies to reflect the growth of APUC and its subsidiaries, and we made some changes in allocation factors to ensure that the proper cost drivers are reflected in the allocation methodologies. As Liberty Utilities evolves as a company, we continually strive to implement our own best practices and link costs to cost drivers. That is why we intend to annually review the allocation methodologies and the results of the APUC and LUC allocations. That review process involves evaluating and updating the allocation factors based on current information relating to plant, customer numbers, and other similar information.

Q. WHAT ARE THE CORPORATE COST ALLOCATION AMOUNTS FOR THE APPLICANTS IN THE 2014 TEST YEAR?

A. For 2014, the corporate cost allocation is $348,548 for Liberty Bella Vista, $203,159 for Liberty Rio Rico's water division and $85,591 for Liberty Rio Rico's wastewater division. That is a very good price for the level of services received.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

EXHIBIT WRK-DT1

CURRICULUM VITAE OF WILLIAM R. KILLEEN

Work Experience:

Liberty Utilities (Canada) Corp. (2014 to Present)
Director, Regulatory Strategy

Enersource Hydro Mississauga Inc. (2011 – 2014)
Manager, Regulatory Affairs

Ministry of Energy, Energy Supply and Competition Branch (2011)
Senior Advisor, External Energy Supply

ECNG Energy LP (2003 -2010)
Director, Energy Supply and Regulatory

Direct Energy (2002-2003)
Manager, Regulatory Affairs

Engage Energy Canada Inc. (2001-2002)
Manager, Marketing and Sales

Union Gas Limited (1989 – 2001)
Team Leader, Customer Support Services
Manager, Gas Supply Planning
Coordinator, Regulatory Affairs

Education:

Masters of Business Administration, Richard Ivey School of Business, University of Western Ontario (now Western University), 1989

Bachelor of Engineering Science, Chemical Engineering, University of Western Ontario (now Western University), 1985

Appearances before the Ontario Energy Board (on behalf of Union Gas):

EBRO 499
EBRO 493-04/494-06
EBRO 493/494
EBRO 486-04
EBRO 486-03
EBRO 486
EBO 174
EBLO 243
EBRM 103

EBRM 104
EBLO 244
EBRO 476-03

Appearances before the Ontario Energy Board (on behalf of Enersource):

EB-2012-0033

Other Representations at the Ontario Energy Board:

EB-2002-0130
EB-2005-0520
EB-2008-0106
EB-2008-0219
EB-2008-0292

Other Testimony (on behalf of Liberty Utilities):

Arkansas Public Service Commission - Docket No. 14-020-U – on behalf of Liberty Utilities (Pine Bluff Water) Inc.

Arizona Corporation Commission – Docket Nos. SW-02361A-15-0206 & SW-02361A-15-0207 (consolidated) – on behalf of Liberty Utilities (Black Mountain Sewer) Corp.

Memberships:

Professional Engineers of Ontario
Ontario Society of Professional Engineers
Ontario Energy Association (OEA): Former Chairperson, Energy Markets Committee; Member of Utilities Sector Committee; Former Member of Marketers and Retailers Committee

EXHIBIT WRK-DT2

Language

TSX Company Manual

Location: TSX Company Manual » Part VII Halting of Trading, Suspension and Delisting of Securities » D. Delisting Criteria » (4) Failure To Comply With TSX Requirements & Policies » Disclosure Policies • Sec. 714.

« Disclosure Policies Payment of Fees or Charges »

Sec. 714.

TSX may delist the securities of a listed issuer that has failed to comply with TSX's Timely Disclosure policy (see Sections 406 to 423.8 and 472 to 475) or with disclosure requirements under any securities law to which the listed issuer is subject. In addition, TSX may delist the securities of a listed issuer that is engaged in the business of mineral exploration, development or production if such listed issuer has failed to comply with TSX's "Disclosure Standards for Companies Engaged in Mineral Exploration, Development & Production" (see Appendix B).

« Disclosure Policies Payment of Fees or Charges »

© TSX Inc. All rights reserved. Do not copy, distribute, sell or modify this document without TSX Inc.'s prior written consent. TSX materials, including manuals, trading rules, policies and forms, are reproduced by Complinet with the permission of TSX Inc. and TSX Venture Exchange Inc. under a non-exclusive license. Neither TSX Inc. nor any of its affiliated companies guarantees the accuracy, adequacy, completeness or availability of any information and nor shall they be responsible for any errors or omissions or otherwise.

TSX Company Manual:

- TSX Company Manual
  - Part I Introduction
  - Part II Why List on the Toronto Stock Exchange?
  - Part III Original Listing Requirements
  - Part IV Maintaining a Listing – General Requirements
  - Part V Special Requirements for Non-Exempt Issuers
  - Part VI Changes in Capital Structure of Listed Issuers
  - Part VII Halting of Trading, Suspension and Delisting of Securities
    - A. General
    - B. Halting of Trading
    - C. Suspension and Delisting
    - D. Delisting Criteria
      - (1) Insolvency
      - (2) Financial Condition and/or Operating Results
      - (3) Market Value and Public Distribution
      - (4) Failure To Comply With TSX Requirements & Policies
        - Listing Agreement
        - Disclosure Policies
          - Sec. 714.
        - Payment of Fees or Charges
        - Management
      - (5) Change in Business
    - E. Reinstatement of Listing
    - F. Review of Delisting Decisions
    - G. Voluntary Delisting
    - H. Effect of Amendments on Existing Reviews and Suspensions
  - Part VIII Fees Payable by Listed Companies
  - Part IX Dealing with the News Media
  - Part X Special Purpose Acquisition Corporations (SPACs)
  - Provisions Respecting Conflict of Interest and Competitors of TMX Group Limited
  - Forms
  - Appendices
  - Notices of Approval
  - Requests for Comments
  - Staff Notices to Applicants, Listed Issuers, Securities Lawyers and Participating Organizations
  - Archive

THOMSON REUTERS
ACCELUS™

Copyright © 2013 TMX Group Limited All rights reserved.

Language

TSX Company Manual

Location: TSX Company Manual » Part IV Maintaining a Listing – General Requirements » B. Timely Disclosure » Introduction » Sec. 406.

«« Introduction

Material Information »»

Sec. 406.

It is a cornerstone policy of the Exchange that all persons investing in securities listed on the Exchange have equal access to information that may affect their investment decisions. Public confidence in the integrity of the Exchange as a securities market requires timely disclosure of material information concerning the business and affairs of companies listed on the Exchange, thereby placing all participants in the market on an equal footing.

The timely disclosure policy of the Exchange is the primary timely disclosure standard for all TSX listed issuers. National Policy 51-201 *Disclosure Standards* of the CSA, "Disclosure Standards", assists issuers in meeting their legislative disclosure requirements. While the legislative and Exchange timely disclosure requirements differ somewhat, the CSA clearly state in National Policy 51-201 *Disclosure Standards* that they expect listed issuers to comply with the requirements of the Exchange.

To minimize the number of authorities that must be consulted in a particular matter, in the case of securities listed on the Exchange, the Exchange is the relevant contact. The issuer may, of course, consult with the government securities administrator of the particular jurisdiction. In the case of securities listed on more than one stock market, the issuer should deal with each market.

The requirements of the Exchange and National Policy 51-201 *Disclosure Standards* are in addition to any applicable statutory requirements. The Exchange enforces its own policy. Companies whose securities are listed on the Exchange are legally obligated to comply with the provisions on timely disclosure set out in section 75 of the OSA and the Regulation under the Act. Reference should also be made to National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*, National Instrument 55-102 *System for Electronic Disclosure by Insiders*, and National Instrument 62-103 *The Early Warning System and Related Take-Over bid and Insider Reporting Issues*.

In addition to the foregoing requirements, companies whose securities are listed on the Exchange and who engage in mineral exploration, development and/or production, must follow the "Disclosure Standards for Companies Engaged in Mineral Exploration, Development and Production" as outlined in Appendix B of this Manual for both their timely and continuous disclosure.

The Market Surveillance Division monitors the timely disclosure policy on behalf of the Exchange.

«« Introduction

Material Information »»

© TSX Inc. All rights reserved. Do not copy, distribute, sell or modify this document without TSX Inc.'s prior written consent. TSX materials, including manuals, trading rules, policies and forms, are reproduced by Complinet with the permission of TSX Inc. and TSX Venture Exchange Inc. under a non-exclusive license. Neither TSX Inc. nor any of its affiliated companies guarantees the accuracy, adequacy, completeness or availability of any information and nor shall they be responsible for any errors or omissions or otherwise.

TSX Company Manual:

- TSX Company Manual
  - Part I Introduction
  - Part II Why List on the Toronto Stock Exchange?
  - Part III Original Listing Requirements
  - Part IV Maintaining a Listing – General Requirements
    - A. General
    - B. Timely Disclosure
      - Introduction
        - Sec. 406.
      - Material Information
      - Market Surveillance
      - Announcements of Material Information
      - Trading Halts
      - Confidentiality
      - Insider Trading
    - C. Company Reporting Forms
    - D. Dividends and Other Distributions to Security Holders
    - E. Debenture Interest Changes
    - F. Financial Statements
    - G. Shareholders' Meetings and Proxy Solicitation
    - H. Notices and Reports to Security Holders
    - I. Charter Amendments
    - J. Change in Evidence of Security Ownership or Change in Security Certificate
    - K. Proposed Issuance of Securities
    - L. Secondary Distributions
    - M. Corporate Governance
  - Part V Special Requirements for Non-Exempt Issuers
  - Part VI Changes in Capital Structure of Listed Issuers
  - Part VII Halting of Trading, Suspension and Delisting of Securities
  - Part VIII Fees Payable by Listed Companies
  - Part IX Dealing with the News Media
  - Part X Special Purpose Acquisition Corporations (SPACs)
  - Provisions Respecting Conflict of Interest and Competitors of TMX Group Limited
  - Forms
  - Appendices
  - Notices of Approval
  - Requests for Comments
  - Staff Notices to Applicants, Listed Issuers, Securities Lawyers and Participating Organizations
  - Archive

Recommended by
THOMSON REUTERS
ACCELUS ™

Back to top

TMX GROUP Toronto Stock Exchange | TSX Venture Exchange | TMX Select | Alpha | Montréal Exchange | BOX | NGX | Shorcan | The Canadian Depository for Securities Limited | Canadian Derivatives Clearing Corporation | TMX Datalinx | TMX Atrium | TMX Technology Solutions | TMX Equicom | TMX Equity Transfer Services

Copyright © 2013 TMX Group Limited All rights reserved.

OSC (http://www.osc.gov.on.ca/en/home.htm)

Securities Law & Instruments

PDF Version (/documents/en/Securities-Category5/pol_20020712_51-201.pdf)

NATIONAL POLICY 51-201 DISCLOSURE STANDARDS

Part I - Introduction

1.1 Purpose

(1) It is fundamental that everyone investing in securities have equal access to information that may affect their investment decisions. The Canadian Securities Administrators ("the CSA" or "We") are concerned about the selective disclosure of material corporate information by companies to analysts, institutional investors, investment dealers and other market professionals. Selective disclosure occurs when a company discloses material nonpublic information to one or more individuals or companies and not broadly to the investing public. Selective disclosure can create opportunities for insider trading and also undermines retail investors' confidence in the marketplace as a level playing field.

(2) This policy provides guidance on "best disclosure" practices in a difficult area involving competing business pressures and legislative requirements. Our recommendations are not intended to be prescriptive. We encourage companies to adopt the suggested measures, but they should be implemented flexibly and sensibly to fit the situation of individual companies.

(3) The timely disclosure requirements and prohibitions against selective disclosure are substantially similar everywhere in Canada, but there are differences among the provinces and territories, so companies should carefully review the legislation which is applicable to them for the details.

in government policy that affects most companies in a particular industry does not require an announcement, but if it affects only one or a few companies in a material way, such companies should make an announcement.

4.5 Exchange Policies

(1) The Toronto Stock Exchange Inc. (the "TSX") and the TSX Venture Exchange Inc. ("TSX Venture") each have adopted timely disclosure policy statements which include many examples of the types of events or information which may be material. Companies should also refer to the guidance provided in these policies when trying to assess the materiality of a particular fact, change or piece of information.

(2) The TSX and TSX Venture policies require the timely disclosure of "material information". Material information includes both material facts and material changes relating to the business and affairs of a company. The timely disclosure obligations in the exchanges' policies exceed those found in securities legislation. It is not uncommon, or inappropriate, for exchanges to impose requirements on their listed companies which go beyond those imposed by securities legislation.31 We expec listed companies to comply with the requirements of the exchange they are listed on. Companies who do not comply with an exchange's requirements could find hemselves subject to an administrative proceeding before a provincial securities regulator.32

Part V - Risks Associated with Certain Disclosures

5.1 Private Briefings with Analysts, Institutional Investors and other Market Professionals

About the Listed Company Manual

The New York Stock Exchange Listed Company Manual is the comprehensive rulebook for listed companies. The Manual also details original and continued listing requirements of the Exchange and sets forth NYSE rules and policies on such matters as corporate governance, shareholder communications, and shareholder approval

Listed Company Manual

Sections

- General Organization
- Section 1 - The Listing Process
- Section 2 - Disclosure and Reporting Material Information
- Section 3 - Corporate Responsibility
- Section 4 - Shareholders' Meetings and Proxies
- Section 5 - Certificates
- Section 6 - Agencies, Depositories, Trustees
- Section 7 - Listing Applications
- Section 8 - Suspension and Delisting
- Section 9 - Exchange Forms

Voting Rights Interpretations Under Listed Company Manual Section 313 (pdf)

© 2015 NYSE. All rights reserved.

The determination to impose restrictions is based on a careful inspection of the trading for the latest one week period, defir year's average weekly volume to the volume for the period considered, arbitrage, stop order bans, short position, earnings

The restriction itself is aimed primarily at eliminating the extension of credit to those who buy a security and sell it the same requirement is usually imposed on all other margin customers in that they must put up the full purchase price within five bu in seven days.

202.05 Timely Disclosure of Material News Developments

A listed company is expected to release quickly to the public any news or information which might reasonably be expected into with the Exchange.

A listed company should also act promptly to dispel unfounded rumors which result in unusual market activity or price varia

The issuer of income deposit securities traded as a unit shall publicize any change in the terms of the unit, such as change component), or to the ratio of the components within the unit. Such publication shall be made as soon as practicable in rela issuer must provide information regarding the terms and conditions of the components of the unit (including information wit

202.06 Procedure for Public Release of Information

(A) Immediate Release Policy

Information required to be released quickly to the public under Section 202.05 above should be disclosed by means of any issuers must comply with the timely alert policy set forth in Section 202.05 and may do so by any method (or combination c companies to comply with the immediate release policy by issuing press releases.

The spirit of the immediate release policy is not considered to be violated on weekends where a "Hold for Sunday or Mond

Annual and quarterly earnings, dividend announcements, mergers, acquisitions, tender offers, stock splits, major managen News of major new products, contract awards, expansion plans, and discoveries very often fall into the same category. Un disguise unfavorable news endangers management's reputation for integrity. Changes in accounting methods to mask suc

It should be a company's primary concern to assure that news will be handled in proper perspective. This necessitates app qualified, conservative and factual. Excessive or misleading conservatism should be avoided. Likewise, the repetitive relea

Few things are more damaging to a company's shareholder relations or to the general public's regard for a company's sec trivia.

Premature announcements of new products whose commercial application cannot yet be realistically evaluated should be . not match earlier projections, this too should be reported and explained.

Judgment must be exercised as to the timing of a public release on those corporate developments where the immediate re company should weigh the fairness to both present and potential shareholders who at any given moment may be consideri

(B) Telephone Alert to the Exchange

When the announcement of news of a material event or a statement dealing with a rumor which calls for immediate release representative by telephone at least ten minutes prior to release of the announcement, to inform the Exchange of the subsl information necessary to locate the news upon publication. When the announcement is in written form, the company must to release of the announcement. If the Exchange receives such notification in time, it will be in a position to consider wheth openings and trading halts.) A delay in trading after the appearance of the news on the Dow Jones, Reuters or Bloomberg specialist's book in view of the news announcement. Even if limit orders are not canceled or changed during the halt, the fa regardless of the previously entered limit. A longer delay in trading may be necessary if there is an unusual influx of orders overall importance of fairness to all those participating in the market demands that these procedures be followed.

(C) Release to Newspapers and News Wire Services

EXHIBIT WRK-DT3

ALGONQUIN POWER & UTILITIES CORP.

COST ALLOCATION MANUAL

Effective: January 1st, 2014

This document outlines the methods of direct charge and cost allocations: (i) between Algonquin Power & Utilities Corp. and its affiliates, Algonquin Power Company and Liberty Utilities (Canada) Corp.;(ii) between Liberty Utilities (Canada) Corp. and its regulated utility subsidiaries; (iii) between Liberty Utilities (Canada) Corp.'s service companies and its regulated utility subsidiaries; and (iv) between Liberty Utilities (Canada) Corp and Algonquin Power Company.

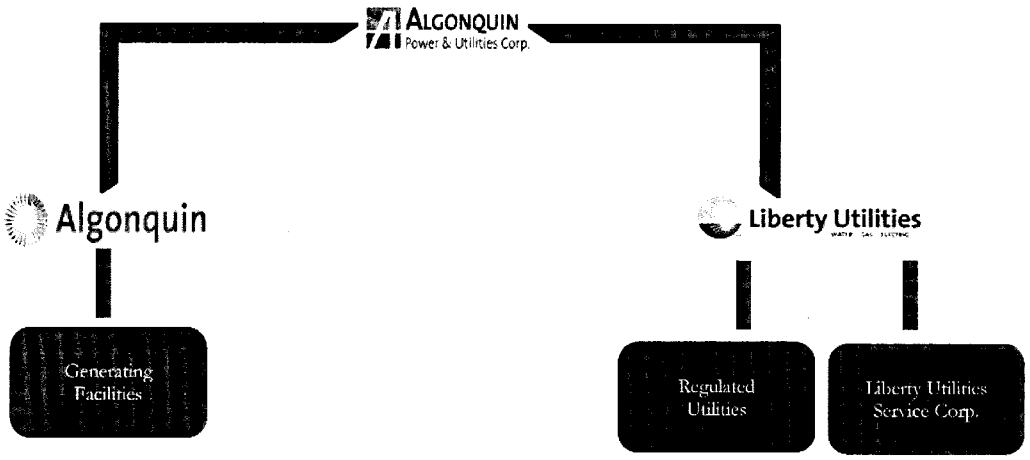
TABLE OF CONTENTS

1. INTRODUCTION 2
2. THE APUC CORPORATE STRUCTURE 3
3. SCOPE OF SERVICES AMONG AFFILIATES AND HOW THOSE COSTS ARE ALLOCATED 4
3.1. Labor Services and Cost Allocation from APUC to LUC and APCo 4
3.2. Labor Services and Cost Allocation From APCo To LUC 8
4. SCOPE OF SERVICES PROVIDED BY LUC TO ITS SUBSIDIARIES, APUC AND APCO, AND HOW THOSE COSTS ARE ALLOCATED 8
5. LIBERTY UTILTIES SERVICE CORP. 13
6. CORPORATE CAPITAL 15
7. APPENDICES 16
APPENDIX 1 - NARUC GUIDELINES FOR COST ALLOCATIONS 16
APPENDIX 2 – DETAILED EXPLANATION OF APUC COSTS 23
1. APUC STRATEGIC MANAGEMENT COSTS 23
2. ACCESS TO CAPITAL MARKETS 24
3. APUC FINANCIAL CONTROLS 24
4. APUC ADMINISTRATIVE COSTS 25
APPENDIX 3 – LIFE OF AN INVOICE 26

1. INTRODUCTION

The purpose of this paper is to provide a detailed explanation of services provided by Algonquin Power & Utilities Corp ("APUC"), and its affiliates, Algonquin Power Company ("APCo"), Liberty Utilities (Canada) Corp. ("LUC"), and Liberty Utilities Service Corp. ("LUSC") to the regulated utilities and to describe the Direct Charge and Cost Allocation Methodologies used by APUC, APCo, LUC, and LUSC. The following organization chart identifies the relationships between the separate entities.

Figure 1: Algonquin Power & Utilities Corporate Structure



This Cost Allocation Manual ("CAM") has been completed in accordance and conformance with the NARUC Guidelines for Cost Allocations and Affiliate Transactions ("NARUC Guidelines"). More specifically, the founding principles of this Cost Allocation Manual are to a) directly charge as much as possible to the entity that procures any specific service, and b) to ensure that inappropriate subsidization of unregulated activities by regulated activities, and vice versa, does not occur. For ease of reference, the NARUC Guidelines are attached as Appendix 1.

Costs charged and allocated pursuant to this CAM shall include direct labor, direct materials, direct purchased services associated with the related asset or services, and overhead amounts. The direct charges are assigned as follows:

a. Tariffed rates or other pricing mechanisms established by rate setting authorities shall be used to provide all regulated services;

b. Services not covered by (a) shall be charged by the providing party to the receiving party at fully distributed cost; and
c. Facilities and administrative services rendered to a rate-regulated subsidiary shall be charged on the following basis:

(i) the prevailing price for which the service is provided for sale to the general public by the providing party (i.e., the price charged to non-affiliates if such transactions with non-affiliates constitute a substantial portion of the providing party's total revenues from such transactions) or, if no such prevailing price exists, (ii) an amount not to exceed the fully distributed cost incurred by the providing party in providing such service to the receiving party.

2. THE APUC CORPORATE STRUCTURE

APUC's primary business is direct interest or equity ownership in renewable and thermal power generating facilities and regulated utilities. APUC owns a widely diversified portfolio of independent power production facilities and regulated utilities consisting of water distribution, wastewater treatment facilities, electric and gas utilities. While power production facilities are located in both Canada and the United States, regulated utility operations are exclusively in the United States. APUC is publicly traded on the Toronto Stock Exchange. Its structure as a publicly traded holding company provides substantial benefits to its regulated utilities through access to capital markets.

APUC is the ultimate corporate parent and affiliate that provides financial, strategic management, corporate governance, administrative and support services to LUC and its subsidiaries as well as to the numerous generation assets held by APCo. The services provided by APUC are necessary for LUC and its subsidiaries to have access to capital markets for capital projects and operations. These services are expensed at APUC and are performed for the benefit of APCo and LUC and their respective businesses.

APUC and its affiliates capitalize on APUC's expertise and access to the capital markets through the use of certain shared services, which maximizes economies of scale and minimizes redundancy. In short, it provides for maximum expertise at lower costs. Further, the use of shared expertise allows each of the entities to

receive a benefit they may not be able to achieve on a stand-alone basis such as strategic management advice and access to capital at more competitive rates.

3. SCOPE OF SERVICES AMONG AFFILIATES AND HOW THOSE COSTS ARE ALLOCATED

3.1. Labor Services and Cost Allocation from APUC to LUC and APCo

APUC provides benefits to its affiliate companies by use of certain shared services. APUC charges labor rates for these shared services at cost, which is the dollar hourly rate per employee as recorded in APUC's payroll systems, grossed up for burdens such as payroll taxes, health benefits, retirement plans, other insurance provided to employees, and other employee benefits. These labor costs are charged directly based on timesheets to the extent possible. If labor is for the benefit of all subsidiaries then the allocation methodologies used for non-labor costs are applied.

APUC's non-labor services include Financing Services. As used herein Financing Services means the selling of units to public investors in order to generate the funding and capital necessary (be it short term or long term funding, including equity and debt) for LUC and APCo as well as providing legal services in connection with the issuance of public debt.

The capital and funds obtained from the sale of shares in APUC are used by LUC and APCo for current and future capital investments. The services provided by APUC are critical and necessary to LUC and APCo because without those services they would not have a readily available source of capital funding. Further, relatively small utilities may have difficulty attracting capital on a stand-alone basis.

The services provided by APUC specifically optimize the performance of the utilities, keeping rates low for customers while ensuring access to capital is available. If the utilities did not have access to the services provided by APUC, then they would be forced to incur associated costs for financing, capital investment, audits, taxes and other similar services on a stand-alone basis, which would substantially increase such costs. Simply put, without incurring these costs, APUC would not be able to invest capital in its subsidiaries, including the regulated utilities.

In connection with the provision of Financing Services, APUC incurs the following types of costs: (i) strategic management costs (board of director, third-party legal services, accounting services, tax planning and filings, insurance, and required auditing); (ii) capital access costs (communications, investor relations, trustee fees, escrow and transfer agent fees); (iii) financial control costs (audit and tax expenses); and (iv) administrative (rent, depreciation, general office costs). See Appendix 2 for a more detailed discussion of the costs incurred by APUC.

Non-labor costs, including corporate capital, are pooled and allocated to LUC and APCo using the method summarized in Table 1. Each corporate cost type, or function, has been carefully reviewed to properly identify the factors driving those costs. Each function or cost type is typically driven by more than one factor each has been assigned an appropriate weighting. Table 1 includes brief commentary on the rationale for each cost driver and weighting, along with examples for each cost type.

Table 1: Summary of Corporate Allocation Method of APUC Indirect Costs

Type of Cost	Allocation Methodology	Rationale	Examples
Legal Costs	Net Plant 33.3% Number of Employees 33.3% O&M 33.3%	This function is driven by factors which include Net Plant, as typically the higher the value of plant, the more legal work it attracts; similarly, a greater number of employees are typically more indicative of larger facilities that require greater levels of attention; and O&M costs tend to be a third factor indicative of size and legal complexity.	Employee labor and related administration and programs; third party legal

Tax Services	Revenue 33.3% O&M 33.3% Net Plant 33.3%	This function is driven by a variety of factors that influence the size and relative tax complexity, including Revenues, O&M and Net Plant. Tax activity can be driven by each of these factors.	Employee labor and related administration and programs, including Third party tax advice and services
Audit	Revenue 33.3% O&M 33.3% Net Plant 33.3%	This function is driven by a variety of factors that influence the size and complexity of Audit, including Revenues, O&M and Net Plant. Audit activity can be driven by each of these factors.	Employee labor and related administration and programs, including t Third party accounting and audit services
Investor Relations	Revenue 33.3% O&M 33.3% Net Plant 33.3%	This function is driven by factors which reflect the relative size and scope of each affiliate - Revenues, Net Plant and O&M costs.	Employee labor and related administration and programs, including third party Investor day communications and materials
Director Fees and Insurance	Revenue 33.3% O&M 33.3% Net Plant 33.3%	This function is driven by factors which reflect the relative size and scope of each affiliate - Revenues, Net Plant and O&M costs.	Board of Director fees, insurance and administration

Licenses, Fees and Permits	Revenue 33.3% O&M 33.3% Net Plant 33.3%	This function is driven by factors which reflect the relative size and scope of each affiliate - Revenues, Net Plant and O&M costs.	Third party costs
Escrow and Transfer Agent Fees	Revenue 33.3% O&M 33.3% Net Plant 33.3%	This function is driven by factors which reflect the relative size and scope of each affiliate - Revenues, Net Plant and O&M costs.	Third party costs
Other Professional Services	Revenue 33.3% O&M 33.3% Net Plant 33.3%	This function is driven by factors which reflect the relative size and scope of each affiliate - Revenues, Net Plant and O&M costs.	Third party costs
Office Administration	Oakville Employees 50% Square Footage 50%	This function is driven by factors which are indicative of number of employees and square footage utilized by these employees.	Office space and utility costs. Employee labor and related administration

Notwithstanding the above, if a charge is related either solely to the regulated utility business, i.e., LUC, or to the power generation business, i.e., APCo, then all of those costs will be allocated to the business segment for which they are incurred (i.e. it is a direct charge).

Lastly, if a cost can be directly attributable to a specific entity, it will be directly charged to that entity. For an example of how an invoice would be allocated, please see Appendix 3.

Certain costs, which are incurred for the benefit of APUC's businesses, are not allocated to any subsidiary. These include costs such as donations, certain corporate travel, and certain overheads.

3.2. Labor Services and Cost Allocation From APCo To LUC

From time to time, APCo may provide Engineering and Technical Labor to LUC or its utilities. These charges plus an allocation for corporate overheads such as rent, materials/supplies, etc. are capitalized and directly charged to the relevant utility.

From time to time, APCo employees may provide administrative support to LUC or its utilities. These charges are direct charged using time sheets.

4. SCOPE OF SERVICES PROVIDED BY LUC TO ITS SUBSIDIARIES, APUC AND APCO, AND HOW THOSE COSTS ARE ALLOCATED

LUC provides its regulated utilities with the following services: accounting, administration, corporate finance, human resources (including training and development), information technology, rates and regulatory affairs, environment, health and safety, and security, customer service, procurement, risk management, legal, and utility planning. The following are examples of some of the services provided: (i) budgeting, forecasting, and financial reporting services including preparation of reports and preservation of records, cash management (including electronic fund transfers, cash receipts processing, managing short-term borrowings and investments with third parties); (ii) development of customer service policies and procedures; (iii) development of human resource policies and procedures; (iv) selection of information systems and equipment for accounting, engineering, administration, customer service, emergency restoration and other functions and implementation thereof; (v) development, placement and administration of insurance coverages and employee benefit programs, including group insurance and retirement annuities, property inspections and valuations for insurance; (vi) purchasing services including preparation and analysis of product specifications, requests for proposals and similar solicitations; and vendor and

vendor-product evaluations; (vii) energy procurement oversight and load forecasting; and (viii) development of regulatory strategy.

LUC will charge costs that can be directly attributable to a specific utility. These include direct labor and direct non-labor costs. However, the indirect LUC costs cannot be directly attributed to an individual utility. LUC allocates its indirect labor and indirect non-labor costs, including capital costs, to its regulated utilities using a Utility Four Factor Methodology. LUC uses the Utility Four Factor Methodology to allocate costs incurred for the benefit of all of its regulated assets ("System-Wide Costs") to all of its utilities.

The Utility Four Factor Methodology allocates costs by relative size of the utilities. The methodology used by LUC involves four allocating factors, or drivers, (1) Utility Plant, (2) Total Customers, (3) Non-Labor Expenses, and (4) Labor, with each factor assigned an equal weight, as shown in Table 2 below.

Table 2: Utility Four Factor Methodology Factors and Weightings

Factor	Weight
Utility Plant	25%
Customer Count	25%
Non-Labor Expenses	25%
Labor	25%
Total	**100%**

LUC also uses the Utility Four Factor Methodology to allocate to its regulated utilities the system-wide indirect labor and indirect non-labor costs allocated to LUC from APUC.

Table 3 provides a simplified hypothetical example to demonstrate how the Utility Four Factor Methodology would be calculated based on ownership of only two hypothetical utilities.

Table 3: Utility Four Factor Methodology Example

Factor	Utility 1	Utility 2	Total All Utilities	Utility 1 % of Total	Factor Weight	Utility 1 Allocation
Utility Plant ($)	727	371	1098	66%	25%	17%
Customer Count (#)	6000	1000	7000	86%	25%	21%
Labor ($)	57	32	89	64%	25%	16%
Non-Labor Expenses ($)	108	41	149	72%	25%	18%
Total Allocation						72%

As can be seen from these hypothetical numbers in Table 3, Utility 1 would be allocated 72% of the total Administrative/Overhead Costs incurred by LUC, based on its relative size and application of the Utility Four Factor Methodology. Utility 2 would be allocated the remaining 28%. LUC has developed and utilized this methodology to better allocate costs, recognizing that larger utilities require more time and management attention and incur greater costs than smaller ones.

LUC may also provide services to APUC and APCo. In these instances, LUC staff provide time sheets that depict the amount of time that is to be direct charged to either APUC or APCo.

In addition, LUC provides certain services that benefit the entire company, i.e., APCo and the utilities. These indirect costs are allocated using the following methodology shown in Table 4, which are designed to closely align the costs with the driver of the activity.

Table 4: Summary of Corporate Allocation Method of LUC Indirect Costs

Type of Cost	Allocation Methodology	Rationale	Examples
Risk Management	Net Plant 33.3% Revenue 33.3% O&M 33.3%	This function is driven by factors which reflect the relative size and complexity of Risk Management -	Software platform, fees and administration

		Revenues, Net Plant and O&M costs.	
Information Technology	Number of Employees 90% O&M 10%	IT function is driven by factors which include number of employees and O&M. The larger the number of employees, the more support, software and IT infrastructure is required.	Enterprise wide support, architecture, etc. Third party fees
Human Resources	Number of Employees 100%	HR function is driven by number of employees. A greater number of employees requires additional HR support	HR policies, payroll processing, benefits, employee surveys
Training	Number of Employees 100%	Training is directly proportional to the number of employees per function	Courses, lectures, in house training sessions by third party providers
Facilities and Building Rent	Square Footage 100%	Office space occupied accurately reflects space requirements of each subsidiary	Corporate office building
Financial Reporting and Administration	Revenue 33.3% O&M 33.3% Net Plant 33.3%	This function is driven by factors which reflect the relative size and complexity of Financial Reporting and Admin. - Revenues, Net	Employee labor and related administration and third party fees

		Plant and O&M costs.	
Environment, Health, Safety and Security	Number of Employees 100%	EHSS training, etc. is directly proportional to the number of employees per function	Enterprise wide programs, employee labor and related administration
Legal Costs	Net Plant 33.3% Number of Employees 33.3% O&M 33.3%	This function is driven by factors which include Net Plant, as typically the higher the value of plant, the more legal work it attracts; similarly, a greater number of employees are typically more indicative of larger facilities that require greater levels of attention; and O&M costs tend to be a third factor indicative of size and legal complexity.	Employee labor and related administration and programs, including third party legal
Treasury	Capital Expenditures 25% O&M 50% Net Plant 25%	Treasury activity is typically guided by the amount of necessary capex/plant for each utility, and operating costs/cashflow	Third party financing, employee labor and related administration and programs
Internal Audit	Net Plant 25% O&M 75%	This function is driven by factors which reflect the relative size and	Third party fees, employee labor and related administration

		complexity of Internal audit activity. Larger Plant and operating costs drive of a given facility drive more activity from IA.	and programs
Procurement	O&M 50% Capital Expenditures 50%	Procurement function is based on typical proportion of expenditures	Enterprise wide support and related administration
Communications	Number of Employees 100%	Communications cost is directly proportional to the number of employees	Enterprise wide support and related administration

5. LIBERTY UTILTIES SERVICE CORP.

All US utility employees are employed by Liberty Utilities Service Corp. (LUSC). All employees' costs, such as salaries, benefits, insurances etc. are paid by LUSC and direct charged to the extent possible. Services provided from LUSC to each regulated utility shall be done on a time sheet basis to the extent possible. In instances where time sheeting may not be possible, the allocation factors shown in Table 5 are to be used.

Table 5: Summary of Corporate Allocation Method of LUSC Indirect Costs

Type of Cost	Allocation Methodology	Rationale	Examples
Customer Care and Billing	Customer count 100%	Customer count accurately reflects the resource requirements of the Customer Care and	Customer Care and Billing employees and related administrations

		Billing group	
IT/Tech Support	Number of Employees 100%	Technical support requirements are related to the number of employees	Tech support staff, associated administration, and required software, hardware, etc.
Human Resources	Number of Employees 100%	HR function is driven by number of employees. A greater number of employees requires additional HR support	HR policies, payroll processing, benefits, employee surveys
Gas Control	Net Plant 100%	The greater the plant, the more control required	Gas Control labor, administration, and associated programs
Legal	Net Plant 33.3% Number of Employees 33.3% O&M 33.3%	Allocated based on the relative size of affiliate and employee count.	Employee labor and related administration and programs, including third party legal
Regulatory	Net Plant 33.3% Number of Employees 33.3% O&M 33.3%	Allocated based on the relative size of affiliate and employee count.	Utility-wide studies or third party costs beneficial to all utilities
Environment, Health, Safety and Security	Number of Employees 100%	EHSS training, etc. is directly proportional to the number of employees	Utility-wide programs, employee labor and related administration
Procurement	O&M 50% Capital Expenditures 50%	Based on typical proportion of expenditures	Utility-wide support and related administration

Please note the allocation methodology can be adjusted based on the number of participating utilities. For example, Customer Service representatives who serve only the New Hampshire utilities will only have their costs allocated based on the number of customers within New Hampshire. Labor cost associated with energy procurement is directly billed to the utilities using timesheets.

6. CORPORATE CAPITAL

From time to time, APUC or LUC makes capital investments for the benefit of all the utilities or facilities it owns (examples include corporate headquarters, IT systems, etc.). All the capital investments will be kept at corporate level and charged monthly in the form of corporate capital rents to the regulated utilities. All costs associated to service the investment will be allocated to each utility based on that department's allocation where the capital investment is made. For example, if the capital investment is made in HR then the allocation methodology used for HR to allocate non-capital indirect costs as shown in Table 4 will be used to allocate the rent associated with the corporate capital expenditures, including the cost of capital, depreciation, property tax, operation and maintenance costs and all other cost associated with it. .

7. APPENDICES

APPENDIX 1 - NARUC GUIDELINES FOR COST ALLOCATIONS

Guidelines for Cost Allocations and Affiliate Transactions:

The following Guidelines for Cost Allocations and Affiliate Transactions (Guidelines) are intended to provide guidance to jurisdictional regulatory authorities and regulated utilities and their affiliates in the development of procedures and recording of transactions for services and products between a regulated entity and affiliates. The prevailing premise of these Guidelines is that allocation methods should not result in subsidization of non-regulated services or products by regulated entities unless authorized by the jurisdictional regulatory authority. These Guidelines are not intended to be rules or regulations prescribing how cost allocations and affiliate transactions are to be handled. They are intended to provide a framework for regulated entities and regulatory authorities in the development of their own policies and procedures for cost allocations and affiliated transactions. Variation in regulatory environment may justify different cost allocation methods than those embodied in the Guidelines.

The Guidelines acknowledge and reference the use of several different practices and methods. It is intended that there be latitude in the application of these guidelines, subject to regulatory oversight. The implementation and compliance with these cost allocations and affiliate transaction guidelines, by regulated utilities under the authority of jurisdictional regulatory commissions, is subject to Federal and state law. Each state or Federal regulatory commission may have unique situations and circumstances that govern affiliate transactions, cost allocations, and/or service or product pricing standards. For example, The Public Utility Holding Company Act of 1935 requires registered holding company systems to price "at cost" the sale of goods and services and the undertaking of construction contracts between affiliate companies.

The Guidelines were developed by the NARUC Staff Subcommittee on Accounts in compliance with the Resolution passed on March 3, 1998 entitled "Resolution Regarding Cost Allocation for the Energy Industry" which directed the Staff Subcommittee on Accounts together with the Staff Subcommittees on Strategic Issues and Gas to prepare for NARUC's consideration, "Guidelines for Energy Cost Allocations." In addition, input was requested from other industry parties. Various levels of input were obtained in the development of the Guidelines from

the Edison Electric Institute, American Gas Association, Securities and Exchange Commission, the Federal Energy Regulatory Commission, Rural Utilities Service and the National Rural Electric Cooperatives Association as well as staff of various state public utility commissions.

In some instances, non-structural safeguards as contained in these guidelines may not be sufficient to prevent market power problems in strategic markets such as the generation market. Problems arise when a firm has the ability to raise prices above market for a sustained period and/or impede output of a product or service. Such concerns have led some states to develop codes of conduct to govern relationships between the regulated utility and its non-regulated affiliates. Consideration should be given to any "unique" advantages an incumbent utility would have over competitors in an emerging market such as the retail energy market. A code of conduct should be used in conjunction with guidelines on cost allocations and affiliate transactions.

A. DEFINITIONS

1. Affiliates - companies that are related to each other due to common ownership or control.

2. Attestation Engagement - one in which a certified public accountant who is in the practice of public accounting is contracted to issue a written communication that expresses a conclusion about the reliability of a written assertion that is the responsibility of another party.

3. Cost Allocation Manual (CAM) - an indexed compilation and documentation of a company's cost allocation policies and related procedures.

4. Cost Allocations - the methods or ratios used to apportion costs. A cost allocator can be based on the origin of costs, as in the case of cost drivers; cost-causative linkage of an indirect nature; or one or more overall factors (also known as general allocators).

5. Common Costs - costs associated with services or products that are of joint benefit between regulated and non-regulated business units.

6. Cost Driver - a measurable event or quantity which influences the level of costs incurred and which can be directly traced to the origin of the costs themselves.

7. Direct Costs - costs which can be specifically identified with a particular service or product.

8. Fully Allocated costs - the sum of the direct costs plus an appropriate share of indirect costs.

9. Incremental pricing - pricing services or products on a basis of only the additional costs added by their operations while one or more pre-existing services or products support the fixed costs.

10. Indirect Costs - costs that cannot be identified with a particular service or product. This includes but not limited to overhead costs, administrative and general, and taxes.

11. Non-regulated - that which is not subject to regulation by regulatory authorities.

12. Prevailing Market Pricing - a generally accepted market value that can be substantiated by clearly comparable transactions, auction or appraisal.

13. Regulated - that which is subject to regulation by regulatory authorities.

14. Subsidization - the recovery of costs from one class of customers or business unit that are attributable to another.

B. COST ALLOCATION PRINCIPLES

The following allocation principles should be used whenever products or services are provided between a regulated utility and its non-regulated affiliate or division.

1. To the maximum extent practicable, in consideration of administrative costs, costs should be collected and classified on a direct basis for each asset, service or product provided.

2. The general method for charging indirect costs should be on a fully allocated cost basis. Under appropriate circumstances, regulatory authorities may consider incremental cost, prevailing market pricing or other methods for allocating costs and pricing transactions among affiliates.

3. To the extent possible, all direct and allocated costs between regulated and non-regulated services and products should be traceable on the books of the applicable regulated utility to the applicable Uniform System of Accounts. Documentation should be made available to the appropriate regulatory authority upon request regarding transactions between the regulated utility and its affiliates.

4. The allocation methods should apply to the regulated entity's affiliates in order to prevent subsidization from, and ensure equitable cost sharing among the regulated entity and its affiliates, and vice versa.

5. All costs should be classified to services or products which, by their very nature, are either regulated, non-regulated, or common to both.

6. The primary cost driver of common costs, or a relevant proxy in the absence of a primary cost driver, should be identified and used to allocate the cost between regulated and non-regulated services or products.

7. The indirect costs of each business unit, including the allocated costs of shared services, should be spread to the services or products to which they relate using relevant cost allocators.

C. COST ALLOCATION MANUAL (NOT TARIFFED)

Each entity that provides both regulated and non-regulated services or products should maintain a cost allocation manual (CAM) or its equivalent and notify the jurisdictional regulatory authorities of the CAM's existence. The determination of what, if any, information should be held confidential should be based on the statutes and rules of the regulatory agency that requires the information. Any entity required to provide notification of a CAM(s) should make arrangements as necessary and appropriate to ensure competitively sensitive information derived therefrom be kept confidential by the regulator. At a minimum, the CAM should contain the following:

1. An organization chart of the holding company, depicting all affiliates, and regulated entities.

2. A description of all assets, services and products provided to and from the regulated entity and each of its affiliates.

3. A description of all assets, services and products provided by the regulated entity to non-affiliates.

4. A description of the cost allocators and methods used by the regulated entity and the cost allocators and methods used by its affiliates related to the regulated services and products provided to the regulated entity.

D. AFFILIATE TRANSACTIONS (NOT TARIFFED)

The affiliate transactions pricing guidelines are based on two assumptions. First, affiliate transactions raise the concern of self-dealing where market forces do not necessarily drive prices. Second, utilities have a natural business incentive to shift costs from non-regulated competitive operations to regulated monopoly operations since recovery is more certain with captive ratepayers. Too much flexibility will lead to subsidization. However, if the affiliate transaction pricing guidelines are too rigid, economic transactions may be discouraged.

The objective of the affiliate transactions' guidelines is to lessen the possibility of subsidization in order to protect monopoly ratepayers and to help establish and preserve competition in the electric generation and the electric and gas supply markets. It provides ample flexibility to accommodate exceptions where the outcome is in the best interest of the utility, its ratepayers and competition. As with any transactions, the burden of proof for any exception from
the general rule rests with the proponent of the exception.

1. Generally, the price for services, products and the use of assets provided by a regulated entity to its non-regulated affiliates should be at the higher of fully allocated costs or prevailing market prices. Under appropriate circumstances, prices could be based on incremental cost, or other pricing mechanisms as determined by the regulator.

2. Generally, the price for services, products and the use of assets provided by a non-regulated affiliate to a regulated affiliate should be at the lower of fully allocated cost or prevailing market prices. Under appropriate circumstances, prices could be based on incremental cost, or other pricing mechanisms as determined by the regulator.

3. Generally, transfer of a capital asset from the utility to its non-regulated affiliate should be at the greater of prevailing market price or net book value, except as

otherwise required by law or regulation. Generally, transfer of assets from an affiliate to the utility should be at the lower of prevailing market price or net book value, except as otherwise required by law or regulation. To determine prevailing market value, an appraisal should be required at certain value thresholds as determined by regulators.

4. Entities should maintain all information underlying affiliate transactions with the affiliated utility for a minimum of three years, or as required by law or regulation.

E. AUDIT REQUIREMENTS

1. An audit trail should exist with respect to all transactions between the regulated entity and its affiliates that relate to regulated services and products. The regulator should have complete access to all affiliate records necessary to ensure that cost allocations and affiliate transactions are conducted in accordance with the guidelines. Regulators should have complete access to affiliate records, consistent with state statutes, to ensure that the regulator has access to all relevant information necessary to evaluate whether subsidization exists. The auditors, not the audited utilities, should determine what information is relevant for a particular audit objective. Limitations on access would compromise the audit process and impair audit independence.

2. Each regulated entity's cost allocation documentation should be made available to the company's internal auditors for periodic review of the allocation policy and process and to any jurisdictional regulatory authority when appropriate and upon request.

3. Any jurisdictional regulatory authority may request an independent attestation engagement of the CAM. The cost of any independent attestation engagement associated with the CAM, should be shared between regulated and non-regulated operations consistent with the allocation of similar common costs.

4. Any audit of the CAM should not otherwise limit or restrict the authority of state regulatory authorities to have access to the books and records of and audit the operations of jurisdictional utilities.

5. Any entity required to provide access to its books and records should make arrangements as necessary and appropriate to ensure that competitively sensitive information derived therefrom be kept confidential by the regulator.

F. REPORTING REQUIREMENTS

1. The regulated entity should report annually the dollar amount of non-tariffed transactions associated with the provision of each service or product and the use or sale of each asset for the following:

a. Those provided to each non-regulated affiliate.
b. Those received from each non-regulated affiliate.
c. Those provided to non-affiliated entities.

2. Any additional information needed to assure compliance with these Guidelines, such as cost of service data necessary to evaluate subsidization issues, should be provided.

Source:
http://www.naruc.org/Publications/Guidelines%20for%20Cost%20Allocations%20and%20Affiliate%20Transactions.pdf

APPENDIX 2 – DETAILED EXPLANATION OF APUC COSTS

1. APUC STRATEGIC MANAGEMENT COSTS

Strategic management decisions are critical for any public utility. The need for strategic management is even more pronounced for APUC as a publicly traded company, which depends on access to capital funding through public sales of units. APUC seeks to hire talented strategic managers that aid in running each facility owned by the company as efficiently and effectively as possible. This ensures the long term health of each utility and ensures that rates are kept as low as possible without compromising the level of service. It also facilitates each regulated utility's access to necessary capital funding at reduced costs. The costs included in Strategic Management Costs fall into the following categories.

a. Board of Directors

The Board of Directors provides strategic oversight on all company affairs including high level approvals of strategy, operation and maintenance budgets, capital budgets, etc. In addition, the Board of Directors provides corporate governance and ensures that capital and costs are incurred prudently, which ultimately protects ratepayers.

b. General Legal Services

General legal services involve legal matters not specific to any single facility, including review of audited financial statements, annual information filings, Sedar filings, review of contracts with credit facilities, incorporation, tax issues of a legal nature, market compliance, and other similar legal costs. These legal services are required in order for APUC to provide capital funding to individual utilities, without which the utilities could not provide adequate service. Additionally, the services ensure that APUC's subsidiaries remain compliant in all aspects of operations and prevents those entities from being exposed to unnecessary risks.

c. Professional Services

Professional Services including strategic plan reviews, capital market advisory services, ERP System maintenance, benefits consulting, and other similar professional services. By providing these services at a parent level, the subsidiaries are able to benefit from economies of scale. Additionally, some of these services improve APUC's access to capital which benefits all of its subsidiaries.

2. ACCESS TO CAPITAL MARKETS

One of APUC's primary functions is to ensure its subsidiaries have access to quality capital. APUC is listed on the Toronto Stock Exchange, a leading financial market. In order to allow its subsidiaries to have continued access to those capital markets, APUC incurs the following costs. These services and costs are a prerequisite to the subsidiaries continued access to those capital markets.

a. License and Permit Fees

In connection with APUC's participation in the Toronto Stock Exchange, APUC incurs certain license and permit fees such as Sedar fees, annual filing fees, licensing fees, etc. These licensing and permit fees are required in order to sell units on the Toronto Stock Exchange, which in turn provides funding for utility operations.

b. Escrow Fees

In connection with the payment of dividends to unit holders, APUC incurs escrow fees. Escrow fees are incurred to ensure continued access to capital and ensure continuing and ongoing investments by shareholders. Without such escrow fees, APUC's subsidiaries would not have a readily available source of capital funding.

c. Unit Holder Communications

Unit holder communication costs are incurred to comply with filing and regulatory requirements of the Toronto Stock Exchange and meet the expectations of shareholders. These costs include items such as news releases and unit holder conference calls. In the absence of shareholder communication costs, investors would not invest in the units of APUC, and in turn, APUC would not have capital to invest in its subsidiaries. With such communications services, the subsidiaries would not have a readily available source of capital funding.

3. APUC FINANCIAL CONTROLS

Financial control costs incurred by APUC include costs for audit services and tax services. These costs are necessary to ensure that the subsidiaries are operating in a manner that meets audit standards and regulatory requirements, which have strong financial and operational controls, and financial transactions are recorded

accurately and prudently. Without these services, the regulated utilities would not have a readily available source of capital funding.

a. Audit Fees

Audits are done on a yearly basis and reviews are performed quarterly on all facilities owned by APUC on an aggregate level. These corporate parent level audits reduce the cost of the stand-alone audits significantly for utilities which must perform its own separate audits. Where stand-alone audits are not required, ratepayers receive benefits of additional financial rigor, as well as access to capital, and financial soundness checks by third parties. Finally, during rate cases, the existence of audits provides staff and intervenors additional reliance on the company records, thus reducing overall rate case costs. The aggregate audit is necessary for the regulated utilities to have continued access to capital markets and unit holders.

b. Tax Services

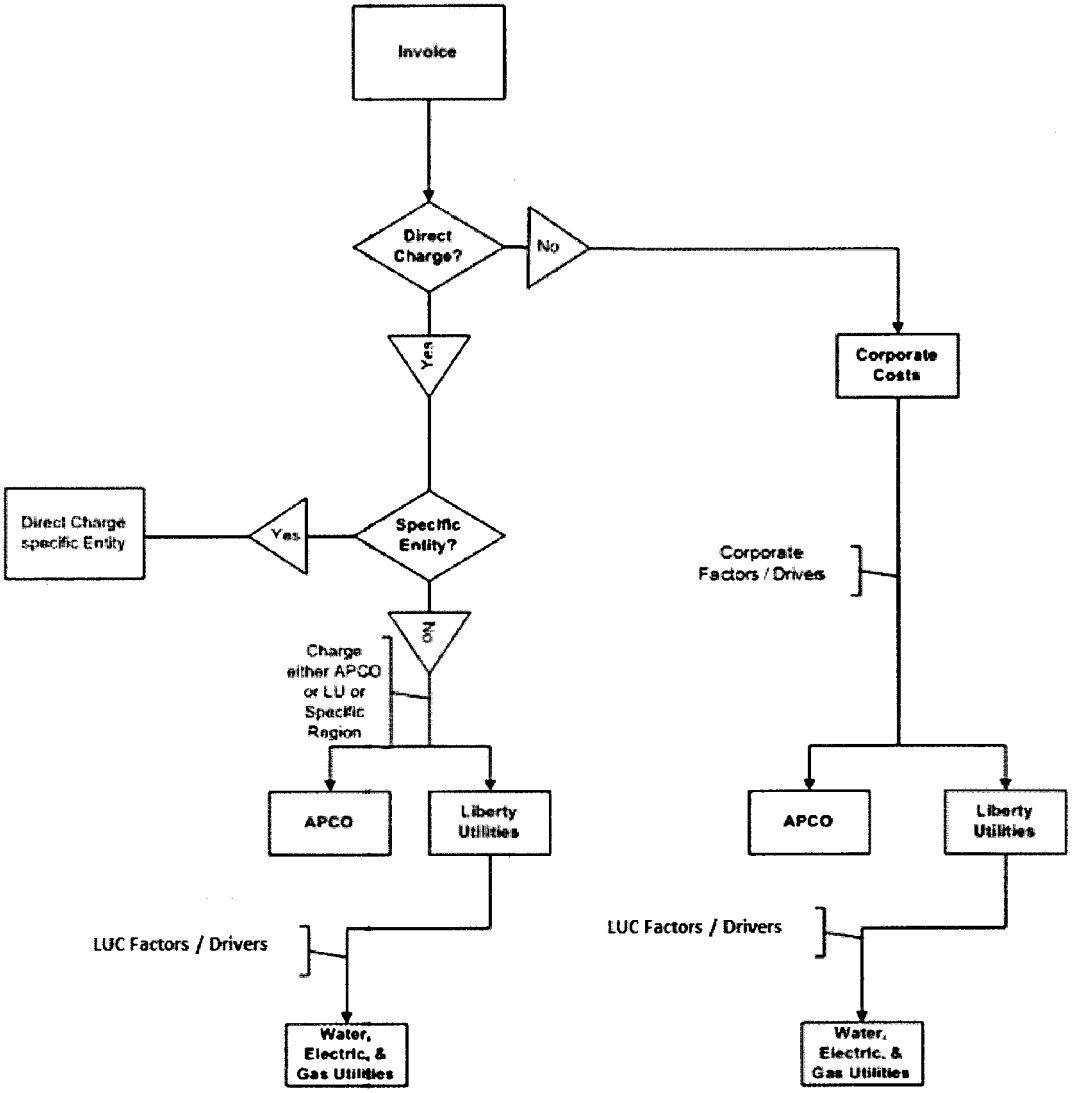
Taxes are paid on behalf of the regulated utilities at the parent level as part of a consolidated United States tax return. Tax services such as planning and filing are provided by third parties. Filing tax returns on a consolidated basis benefits each regulated utility by reducing the costs that otherwise would be incurred by such utility in filing its own separate tax return.

4. APUC ADMINISTRATIVE COSTS

Finally, administrative costs incurred by APUC such as rent, depreciation of office furniture, depreciation of computers, and general office costs are required to house all the services mentioned above. Without these administrative costs, the employees of APUC could not perform their work and provide the necessary services to the regulated utilities. These administrative costs also include training for corporate employees.

APPENDIX 3 – LIFE OF AN INVOICE

A hypothetical example is being provided of an invoice received by APUC for services to be allocated to its subsidiaries. The diagram below is intended to visually explain APUC's allocation to APCo and Liberty Utilities.



SHAPIRO LAW FIRM, P.C.
Jay L. Shapiro (No. 014650)
1819 E. Morten Avenue, Suite 280
Phoenix, Arizona 85020
Telephone (602) 559-9575

LIBERTY UTILITIES
Todd C. Wiley (No. 015358)
12725 W. Indian School Road, Suite D-101
Avondale, Arizona 85392

Attorneys for Liberty Utilities (Bella Vista Water) Corp.

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF LIBERTY UTILITIES (BELLA VISTA WATER) CORP., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: W-02465A-15-____

DIRECT TESTIMONY OF

THOMAS J. BOURASSA

RATE BASE, INCOME STATEMENT AND RATE DESIGN

October 27, 2015

TABLE OF CONTENTS

I. INTRODUCTION 1

II. OVERVIEW OF RATE APPLICATIONS 3

A. LIBERTY RIO RICO 3

1. Liberty Rio Rico's Water Division 4

a. Summary of the A, E and F Schedules 4

b. Rate Base (B Schedules) 5

c. Income Statement (C schedules) 9

d. Rate Design (H Schedules) 13

2. Liberty Rio Rico's Wastewater Division 14

a. Summary of the A, E and F Schedules 14

b. Rate Base (B Schedules) 16

c. Income Statement (C Schedules) 20

d. Rate Design (H Schedules) 22

B. LIBERTY BELLA VISTA 23

1. Summary of A, E and F Schedules 23

2. Rate Base (B Schedules) 25

3. Income Statement (C Schedules) 29

4. Rate Design (H Schedules) 31

III. APPLICANTS' LOW INCOME TARIFFS 33

IV. PURCHASED POWER ADJUSTER MECHANISM AND PROPERTY TAX ADJUSTER MECHANISM 34

I. INTRODUCTION.

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Thomas J. Bourassa. My business address is 139 W. Wood Drive, Phoenix, Arizona 85029.

Q. WHAT IS YOUR PROFESSION AND BACKGROUND?

A. I am a Certified Public Accountant and am self-employed, providing consulting services to utility companies as well as general accounting services. I have a B.S. in Chemistry and Accounting from Northern Arizona University (1980) and an M.B.A. with an emphasis in Finance from the University of Phoenix (1991).

Q. WOULD YOU BRIEFLY SUMMARIZE YOUR PRIOR WORK AND REGULATORY EXPERIENCE?

A. Prior to becoming a private consultant, I was employed by High-Tech Institute, Inc., and served as controller and chief financial officer. Prior to working for High-Tech Institute, I worked as a division controller for the Apollo Group, Inc. Before joining the Apollo Group, I was employed at Kozoman & Kermode, CPAs. In that position, I prepared compilations and other write-up work for water and wastewater utilities, as well as tax returns.

In my private practice, I have prepared and/or assisted in the preparation of numerous water and wastewater utilities rate applications before the Arizona Corporation Commission ("Commission"). A copy of my regulatory work experience is attached as **Exhibit TJB-DT1**.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. On behalf of Liberty Utilities (Rio Rico Water & Sewer) Corp. ("Liberty Rio Rico") and Liberty Utilities (Bella Vista Water) Corp. ("Liberty Bella Vista") (collectively, "Applicants"). Liberty Rio Rico and Liberty Bella Vista are seeking a determination of their fair value rate bases ("FVRB") and the setting of rates and charges for utility

service based on those findings.

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A. I will testify in support of each applicant's proposed adjustments to its rates and charges for utility service. I am sponsoring the direct schedules (A through C and E and F), which are filed concurrently herewith. I was responsible for the preparation of these schedules based on my investigation and review of each applicant's relevant books and records. The Applicants have not prepared cost of service studies (G schedules) for either division. Consequently, the G Schedules are omitted.

Q. WHY DIDN'T THE APPLICANTS PREPARE COST OF SERVICE STUDIES?

A. Because the Commission does not generally set rates for water and wastewater utility service based on cost of service, and because the changes to the rate designs the Applicants are proposing do not necessitate a cost of service study, the substantial expense of doing a cost of service study could not be justified. I have taken a similar approach in other cases without complaint.

For convenience, my direct testimony is being filed in two volumes. In this volume, I address rate base, income statement (revenue and operating expenses), required increase in revenue, and rate design and proposed rates and charges for service.

Q. PLEASE CONTINUE.

A. In the second volume, I address cost of capital and sponsor the D schedules. As shown on the D-1 Schedules, the capital structures for the Applicants are as follows:

Liberty Rio Rico – 30 percent debt/70 percent equity

Liberty Bella Vista – 30 percent debt/70 percent equity

The weighted average costs of capital ("WACC") for the Applicants are as follows:

Liberty Rio Rico – 8.60 percent

Liberty Bella Vista – 9.16 percent

II. OVERVIEW OF RATE APPLICATIONS.

A. LIBERTY RIO RICO.

Q. PLEASE SUMMARIZE LIBERTY RIO RICO'S APPLICATION.

A. Liberty Rio Rico is seeking a revenue increase of 22.55 percent for the water division and a revenue increase of 15.31 percent for the wastewater division. The test year used is the 12-month period ending December 31, 2014. Liberty Rio Rico is requesting an 8.60 percent return on its FVRB. Liberty Rio Rico has also proposed certain pro forma adjustments to take into account known and measurable changes to rate base, expenses, and revenues. These pro forma adjustments are consistent with normal ratemaking and are contemplated by the Commission's rules and regulations governing rate applications.[1] Such adjustments are necessary to obtain a normal or realistic relationship between revenues, expenses, and rate base on a going-forward basis.

Liberty Rio Rico's FVRB for the water division is $8,861,632. The increase in revenues to provide for recovery of operating expenses and an 8.60 percent return on rate base is approximately $683,836, an increase of approximately 22.55 percent over the adjusted and annualized test year revenues.

Liberty Rio Rico's FVRB for the wastewater division is $5,355,381. The increase in revenues to provide for recovery of operating expenses and an 8.60 percent return on rate base is approximately $226,351, an increase of approximately 15.31 percent over the adjusted and annualized test year revenues.

[1] *See* A.A.C. R14-2-103.

1. **Liberty Rio Rico's Water Division.**

a. **Summary of A, E and F Schedules.**

Q. PLEASE DESCRIBE THE SCHEDULES FOR THE WATER DIVISION LABELED AS A, E, AND F.

A. The A-1 Schedule is a summary of the water division rate base, operating income, current operating margin, required operating margin, operating income deficiency, and the increase in gross revenue. Revenues at present and proposed and customer classifications are also shown on this schedule.

The A-2 Schedule is a summary of results of operations for the test year, prior years, and a projected year at present rates and proposed rates.

Schedule A-3 contains Liberty Rio Rico's capital structure for the test year and the two prior years.

Schedule A-4 contains the plant construction and plant-in-service ("PIS") for the test year and prior years. The projected plant additions are also shown on this schedule.

Schedule A-5 is the summary of the changes in financial position (cash flow) for the prior two years, the test year at present rates, and a projected year at present and proposed rates.

The E Schedules are based on Liberty Rio Rico water division's actual operating results, as reported in annual reports filed with the Commission. The E-1 Schedule contains the comparative balance sheet data the years 2012, 2013, and 2014 ending on December 31.

Schedule E-2, page 1, contains the income statement for the years 2012, 2013, and 2014 ending on December 31.

Schedule E-3 contains the statements of changes in Liberty Rio Rico water division's financial position for the test year and the two prior years.

Schedule E-4 provides the changes in membership equity.

Schedule E-5 contains PIS at the end of the test year, and one year prior to the end of the test year.

Schedule E-7 contains operating statistics for the years ended 2012, 2013, and 2014 ending on December 31.

Schedule E-8 contains the taxes charged to operations.

The accountant's notes to the financial statements and the financial assumptions used in preparing the rate filing schedules are shown on Schedules E-9 and F-4, respectively, in accordance with the Commission's standard filing requirements.

Schedule F-1 contains the results of operations at the present rates (actual and adjusted) and at proposed rates.

Schedule F-2 contains the summary of changes in financial position (cash flow) for the prior two years, the test year at present rates, and a projected year at present and proposed rates.

Schedule F-3 shows Liberty Rio Rico water division's projected construction requirements for 2015, 2016, and 2017.

Schedule F-4 contains the assumptions used in developing the adjustments and projections contained in the rate filing.

b. <u>Rate Base (B Schedules)</u>.

Q. WOULD YOU EXPLAIN THE RATE BASE SCHEDULES, WHICH ARE LABELED AS THE B SCHEDULES?

A. Yes. I will start with Schedule B-5, which is the cash working capital allowance. Liberty Rio Rico's proposed cash working capital allowance for the water division is based upon a lead-lag study. The proposed cash working capital allowance is $89,192.

Q. PLEASE CONTINUE.

A. Liberty Rio Rico did not file Schedules B-3 and B-4 for the water division. To limit issues in dispute, Liberty Rio Rico is requesting that its original cost rate base ("OCRB") for the water division be used as the FVRB.

Q. HAVE YOU PREPARED SCHEDULES SHOWING ADJUSTMENTS TO THE OCRB?

A. Yes. Schedule B-2 shows adjustments to the OCRB cost rate base proposed by Liberty Rio Rico for the water division. Schedule B-2, pages 2 through 7, provides the supporting information.

i. <u>PIS and Accumulated Depreciation</u>.

Q. PLEASE DISCUSS THE PIS ADJUSTMENTS FOR THE WATER DIVISION.

A. B-2 adjustment number 1, as shown on Schedule B-2, page 2, adjusts PIS. There are four PIS adjustments included in Adjustment 1. These are shown on Schedule B-2, page 3, and are labeled as adjustments "A," "B," "C," and "D."

Adjustment "A" of B-2 adjustment number 1 removes $1,821 of capitalized affiliate profit recorded to PIS since the end of the last test year.

Adjustment "B" of B-2 adjustment number 1 increases PIS by $816,367 for revenue neutral post-test year plant ("PTY plant"). At this stage the PTY plant is based upon an estimate through June 2015 and will be trued-up later in the instant case. Mr. Garlick discusses the proposed PTY plant in his direct testimony.[2]

Adjustment "C" of B-2 adjustment number 1 increases PIS for allocated corporate plant totaling $290,620.

[2] Direct Testimony of Matthew Garlick ("Garlick Dt.") at 15.

Adjustment "D" of B-2, adjustment number 1, adjusts PIS to reflect the reconciliation of Liberty Rio Rico's PIS detail for the water division to recorded general ledger amounts as reflected on Schedule E-1.

Q. PLEASE DISCUSS THE ACCUMULATED DEPRECIATION ADJUSTMENTS FOR THE WATER DIVISION.

A. B-2 adjustment number 2, as shown on Schedule B-2, page 2, adjusts PIS. There are three PIS adjustments included in Adjustment 2. These are shown on Schedule B-2, page 4, and are labeled as adjustments "A," "B," and "C."

Adjustment "A" of B-2 adjustment number 2 removes $204 of accumulated depreciation ("A/D") related to affiliate profit recorded to PIS since the end of the last test year.

Adjustment "B" of B-2 adjustment number 2 increases A/D by $50,695 related to allocated corporate plant.

Adjustment "C" of B-2, adjustment number 2, adjusts A/D to reflect the reconciliation of Liberty Rio Rico's PIS detail for the water division to recorded general ledger amounts as reflected on Schedule E-1.

Q. DO THE PLANT AND A/D BALANCES SHOWN ON SCHEDULE B-2 REFLECT THE LAST COMMISSION RATE ORDER FOR LIBERTY RIO RICO'S WATER DIVISION?

A. Yes. Liberty Rio Rico's reconstruction of the PIS balance started with the PIS balance approved in the last rate case. Plant additions and retirements since the end of the last test year have been added to and deducted from total plant shown on Schedule B-2, pages 3.5 to 3.7. Pages 3.5 to 3.7 of the schedule also show the details for the A/D from the end of the last test year through the end of the test year using the half-year convention for depreciation.

ii. **Contributions-in-Aid of Construction and Advances-in-Aid of Construction.**

Q. PLEASE DISCUSS THE CONTRIBUTIONS-IN-AID OF CONSTRUCTION ADJUSTMENTS FOR THE WATER DIVISION.

A. B-2 adjustment number 3, as shown on Schedule B-2, page 2, adjusts contributions-in-aid of construction ("CIAC") and accumulated amortization ("A.A.") to the reconstructed balances shown on Schedule B-2, page 5.1 and summarized on Schedule B-2, page 5.

Q. DO THE CIAC AND A.A. BALANCES SHOWN ON SCHEDULE B-2 REFLECT THE LAST COMMISSION RATE ORDER FOR THE WATER DIVISION?

A. Yes. The starting CIAC and A.A. balances shown in the reconstruction are the balances approved in the last rate order. Additional CIAC recorded since the end of the last year have been added to CIAC and are shown on Schedule B-2, page 5.1. Computed amortization for each year, based upon the annual composite depreciation rate for plant, has been added to A.A. and is also shown on Schedule B-2, page 5.1

Q. PLEASE DISCUSS THE ADVANCES-IN-AID OF CONSTRUCTION ADJUSTMENT FOR THE WATER DIVISION.

A. B-2 adjustment number 4, as shown on Schedule B-2, page 2, adjusts Advances-in-Aid of Construction ("AIAC") to the reconstructed amounts shown on Schedule B-2, page 6.1 to 6.2 and summarized on Schedule B-2, page 6.

Q. DOES THE AIAC BALANCE SHOWN ON SCHEDULE B-2 REFLECT THE LAST COMMISSION RATE ORDER FOR THE WATER DIVISION?

A. Yes. The starting AIAC balance shown in the reconstruction is the balance approved in the last rate order. Additional AIAC recorded since the end of the last year have

been added to AIAC along with reductions to AIAC from refunds are shown on Schedule B-2, page 6.1 to 6.2.

iii. Accumulated Deferred Income Taxes and Cash Working Capital.

Q. PLEASE DISCUSS THE ACCUMULATED DEFERRED INCOME TAXES ADJUSTMENT FOR THE WATER DIVISION.

A. Adjustment number 5, shown on Schedule B-2, page 2, reflects the computed deferred income taxes at the end of the test year. Liberty Rio Rico's computation is based on the adjusted PIS, A/D, AIAC, and CIAC balances for both divisions in the instant case and the adjusted tax basis of its assets using the effective tax rates computed on the Schedule C-3, page 2. Upon determination of the total accumulated deferred income taxes ("ADIT") balance for Liberty Rio Rico's water division, the ADIT is allocated based upon the proportion of the water division's rate base to the total rate base of both divisions. The detail of Liberty Rio Rico's deferred income tax computation is shown on Schedule B-2, pages 7.0 and 7.1.

iv. Cash Working Capital.

Q. PLEASE DISCUSS THE WORKING CAPITAL ADJUSTMENT FOR THE WATER DIVISION.

A. Adjustment number 6, shown on Schedule B-2, page 2, reflects Liberty Rio Rico's proposed cash working capital allowance of $89,192, which is based upon a lead-lag study and is summarized on Schedule B-5.

c. Income Statement (C Schedules).

Q. WOULD YOU EXPLAIN THE C SCHEDULES FOR THE WATER DIVISION?

A. Schedule C-1, page 1 summarizes the test year actual and adjusted revenues and expenses. Schedule C-1, page 2.1 and 2.2 shows the individual adjustments to the

test year. The following is a summary of adjustments shown on Schedule C-1, pages 2.1 and 2.2:

Adjustment 1 annualizes depreciation expense. The proposed depreciation rate for each component of utility plant is shown on Schedule C-2, page 2. The depreciation rates approved in the last rate case were plant account specific. Liberty Rio Rico proposes to continue to use account specific rates on a going forward basis.

Adjustment 2 increases the property taxes based on proposed revenues. The details of the computation are shown on Schedule C-2, page 3.

Adjustment 3 shows the annual rate case expense estimated for the water division, which is $27,272.

Q. WHAT IS THE TOTAL AMOUNT OF RATE CASE EXPENSE REQUESTED FOR THE WATER DIVISION?

A. Liberty Rio Rico estimates total rate case expense of $165,860 to be recovered over five years if the Commission approves the Fair Value Arizona Ratemaking Evaluation Model ("FARE") in the instant case.[3] Under the FARE, Liberty Rio Rico will likely be required to file a general rate case in five years.

Q. WHAT IF THE FARE IS DENIED?

A. If the FARE is not approved, a shorter recovery period and amortization period of three years should be used because Liberty Rio Rico will almost certainly have to file another rate case within three years.

Q. WHAT IF LIBERTY RIO RICO IS REQUIRED TO FILE SOONER?

A. As set forth in the FARE, if Liberty Rio Rico's earnings fall outside the earnings bandwidth under the FARE, Liberty Rio Rico will be required to file a general rate

[3] *See* Garlick Dt. at 17.

case. In that case, Liberty Rio Rico would reserve the right to continue recovery of any unrecovered rate case expense.

Q. WHAT ABOUT THE COST OF ANNUAL FILINGS OF THE FARE?

A. Those costs should be captured in the annual operating expenses in future FARE filings, including additional costs from unexpected testimony and/or hearings in future proceedings.

Q. HOW WAS THE RATE CASE EXPENSE AMOUNT FOR LIBERTY RIO RICO'S WATER DIVISION IN THIS RATE CASE DETERMINED?

A. It is an allocated amount based on the total rate case expense estimate for the Applicants totaling $500,000. Liberty Rio Rico water division was allocated a portion of this amount based upon a 3-factor formula consisting of rate base, operating expenses, and number of customers (all equally weighted). The total rate case expense for the Applicants is an estimate based on the significant combined experience for lead counsel and myself before the Commission in rate cases, including the past rate cases for the Applicants. Mr. Shapiro and I developed an estimate, taking into account the anticipated circumstances in this rate case, and further considered that estimate in consultation with Liberty Utilities' representatives, who themselves have considerable experience in Commission ratemaking procedures.

Q. PLEASE CONTINUE WITH YOUR DISCUSSION OF THE EXPENSE ADJUSTMENTS FOR THE WATER DIVISION.

A. Adjustment 4 annualizes revenues to the year-end number of customers. The annualization of revenues is based on the number of customers at the end of the test year, compared to the actual number of customers during each month of the test year. Average revenues per customer by month were computed for the test year and then multiplied by the increase (or decrease) in number of customers for each month

of the test year. The total of the monthly revenue change comprises the revenue annualization totaling $27,272. In addition to the upward adjustment in revenues, purchased power expense, chemicals expense, and office expense have been adjusted upward by $1,593, $23, and $118, respectively, to reflect the additional pumping power expense, treatment costs, and postage related to the anticipated additional gallons sold and additional customer billings.

Adjustment number 5 reflects Liberty Rio Rico's proposed usage normalization adjustment to the water division revenues. Liberty Rio Rico's usage normalization adjustment reduces metered revenues by $96,762 and is based on the trend in customer water usage by customer class measured over the past five years. I have used similar methods to estimate changes in usage (i.e. declining usage adjustment) in past cases before the Commission.[4] In addition to the reduction in revenues, purchased power expense, and chemicals expense have been reduced by $21,271, and $303, respectively, to reflect the reduced pumping power expense and treatment costs related to the anticipated reduction in gallons sold.

Adjustment 6 reduces Contractual Services – Professional by $45,395 to reflect a true-up of test-year allocated corporate non-labor costs. Those corporate costs are incurred by entities in the Liberty Utilities and Algonquin Power & Utilities Corp. family of companies providing necessary and useful services to Liberty Rio Rico and other regulated utilities. The true-up includes removing expenses that are not being sought from ratepayers. William Killeen, Liberty Utilities' Director of Regulatory Strategy, explains Liberty Utilities' corporate cost allocation

[4] *See EPCOR Water Arizona, Inc.*, Decision No. 75268 (September 8, 2015). EPCOR Water Arizona, Inc.'s proposed declining usage adjustment was adopted. *See Liberty Utilities (Litchfield Park Water & Sewer) Corp.*, Decision No. 74437 (April 18, 2014). The Commission approved the settlement between the parties, which included Liberty Utilities (Litchfield Park Water & Sewer) Corp.'s proposed declining usage adjustment.

methodologies and Cost Allocation Manual in more detail in his direct testimony.

Adjustment 7 increases Contractual Services – Professional by $46,334 and Contractual Services – Other by $3,984 for allocated corporate labor expected wages increases in 2015 and 2016.

Adjustments 9 through 14 are intentionally left blank.

Adjustment 15 adjusts interest expense to reflect interest synchronization with the water division rate base.

Adjustment 16 reflects income taxes based upon the water division's adjusted test year revenue and expense.

d. <u>Rate Design (H Schedules)</u>.

Q. WHAT ARE LIBERTY RIO RICO WATER DIVISION'S PRESENT RATES FOR WATER SERVICE?

A. The present rates are set forth on Schedule H-3, pages 1 through 3.

Q. WHAT ARE LIBERTY RIO RICO'S PROPOSED RATES FOR WATER SERVICE?

A. The proposed rates are set forth on Schedule H-3, pages 1 through 3.

Q. IS LIBERTY RIO RICO PROPOSING CHANGES TO THE WATER DIVISION RATE DESIGN?

A. Yes and no. Liberty Rio Rico continues to propose a conservation oriented inverted 3-tier rate design for the 5/8x3/4 inch metered customers and a conservation oriented inverted 2-tier rate design for the ¾ inch and larger metered customers. No changes to the current break-over points are proposed. In the prior case, the approved rates were intended to recover approximately 29 percent of water revenues from the monthly fixed charges under present rates. The proposed rates reflect revenue recovery from the monthly fixed charges of approximately 44 percent. This change is intended to improve revenue stability, as one of the driving factors for the required

rate increase in the instant case has been the trend in reduced water usage due to conservation oriented rates.

Q. ARE THERE ANY PROPOSED CHANGES TO LIBERTY RIO RICO WATER DIVISION'S MISCELLANEOUS SERVICE CHARGES?

A. Yes. See Schedule H-3, page 3. The notable changes include: (1) increasing the Establishment charge from $15 to $30; (2) removing the Establishment (After Hours) charge;[5] (3) increasing the Reconnection charge to $30 (the same as the Establishment charge) and including additional language to include the costs of physical disconnection; (4) increasing the Meter Test charge from $15 to $30; and (5) Reducing the NSF Check charge from $25 to $10.

Q. ARE THERE ANY PROPOSED CHANGES TO THE METER AND SERVICE LINE INSTALLATION CHARGES?

A. No.

Q. IS LIBERTY RIO RICO PROPOSING ANY MODIFICATIONS TO ITS LOW INCOME TARIFF?

A. Yes. I will discuss the modifications to the Low Income Tariff for Liberty Rio Rico's water division and wastewater division later in my testimony.

2. <u>Liberty Rio Rico Wastewater Division</u>.

a. <u>Summary of A, E and F Schedules</u>.

Q. PLEASE DESCRIBE THE SCHEDULES FOR THE WATER DIVISION LABELED AS A, E, AND F.

A. The A-1 Schedule is a summary of the wastewater division rate base, operating income, current operating margin, required operating margin, operating income deficiency, and the increase in gross revenue. Revenues at present and proposed and

[5] After Hours Service Charge applies to all work performed after hours and at the customer's request. Thus, the Establishment after hours charge is duplicative.

customer classifications are also shown on this schedule.

The A-2 Schedule is a summary of results of operations for the test year, prior years, and a projected year at present rates and proposed rates.

Schedule A-3 contains Liberty Rio Rico's capital structure for the test year and the two prior years.

Schedule A-4 contains the plant construction and PIS for the test year and prior years. The projected plant additions are also shown on this schedule.

Schedule A-5 is the summary of the changes in financial position (cash flow) for the prior two years, the test year at present rates, and a projected year at present and proposed rates.

The E Schedules are based on Liberty Rio Rico wastewater division's actual operating results, as reported in annual reports filed with the Commission. The E-1 Schedule contains the comparative balance sheet data the years 2012, 2013, and 2014 ending on December 31.

Schedule E-2, page 1, contains the income statement for the years 2012, 2013, and 2014 ending on December 31.

Schedule E-3 contains the statements of changes in Liberty Rio Rico wastewater division's financial position for the test year and the two prior years.

Schedule E-4 provides the changes in membership equity.

Schedule E-5 contains PIS at the end of the test year, and one year prior to the end of the test year.

Schedule E-7 contains operating statistics for the years ended 2012, 2013, and 2014 ending on December 31.

Schedule E-8 contains the taxes charged to operations.

The accountant's notes to the financial statements and the financial assumptions used in preparing the rate filing schedules are shown on Schedules E-9

and F-4, respectively, in accordance with the Commission's standard filing requirements.

Schedule F-1 contains the results of operations at the present rates (actual and adjusted) and at proposed rates.

Schedule F-2 contains the summary of changes in financial position (cash flow) for the prior two years, the test year at present rates, and a projected year at present and proposed rates.

Schedule F-3 shows Liberty Rio Rico wastewater division's projected construction requirements for 2015, 2016, and 2017.

Schedule F-4 contains the assumptions used in developing the adjustments and projections contained in the rate filing.

b. <u>Rate Base (B Schedules)</u>.

Q. WOULD YOU EXPLAIN THE RATE BASE SCHEDULES FOR THE WASTEWATER DIVISION, WHICH ARE LABELED AS THE B SCHEDULES?

A. Yes. I will start with Schedule B-5, which is the cash working capital allowance. Liberty Rio Rico's proposed cash working capital allowance is based upon a lead-lag study. The proposed cash working capital allowance is $11,300.

Q. PLEASE CONTINUE.

A. Liberty Rio Rico did not file Schedules B-3 and B-4 for the wastewater division. To limit issues in dispute, Liberty Rio Rico is requesting that its wastewater division OCRB be used as the FVRB.

Q. HAVE YOU PREPARED SCHEDULES SHOWING ADJUSTMENTS TO THE OCRB FOR THE WASTEWATER DIVISION?

A. Yes. Schedule B-2 shows adjustments to the proposed OCRB. Schedule B-2, pages 2 through 7, provides the supporting information.

i. **PIS and A/D.**

Q. PLEASE DISCUSS THE PIS ADJUSTMENTS FOR THE WASTEWATER DIVISION.

A. B-2 adjustment number 1, as shown on Schedule B-2, page 2, adjusts PIS. There are four PIS adjustments included in Adjustment 1. These are shown on Schedule B-2, page 3, and are labeled as adjustments "A," "B," "C," and "D."

Adjustment "A" of B-2 adjustment number 1 removes $893 of capitalized affiliate profit recorded to PIS since the end of the last test year.

Adjustment "B" of B-2 adjustment number 1 increases PIS by $577,537 for revenue neutral PTY plant. At this stage the PTY plant is based upon an estimate through June 2015 and will be trued-up later in the instant case. As mentioned earlier in my testimony, Mr. Garlick discusses the proposed PTY plant in his direct testimony.[6]

Adjustment "C" of B-2 adjustment number 1 increases PIS for allocated corporate plant totaling $122,438.

Adjustment "D" of B-2, adjustment number 1, adjusts PIS to reflect the reconciliation of Liberty Rio Rico's PIS detail for the wastewater division to recorded general ledger amounts as reflected on Schedule E-1.

Q. PLEASE DISCUSS THE A/D ADJUSTMENTS FOR THE WASTEWATER DIVISION.

A. B-2 adjustment number 2, as shown on Schedule B-2, page 2, adjusts PIS. There are three PIS adjustments included in Adjustment 2. These are shown on Schedule B-2, page 4, and are labeled as adjustments "A," "B," and "C."

[6] Garlick Dt. at 15.

Adjustment "A" of B-2 adjustment number 2 removes $162 of A/D related to affiliate profit recorded to PIS since the end of the last test year.

Adjustment "B" of B-2 adjustment number 2 increases A/D by $21,358 related to allocated corporate plant.

Adjustment "C" of B-2, adjustment number 2, adjusts A/D to reflect the reconciliation of Liberty Rio Rico's PIS detail for the wastewater division to recorded general ledger amounts as reflected on Schedule E-1.

Q. DO THE PLANT AND A/D BALANCES SHOWN ON SCHEDULE B-2 REFLECT THE LAST COMMISSION RATE ORDER FOR LIBERTY RIO RICO'S WASTEWATER DIVISION?

A. Yes. Liberty Rio Rico's reconstruction of the PIS balance started with the PIS balance approved in the last rate case. Plant additions and retirements since the end of the last test year have been added to and deducted from total plant shown on Schedule B-2, pages 3.5 to 3.7. Pages 3.5 to 3.7 of the schedule also show the details for the A/D from the end of the last test year through the end of the test year using the half-year convention for depreciation.

ii. <u>CIAC and AIAC</u>.

Q. PLEASE DISCUSS THE CIAC ADJUSTMENTS FOR THE WASTEWATER DIVISION.

A. B-2 adjustment number 3, as shown on Schedule B-2, page 2, adjusts CIAC and A.A. to the reconstructed balances shown on Schedule B-2, page 5.1 and summarized on Schedule B-2, page 5.

Q. DO THE CIAC AND A.A. BALANCES SHOWN ON SCHEDULE B-2 REFLECT THE LAST COMMISSION RATE ORDER?

A. Yes. The starting CIAC and A.A. balances shown in the reconstruction are the balances approved in the last rate order. Additional CIAC recorded since the end of

the last year have been added to CIAC and are shown on Schedule B-2, page 5.1. Computed amortization for each year, based upon the annual composite depreciation rate for plant, has been added to A.A. and is also shown on Schedule B-2, page 5.1

Q. PLEASE DISCUSS THE AIAC ADJUSTMENT FOR THE WASTEWATER DIVISION.

A. B-2 adjustment number 4, as shown on Schedule B-2, page 2, adjusts AIAC to the reconstructed amounts shown on Schedule B-2, page 6.1 to 6.2 and summarized on Schedule B-2, page 6.

Q. DOES THE AIAC BALANCE SHOWN ON SCHEDULE B-2 REFLECT THE LAST COMMISSION RATE ORDER FOR THE WASTEWATER DIVISION?

A. Yes. The starting AIAC balance shown in the reconstruction is the balance approved in the last rate order. Additional AIAC recorded since the end of the last year have been added to AIAC along with reductions to AIAC from refunds are shown on Schedule B-2, page 6.1 to 6.2.

iii. <u>ADIT</u>.

Q. PLEASE DISCUSS THE ADIT ADJUSTMENT FOR THE WASTEWATER DIVISION.

A. Adjustment number 5, shown on Schedule B-2, page 2, reflects the computed deferred income taxes at the end of the test year. Liberty Rio Rico's computation is based on the adjusted PIS, A/D, AIAC, and CIAC balances for both divisions in the instant case and the adjusted tax basis of its assets using the effective tax rates computed on the Schedule C-3, page 2. Upon determination of the total ADIT balance for Liberty Rio Rico, the ADIT is allocated to the wastewater division based upon the proportion of wastewater division's rate base to the total rate base of both

divisions. The detail of Liberty Rio Rico's deferred income tax computation is shown on Schedule B-2, pages 7.0 and 7.1.

iv. Cash Working Capital.

Q. PLEASE DISCUSS THE WORKING CAPITAL ADJUSTMENT FOR THE WASTEWATER DIVISION.

A. Adjustment number 6, shown on Schedule B-2, page 2, reflects Liberty Rio Rico's proposed cash working capital allowance for the wastewater division of $11,300, which is based upon a lead-lag study and summarized on Schedule B-5.

c. Income Statement (C Schedules).

Q. WOULD YOU EXPLAIN THE C SCHEDULES FOR THE WASTEWATER DIVISION?

A. Schedule C-1, page 1 summarizes the test year actual and adjusted revenues and expenses. Schedule C-1, page 2.1 and 2.2 shows the individual adjustments to the test year. The following is a summary of adjustments shown on Schedule C-1, pages 2.1 and 2.2:

Adjustment 1 annualizes depreciation expense. The proposed depreciation rate for each component of utility plant is shown on Schedule C-2, page 2. The depreciation rates approved in the last rate case were plant account specific. Liberty Rio Rico proposes to continue to use account specific rates on a going forward basis.

Adjustment 2 increases the property taxes based on proposed revenues. The details of the computation are shown on Schedule C-2, page 3.

Adjustment 3 shows the estimated annual rate case expense for the wastewater division of $14,717.

Q. WHAT IS THE REQUESTED RATE CASE EXPENSE?

A. Liberty Rio Rico estimates total rate case expense of $73,583 for the wastewater division to be recovered over five years, which is the allocated amount based on the total rate case expense estimate of $500,000 and using the 3-factor formula. I explained both the amortization and how we determined the amount, as well as the applicability of the FARE and will not repeat that testimony again as it applies equally to the wastewater division.

Q. PLEASE CONTINUE WITH YOUR DISCUSSION OF THE EXPENSE ADJUSTMENTS FOR THE WASTEWATER DIVISION.

A. Adjustment 4 annualizes revenues to the year-end number of customers. The annualization of revenues is based on the number of customers at the end of the test year, compared to the actual number of customers during each month of the test year. Average revenues per customer by month were computed for the test year and then multiplied by the increase (or decrease) in number of customers for each month of the test year. The total of the monthly revenue change comprises the revenue annualization of $784. In addition to the upward adjustment in revenues, purchased power expense, chemicals expense, and office expense have been adjusted upward by $0, $0, and $1, respectively, to reflect the additional pumping power expense, treatment costs, and postage related to the anticipated additional gallons treated and additional customer billings.

Adjustment number 5 increases revenues by $9,695 for billing errors made during the test year.

Adjustment number 6 increases revenues by $23,000 to account for under-accrual of revenues during the test year.

Adjustment 7 reduces Contractual Services – Professional by $10,655 to reflect a true-up of test-year allocated corporate non-labor costs. As mentioned these

corporate costs are addressed in Mr. Killeen's testimony.

Adjustment 8 increases Contractual Services – Professional by $4,065 and Contractual Services – Other by $1,296 for allocated corporate labor expected wages increases in 2015 and 2016.

Adjustments 9 through 14 are intentionally left blank.

Adjustment 15 adjusts interest expense to reflect interest synchronization with rate base.

Adjustment 16 reflects income taxes based upon Liberty Rio Rico wastewater division adjusted test year revenue and expense.

d. <u>Rate Design (H Schedules)</u>.

Q. WHAT ARE LIBERTY RIO RICO'S PRESENT RATES FOR WASTEWATER SERVICE?

A. The present rates are set forth on Schedule H-3, page 1.

Q. WHAT ARE LIBERTY RIO RICO'S PROPOSED RATES FOR WASTEWATER SERVICE?

A. The proposed rates are set forth on Schedule H-3, page 1.

Q. IS LIBERTY RIO RICO PROPOSING CHANGES TO THE WASTEWATER DIVISION BASIC RATE DESIGN?

A. No. Liberty Rio Rico continues to propose a flat rate design for the residential customers and single tier design for the commercial customers. Revenue recovery from the fixed charges under the rate design adopted in the last case is similar to the revenue recovery from the fixed charges in the instant case.

Q. ARE THERE ANY PROPOSED CHANGES TO LIBERTY RIO RICO WASTEWATER DIVISION'S MISCELLANEOUS SERVICE CHARGES?

A. Yes. See Schedule H-3, page 2. The notable changes include: (1) increasing the Establishment charge from $15 to $25; (2) increasing the Reconnection (delinquent)

charge from $15 to $25 (the same as the Establishment charge) and including additional language to also include the costs of physical disconnection; and (3) Reducing the NSF Check charge from $25 to $10.

Q. ARE THERE ANY PROPOSED CHANGES TO THE SERVICE LINE INSTALLATION CHARGES?

A. No.

B. <u>LIBERTY BELLA VISTA</u>.

Q. PLEASE SUMMARIZE LIBERTY BELLA VISTA'S APPLICATION.

A. Liberty Bella Vista is seeking a revenue increase of 33.61 percent. The test year used is the 12-month period ending December 31, 2014. Liberty Bella Vista is requesting a 9.16 percent return on its FVRB. Liberty Bella Vista has also proposed certain pro forma adjustments to take into account known and measurable changes to rate base, expenses, and revenues. These pro forma adjustments are consistent with normal ratemaking and are contemplated by the Commission's rules and regulations governing rate applications.[7] Such adjustments are necessary to obtain a normal or realistic relationship between revenues, expenses, and rate base on a going-forward basis.

Liberty Bella Vista's FVRB is $13,205,189. The increase in revenues to provide for recovery of operating expenses and a 9.16 percent return on rate base is approximately $1,554,297, an increase of approximately 33.61 percent over the adjusted and annualized test year revenues.

[7] *See* A.A.C. R14-2-103.

1 **1. Summary of A, E and F Schedules.**

2 **Q. MR. BOURASSA, LET'S TURN TO LIBERTY BELLA VISTA'S**
3 **SCHEDULES. PLEASE DESCRIBE THE SCHEDULES LABELED AS A, E,**
4 **AND F.**

5 A. The A-1 Schedule is a summary of the rate base, operating income, current operating
6 margin, required operating margin, operating income deficiency, and the increase in
7 gross revenue. Revenues at present and proposed and customer classifications are
8 also shown on this schedule.

9 The A-2 Schedule is a summary of results of operations for the test year, prior
10 years, and a projected year at present rates and proposed rates.

11 Schedule A-3 contains Liberty Bella Vista's capital structure for the test year
12 and the two prior years.

13 Schedule A-4 contains the plant construction and PIS for the test year and
14 prior years. The projected plant additions are also shown on this schedule.

15 Schedule A-5 is the summary of the changes in financial position (cash flow)
16 for the prior two years, the test year at present rates, and a projected year at present
17 and proposed rates.

18 The E Schedules are based on Liberty Bella Vista's actual operating results,
19 as reported in annual reports filed with the Commission. The E-1 Schedule contains
20 the comparative balance sheet data the years 2012, 2013, and 2014 ending on
21 December 31.

22 Schedule E-2, page 1, contains the income statement for the years 2012, 2013,
23 and 2014 ending on December 31.

24 Schedule E-3 contains the statements of changes in Liberty Bella Vista's
25 financial position for the test year and the two prior years.

26 Schedule E-4 provides the changes in membership equity.

Schedule E-5 contains PIS at the end of the test year, and one year prior to the end of the test year.

Schedule E-7 contains operating statistics for the years ended 2012, 2013, and 2014 ending on December 31.

Schedule E-8 contains the taxes charged to operations.

The accountant's notes to the financial statements and the financial assumptions used in preparing the rate filing schedules are shown on Schedules E-9 and F-4, respectively, in accordance with the Commission's standard filing requirements.

Schedule F-1 contains the results of operations at the present rates (actual and adjusted) and at proposed rates.

Schedule F-2 contains the summary of changes in financial position (cash flow) for the prior two years, the test year at present rates, and a projected year at present and proposed rates.

Schedule F-3 shows Liberty Bella Vista's projected construction requirements for 2016, 2017, and 2018.

Schedule F-4 contains the assumptions used in developing the adjustments and projections contained in the rate filing.

2. <u>Rate Base (B Schedules)</u>.

Q. WOULD YOU EXPLAIN THE RATE BASE SCHEDULES, WHICH ARE LABELED AS THE B SCHEDULES?

A. Yes. I will start with Schedule B-5, which is the cash working capital allowance. Liberty Bella Vista's proposed cash working capital allowance is based upon a lead-lag study. The proposed cash working capital allowance is $160,647.

Q. PLEASE CONTINUE.

A. Liberty Bella Vista did not file Schedules B-3 and B-4. To limit issues in dispute, Liberty Bella Vista is requesting that its OCRB be used as its FVRB.

Q. HAVE YOU PREPARED SCHEDULES SHOWING ADJUSTMENTS TO THE OCRB?

A. Yes. Schedule B-2 shows adjustments to the OCRB cost rate base proposed by Liberty Bell Vista. Schedule B-2, pages 2 through 7, provides the supporting information.

a. <u>PIS and A/D</u>.

Q. PLEASE DISCUSS THE PIS ADJUSTMENTS.

A. B-2 adjustment number 1, as shown on Schedule B-2, page 2, adjusts PIS. There are four PIS adjustments included in Adjustment 1. These are shown on Schedule B-2, page 3, and are labeled as adjustments "A," "B," "C," and "D."

. Adjustment "A" of B-2 adjustment number 1 removes $92,510 of capitalized affiliate profit recorded to PIS since the end of the last test year.

Adjustment "B" of B-2 adjustment number 1 increases PIS by $872,772 for revenue neutral PTY plant. At this stage the PTY plant is based upon an estimate through June 2015 and will be trued-up later in the instant case. As mentioned earlier in my testimony, Mr. Garlick discusses the proposed PTY plant in his direct testimony.[8]

Adjustment "C" of B-2 adjustment number 1 increases PIS for allocated corporate plant totaling $431,849.

Adjustment "D" of B-2, adjustment number 1, adjusts PIS to reflect the reconciliation of Liberty Bella Vista's PIS detail to recorded general ledger amounts

[8] Garlick Dt. at 11.

as reflected on Schedule E-1.

Q. PLEASE DISCUSS THE A/D ADJUSTMENTS.

A. B-2 adjustment number 2, as shown on Schedule B-2, page 2, adjusts PIS. There are three PIS adjustments included in Adjustment 2. These are shown on Schedule B-2, page 4, and are labeled as adjustments "A," "B," and "C."

Adjustment "A" of B-2 adjustment number 2 removes $11,770 of A/D related to affiliate profit recorded to PIS since the end of the last test year.

Adjustment "B" of B-2 adjustment number 2 increases A/D by $72,081 for A/D related to allocated corporate plant.

Adjustment "C" of B-2, adjustment number 2, adjusts A/D to reflect the reconciliation of Liberty Bella Vista's PIS detail to recorded general ledger amounts as reflected on Schedule E-1.

Q. DO THE PLANT AND A/D BALANCES SHOWN ON SCHEDULE B-2 REFLECT THE LAST COMMISSION RATE ORDER FOR LIBERTY BELLA VISTA?

A. Yes. Liberty Bella Vista's reconstruction of the PIS balance started with the PIS balance approved in the last rate case. Plant additions and retirements since the end of the last test year have been added to and deducted from total plant shown on Schedule B-2, pages 3.5 to 3.10. Pages 3.5 to 3.10 of the schedule also show the details for A/D from the end of the last test year through the end of the test year using the half-year convention for depreciation.

b. <u>CIAC and AIAC</u>.

Q. PLEASE DISCUSS THE CIAC ADJUSTMENTS FOR LIBERTY BELLA VISTA.

A. B-2 adjustment number 3, as shown on Schedule B-2, page 2, adjusts CIAC and A.A. to the reconstructed balances shown on Schedule B-2, page 5.1 and

summarized on Schedule B-2, page 5.

Q. DO THE CIAC AND A.A. BALANCES SHOWN ON SCHEDULE B-2 REFLECT THE LAST COMMISSION RATE ORDER FOR LIBERT BELLA VISTA?

A. Yes. The starting CIAC and A.A. balances shown in the reconstruction are the balances approved in the last rate order. Additional CIAC recorded since the end of the last year have been added to CIAC and are shown on Schedule B-2, page 5.1. Computed amortization for each year, based upon the annual composite depreciation rate for plant has been added to A.A. and is also shown on Schedule B-2, page 5.1.

Q. PLEASE DISCUSS THE AIAC ADJUSTMENT FOR LIBERTY BELLA VISTA.

A. B-2 adjustment number 4, as shown on Schedule B-2, page 2, adjusts AIAC to the reconstructed amounts shown on Schedule B-2, page 6.1 to 6.2 and summarized on Schedule B-2, page 6.

Q. DOES THE AIAC BALANCE SHOWN ON SCHEDULE B-2 REFLECT THE LAST COMMISSION RATE ORDER FOR LIBERTY BELLA VISTA?

A. Yes. The starting AIAC balance shown in the reconstruction is the balance approved in the last rate order. Additional AIAC recorded since the end of the last year have been added to AIAC along with reductions to AIAC from refunds are shown on Schedule B-2, page 6.1 to 6.2.

c. <u>ADIT</u>.

Q. PLEASE DISCUSS THE ADIT ADJUSTMENT.

A. Adjustment number 5, shown on Schedule B-2, page 2, reflects the computed deferred income taxes at the end of the test year. Liberty Bella Vista's computation is based on the adjusted PIS, A/D, AIAC, and CIAC balances in the instant case and the adjusted tax basis of its assets using the effective tax rates computed on the

Schedule C-3, page 2. The detail of Liberty Bella Vista's deferred income tax computation is shown on Schedule B-2, pages 7.0 and 7.1.

d. Cash Working Capital.

Q. PLEASE DISCUSS THE WORKING CAPITAL ADJUSTMENT.

A. Adjustment number 6, shown on Schedule B-2, page 2, reflects Liberty Bella Vista's proposed cash working capital allowance of $160,647, which is based upon a lead-lag study which is summarized on Schedule B-5.

3. Income Statement (C Schedules).

Q. WOULD YOU EXPLAIN THE C SCHEDULES FOR LIBERTY BELLA VISTA?

A. Schedule C-1, page 1 summarizes the test year actual and adjusted revenues and expenses. Schedule C-1, page 2.1 and 2.2 shows the individual adjustments to the test year. The following is a summary of adjustments shown on Schedule C-1, pages 2.1 and 2.2:

Adjustment 1 annualizes depreciation expense. The proposed depreciation rate for each component of utility plant is shown on Schedule C-2, page 2. The depreciation rates approved in the last rate case were plant account specific. Liberty Bella Vista proposes to continue to use account specific rates on a going forward basis.

Adjustment 2 increases the property taxes based on proposed revenues. The details of the computation are shown on Schedule C-2, page 3.

Adjustment 3 shows the estimated annual rate case expense of $52,111.

Q. WHAT IS THE REQUESTED RATE CASE EXPENSE?

A. Liberty Bella Vista's total rate case expense estimate is $260,557 to be recovered over five years, which is the allocated amount based on the total rate case expense estimate of $500,000 and using the 3-factor formula. Again, I explained both the

amortization and how we determined the amount, as well as the applicability of the FARE earlier and will not repeat that testimony again as it applies equally to Liberty Bella Vista.

Q. PLEASE CONTINUE WITH YOUR DISCUSSION OF THE EXPENSE ADJUSTMENTS.

A. Adjustment 4 annualizes revenues to the year-end number of customers. The annualization of revenues is based on the number of customers at the end of the test year, compared to the actual number of customers during each month of the test year. Average revenues per customer by month were computed for the test year and then multiplied by the increase (or decrease) in number of customers for each month of the test year. The total of the monthly revenue change comprises the revenue annualization of 41,402. In addition to the upward adjustment in revenues, purchased power expense, chemicals expense, and office expense have been adjusted upward by $2,600, $84, and $279, respectively, to reflect the additional pumping power expense, treatment costs, and postage related to the anticipated additional gallons sold and additional customer billings.

Adjustment number 5 reflects Liberty Bella Vista's proposed usage normalization adjustment to revenues. The usage normalization adjustment reduces metered revenues by $92,497 and is based on the trend in customer water usage by customer class measured over the past 5 years which, as I discussed earlier, is similar to the declining usage adjustments adopted by the Commission in prior proceedings. In addition to the reduction in revenues, purchased power expense, and chemicals expense have been reduced by $24,001, and $1,248, respectively, to reflect the reduced pumping power expense and treatment costs related to the anticipated reduction in gallons sold.

Adjustment 6 reduces Contractual Services – Professional by $63,200 to reflect a true-up of test-year allocated corporate non-labor costs. The corporate cost allocation is explained further by Mr. Killeen in his direct testimony.

Adjustment 7 increases Contractual Services – Professional by $43,490 and Contractual Services – Other by $37,370 for allocated corporate labor expected wage increases in 2015 and 2016.

Adjustments 9 through 14 are intentionally left blank.

Adjustment 15 adjusts interest expense to reflect interest synchronization with rate base.

Adjustment 16 reflects income taxes based upon Liberty Bella Vista's adjusted test year revenue and expense.

4. <u>Rate Design (H Schedules)</u>.

Q. WHAT ARE LIBERTY BELLA VISTA'S PRESENT RATES FOR WATER SERVICE?

A. The present rates are set forth on Schedule H-3, pages 1 through 3.

Q. WHAT ARE LIBERTY BELLA VISTA'S PROPOSED RATES FOR WATER SERVICE?

A. The proposed rates are set forth on Schedule H-3, pages 1 through 3.

Q. IS LIBERTY BELLA VISTA PROPOSING CHANGES TO THE BASIC RATE DESIGN?

A. Yes and no. As with Liberty Rio Rico water division, Liberty Bella Vista continues to propose a conservation oriented inverted 3-tier rate design for the 5/8x3/4 inch metered customers and a conservation oriented inverted 2-tier rate design for the ¾ inch and larger metered customers. No changes to the current break-over points are proposed. In the prior case, the approved rates were intended to recover approximately 48 percent of water revenues from the monthly fixed charges under

present rates. The proposed rates reflect revenue recovery from the monthly fixed charges of approximately 50 percent. While small, the increase in revenue recovery from the fix charges is intended to improve revenue stability.

Q. ARE THERE ANY PROPOSED CHANGES TO LIBERTY BELLA VISTA'S MISCELLANEOUS SERVICE CHARGES?

A. Yes. See Schedule H-3, page 4. The notable changes include: (1) removing the Establishment (After Hours) charge and the Reconnection (delinquent) (After Hours) charge;[9] (2) leaving the Reconnection (delinquent) charge at $30 (the same as the Establishment charge) and including additional language to include the costs of physical disconnection; (3) Increasing the Meter Re-read (if correct) charge from $15 to $20; and (4) Reducing the NSF Check charge from $15 to $10.

Q. ARE THERE ANY PROPOSED CHANGES TO LIBERTY BELLA VISTA'S METER AND SERVICE LINE INSTALLATION CHARGES?

A. Yes. Liberty Bella Vista proposes that the charges for the 1 inch and smaller meters to be changed to "at cost" rather than a specific charges. The Commission has previously adopted "at cost" charges for these meter and service line charges for Liberty Rio Rico. See Schedule H-3, page 5.

Q. ARE THERE ANY PROPOSED CHANGES TO LIBERTY BELLA VISTA'S OFF-SITE CAPACITY RESERVATION CHARGES (HOOK-UP FEES)?

A. Yes. Liberty Bella Vista proposes changes to its Hook-Up Fees ("HUF") for the reasons set forth in Docket Nos. 09-0116 and 09-0120 approving a HUF for Liberty Utilities (Litchfield Park Water & Sewer) Corp. The proposed HUF here is designed to assist Liberty Bella Vista in equitably apportioning the cost of constructing additional off-site wastewater transmission, delivery and disposal facilities among

[9] After Hours Service Call applies to all work performed after hours and at the customer's request. Thus, the Establishment after hours charge is duplicative.

new service connections. The proposed HUF provides partial funding of the costs for off-site facilities for new service connections, and is based on meter size. Liberty Bella Vista also proposes a HUF of $1,800 for a 5/8" meter and other associated meter sizes in order to standardize the HUF tariff amount for all of the Arizona utilities owned by and operated by Liberty Utilities. Liberty Bella Vista believes that standardizing the HUF tariffs will reduce administrative and processing costs. Under Liberty Bella Vista's existing HUF tariff, the fee for a 5/8" meter is $1,600. Liberty Bella Vista maintains that the proposed $1,800 HUF is consistent with that prior approved HUF, especially when considering increased costs since the Commission approved that existing HUF in Liberty Bella Vista's last rate case. See Schedule H-3, page 5.

Q. IS LIBERTY BELLA VISTA PROPOSING ANY MODIFICATIONS TO ITS LOW INCOME TARIFF?

A. Yes. I will discuss the proposed modifications to Liberty Bella Vista's Low Income Tariff below.

III. <u>APPLICANTS' LOW INCOME TARIFFS</u>.

Q. HAVE THE APPLICANTS MADE ANY MODIFICATIONS TO THEIR LOW INCOME TARIFFS?

A. While the Applicants have made clarifications to their tariffs regarding the administration of its low income tariff, the program is basically unchanged. The Applicants propose to continue the existing low income tariffs for Liberty Bella Vista, Liberty Rio Rico water, and Liberty Rio Rico sewer customers, with each proposal being based upon the already existing low income tariff. The existing low income tariff provides for a discount of 15 percent applied to a qualified customer's total bill before any adjustments or application of any other taxes, credit, penalties or fees.

In order to qualify for the low income discount, the customer's income must be at or below 150% of the federal poverty level. Participation in the low income program is also subject to certain participation limits. Presently, participation is limited to 2,400, 2,200 and 725 customers for Liberty Bella Vista, Liberty Rio Rico water and Liberty Rio Rico Sewer, respectively, and the Applicants are not proposing any changes to the participation levels.

The cost of the low income tariff shall be recovered by the Applicants from a monthly low income tariff surcharge on all residential water and wastewater customers who are not participating in the low income program. Applicants shall maintain separate balancing accounts for water and wastewater programs detailing the beginning and ending balance of the cumulative over recovered or under recovered program costs for each month. Applicants' authorized rates of return shall be applied to the monthly average of the cumulative over recovered or under recovered program costs. Using the separate balancing accounts for water and wastewater customers and the Applicants' most recent bill counts, the Applicants shall calculate separate monthly surcharges for water and wastewater customers on an annual basis.

More detailed information on the calculation of the surcharge is included on the proposed low income tariffs.[10]

IV. PURCHASED POWER ADJUSTER MECHANISM AND PROPERTY TAX ADJUSTER MECHANISM.

Q. PLEASE DISCUSS APPLICANTS' PROPOSED PURCHASED POWER ADJUSTER MECHANISM AND PROPERTY TAX ADJUSTER MECHANISM.

A. As discussed by Mr. Garlick in his direct testimony, Applicants are seeking

[10] See Application, Attachment 2.

Commission approval of two adjuster mechanisms: (1) a Purchased Power Adjuster Mechanism ("PPAM"); and (2) a Property Tax Adjuster Mechanism ("PTAM").[11]

Q. WHAT IS THE PURPOSE OF THE PPAM AND HOW WOULD THE PPAM WORK?

A. The proposed PPAM would allow Applicants to pass-through increases or decreases in purchased power costs that are due to changes in the rates for electric utility service. The intent of the PPAM is to isolate changes in purchased power cost that is due exclusively to a rate change that is beyond the control of Applicants. Purchased power is a significant expense and beyond the control of the Applicants. The increases/decreases in power costs will be allocated on a per customer basis and passed-through to customer as a separate line item on the customer bill. The PPAM Plan of Administration ("POA"), attached to the Application as Attachment 3, outlines the implementation and filing requirements as well as how the surcharge will be computed. The form of the PPAM proposed by Applicants is consistent with the form of PPAM approved in Decision No. 74437 for Liberty Utilities (Litchfield Park Water & Sewer) Corp.

Q. WHAT IS THE PURPOSE OF THE PTAM AND HOW WOULD THE PTAM WORK?

A. The proposed PTAM would allow Applicants to pass-through increases or decreases in property taxes that are due to changes in the assessment ratio and effective property tax rate. The intent of the PTAM is to isolate changes in property taxes that are due to assessment ratio and rate charges that are beyond the control of Applicants. The increases/decreases in property taxes will be allocated on a per customer basis and passed-through to customer as a separate line item on the customer bill.

[11] *See* Garlick Dt. at 20-22.

The PTAM POA, attached to the Application as Attachment 4, outlines the implementation and filing requirements as well as how the surcharge will be computed.

Q. BUT MR. BOURASSA, ISN'T LIBERTY REQUESTING APPROVAL OF THE FAIR VALUE ARIZONA RATEMAKING EVALUATION MODEL OR FARE FOR THE TWO APPLICANTS?

A. Yes, as introduced in Mr. Garlick's direct testimony and then discussed in detail in Mr. Eichler's direct testimony.

Q. WHY DOES LIBERTY STILL NEED THESE TWO ADJUSTERS IF THE COMMISSION APPROVES THE FARE?

A. Because the costs covered by these two adjusters – the rate paid for power and the rate at which property taxes are set – should not impact the determination of whether Applicants are in the FARE's "Established Range" of plus or minus 20 basis points. These are narrowly defined expenses outside the utility's control, costs that consistently increase, and it isn't fair to automatically require the Applicants to bear the expected and routine increases in those costs.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY ON RATE BASE, INCOME STATEMENT AND RATE DESIGN FOR BOTH APPLICANTS?

A. Yes.

EXHIBIT TJB-DT1

RESUME OF THOMAS J. BOURASSA, CPA

EDUCATIONAL BACKGROUND

B.S. Northern Arizona University Chemistry/Accounting (1980)
M.B.A. University of Phoenix with Emphasis in Finance (1991)
C.P.A. State of Arizona (1995)
Continuing Professional Education – In areas of tax, accounting, management, economics, finance, business valuation, consulting, and ethics (80 hrs every two years)

MEMBERSHIPS

Arizona Society of CPAs
Water Utilities Association of Arizona
American Water Works Association
Society of Regulatory Financial Analysts

EMPLOYMENT EXPERIENCE

1995 – Present	CPA - Self Employed Consultant to utilities on regulatory matters including all aspects of rate applications (rate base, income statement, cost of capital, cost of service, and rate design), rate reviews, certificates of convenience and necessity (CC&N), CC&N extensions, financing applications, accounting order applications, and off-site facilities hook-up fee applications. Provide expert testimony as required. Consult on various aspects of business, financial and accounting matters including best business practices, generally accepted accounting principles, generally accepted ratemaking principles, project analysis, cash flow analysis, regulatory treatment of certain expenditures and investments, business valuations, and rate reviews. Litigation support services.
1992-1995	Employed by High-Tech Institute, Phoenix, Arizona as Controller and C.F.O.
1989-1992	Employed by Alta Technical School, a division of University of Phoenix as Division Controller.
1985-1989	Employed by M.L.R. Builders, Tampa and Pensacola, Florida as Operations/Accounting Manager
1982-1985	Employed by and part owner in Area Sand and Clay Company, Pensacola, Florida.

1981-1982	Employed by Purdue University, West Lafayette, Indiana as Teaching Assistant.

SUMMARY OF REGULATORY WORK EXPERIENCE AS SELF EMPLOYED CONSULTANT

COMPANY/CLIENT	FUNCTION
Tierra Buena Water Company ACC Docket No. W-02076A-15-013	Permanent Rate Application – Water. Assisted in preparation of short-form schedules.
Red Rock Utilities, LLC ACC Docket No. W-04245A-14-0295	Permanent Rate Application – Water and Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Quail Creek Water Company ACC Docket No. W-02514A-14-0370	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Tonto Basin Water Company ACC Docket No. W-03515A-14-0310	Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Navajo Water ACC Docket No. W-03511A-14-304	Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Alaska Power Company Regulatory Commission of Alaska Docket No. U-14-002	Prepared schedules and testified on cost of capital.
Anchorage Municipal Light & Power Regulatory Commission of Alaska Docket No. U-13-184	Prepared schedules and testified on cost of capital.
Liberty Utilities (Pine Bluff) Inc. Arkansas Public Service Commission Docket No. 14-020-U	Permanent Rate Application – Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.
Abra Water Company	Permanent Rate Application – Prepared

COMPANY/CLIENT	FUNCTION
ACC Docket No. W-01782A-14-0084	schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
EPCOR Water Arizona, Inc. ACC Docket No. W-01303A-14-0010	Permanent Rate Application – Prepared rate designs and cost of Service studies for Mohave Water District, Mohave Wastewater District, Paradise Valley Water District, Tubac Water District, and Sun City Water District.
Liberty Utilities (Midstates Natural Gas), Inc. Missouri Public Service Commission Case No. GR-2014-0152	Permanent Rate Application – Assist in preparing required rate application schedules for Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Hydro Resources, LLC. ACC Docket No. W-20770A-13-0313	Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and initial rates.
Little Park Water Company ACC Docket No. W-02192A-13-0336	Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Utility Source, LLC. ACC Docket No. WS-04235A-13-0331	Permanent Rate Application – Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Payson Water Company ACC Docket No. W-03514A-13-0111 ACC Docket No. W-03514A-13-0142	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital. Financing Application. Prepared financial ratios and debt surcharge mechanism.
Goodman Water Company	Valuation

COMPANY/CLIENT	FUNCTION
Verde Santa Fe Wastewater ACC Docket No. SW-03437A-13-0292	Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Lago Del Oro Water Company ACC Docket No. W-01944A-13-0215	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.
Chaparral City Water Company ACC Docket No. W-02113A-13-0118	Permanent Rate Application – Prepared and testified on cost of service study.
Las Quintas Serenas Water Company ACC Docket No. W-01583A-13-0117	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Southwest Environmental Utilities. Inc. ACC Docket No. WS-20878A-13-0065	Certificate of Convenience and Necessity – Water and Wastewater. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and initial rates.
Litchfield park Service Company ACC Docket No. SW-01428A-13-0043 ACC Docket No. W-01428A-13-0042	Permanent Rate Application – Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, Cost of Service, and Cost of Capital.
Beaver Dam Water Company ACC Docket No. WS-03067A-12-0232	Permanent Rate Application. Prepared schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.
Rio Rico Utilities ACC Docket No. WS-02676A-12-0196	Permanent Rate Application – Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.
Vail Water Company ACC Docket No. W-01651B-12-0339	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue

COMPANY/CLIENT	FUNCTION
	Requirement, Cost of Service, Rate Design, and Cost of Capital.
Avra Water Co-Op. ACC Docket No. W-02126A-11-0480	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.
Pima Utility Company ACC Docket No. W-02199A-11-0329 ACC Docket No. SW-02199A-11-0330	Permanent Rate Application – Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital. Work on financing application.
Liberty Utilities (CALPECO Electric), LLC) Docket No. 11202020	Work on preparation of permanent rate application. Prepared schedules on Rate Base, Plant, Income Statement, Revenue Requirement.
Livco Water Company ACC Docket No. SW-02563A-11-0213	Permanent Rate Application – Water and Sewer. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Orange Grove Water Company ACC Docket No. W-02237A-11-0180	Permanent Rate Application. Prepared schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.
Goodman Water Company ACC Docket No. W-02500A-10-0382	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Doney Park Water ACC Docket No. W-01416A-10-0450	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Grimmelmann, et. al. v. Pulte Home Corporation, et. al., case no. CV-08-1878-PHX-FJM, the United States District Court	Consultant to defendant and expert witness for defendant on rates and ratemaking.

COMPANY/CLIENT	FUNCTION
for the District of Arizona.	
Southern Arizona Home Builders Association	Consultant on ratemaking aspects to line extension policies (electric).
H2O Water Company	Valuation
Tierra Linda HOA Water Company	Valuation
Las Quintas Serenas Water Company ACC Docket No. W-01583A-09-0589	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Coronado Utilities ACC Docket No. SW-04305A-09-0291	Permanent Rate Application – Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Little Park Water Company ACC Docket No. W-02192A-09-0531	Permanent Rate Application. Prepared schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.
Sahuarita Water Company ACC Docket No. W-03718A-09-0359	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, Cost of Service, and Cost of Capital.
Bella Vista Water Company Southern Sunrise Water Company Northern Sunrise Water Company ACC Docket No. W-02465A-09-0414 ACC Docket No. W-02453A-09-0414 ACC Docket No. W-02454A-09-0414	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, Cost of Service, and Cost of Capital.
Rio Rico Utilities, Inc ACC Docket No. WS-02676A-09-0257	Permanent Rate Application – Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

COMPANY/CLIENT	FUNCTION
Litchfield park Service Company ACC Docket No. SW-01428A-09-0103 ACC Docket No. W-01428A-09-0104	Permanent Rate Application – Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, Cost of Service, and Cost of Capital.
Town of Thatcher v. City of Safford, CV 2007-240, Superior Court of Arizona	Consultant to plaintiff on ratemaking and cost of service.
Valencia Water Company California Public Utility Commission Case No. 09-05-002	Cost of Capital
Valley Utilities ACC Docket No. W-01412A-08-0586	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Black Mountain Sewer Company ACC Docket No. SW-02361A-08-0609	Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Far West Water and Sewer Company ACC Docket No. WS-03478A-08-0608	Interim Rate Application (Emergency Rates)
Farmers Water Company ACC Docket No. W-01654A-08-0502	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Far West Water and Sewer Company ACC Docket No. WS-03478A-08-0454	Permanent Rate Application. Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design and Cost of Capital.
Ridgeline Water Company, LLC ACC Docket No. W-20589A-08-0173	Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and intitial rates.

COMPANY/CLIENT	FUNCTION
Sacramento Utilities, Inc. ACC Docket No. SW-20576A-08-0067	Certificate of Convenience and Necessity – Wastewater. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and financing.
Johnson Utilities ACC Docket No. WS-02987A-08-0180	Permanent Rate Application. Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design and Cost of Capital. Participate in 40-252 proceeding.
Orange Grove Water Company ACC Docket No. W-02237A-08-0455	Permanent Rate Application. Prepared schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.
Far West Water and Sewer Company ACC Docket No. WS-03478A-07-0442	Financing Application. Prepare schedules to support application.
Oak Creek Water No.1 ACC Docket No. W-01392A-07-0679	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
ICR Water Users Association Docket W-02824-07-0388	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Johnson Utilities	Valuation consultant in the matter of the sale of Johnson Utilities assets to the Town of Florence.
H2O, Inc ACC Docket No. W-02234A-07-0550	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Chaparral City Water Company ACC Docket No. W-02113A-07-0551	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

COMPANY/CLIENT	FUNCTION
Valley Utilities ACC Docket No. W-01412A-07-0561	Financing Application. Prepare schedules to support application.
Valley Utilities ACC Docket No. W-01412A-07-280	Emergency Rate Application. Prepare schedules to support application.
Valley Utilities ACC Docket No. W-01412A-07-0278	Accounting Order. Assist in preparing definition and scope of costs for deferral for future regulatory consideration and treatment.
Litchfield Park Service Company ACC Docket No. W-01427A-06-0807	Accounting Order. Assist in preparing definition and scope of costs for deferral for future regulatory consideration and treatment.
Golden Shores Water Company ACC Docket No. W-01815A-07-0117	Permanent Rate Application. Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Diablo Village Water Company ACC Docket No. W-02309A-07-0140	Off-site facilities hook-up fee application. Prepare schedules to support application.
Diablo Village Water Company ACC Docket No. W-02309A-07-0399	Permanent Rate Application (Class C). Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Sahuarita Water Company (Rancho Sahuarita Water Co.) ACC Docket No. W-03718A-07-0687	Extension Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and financing.
Utility Source, L.L.C. ACC Docket No. WS-04235A-06-0303	Permanent Rate Application- Water and Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

COMPANY/CLIENT	FUNCTION
Tierra Buena Water Company	Valuation of Tierra Buena Water Company for estate purposes.
Goodman Water Company ACC Docket No. W-02500A-06-0281	Permanent Rate Application (Class C). Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, and Cost of Capital.
Links at Coyote Wash Utilities ACC Docket No. SW-04210A-06-0220	Certificate of Convenience and Necessity – Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
New River Utilities ACC Docket No. W-0173A-06-0171	Extension Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and financing.
Johnson Utilities ACC Docket No. WS-02987A-04-0501 Docket WS-02987A-04-0177	Extension of Certificate of Convenience and Necessity – Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
Bachmann Springs Utility ACC Docket No. WS-03953A-07-0073	Permanent Rate Application – Water and Sewer. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Avra Water Cooperative ACC Docket No. W-02126A-06-0234	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Gold Canyon Sewer Company ACC Docket No. SW-025191A-06-0015	Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
State of Arizona v. Far West Water and Sewer, No. 1 CA-CR 06-0160	Expert witness on behalf of defendant in penalty phase of case.
Far West Water and Sewer Company	Permanent Rate Application – Sewer.

COMPANY/CLIENT	FUNCTION
ACC Docket No. WS-03478A-05-0801	Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Black Mountain Sewer Company ACC Docket No. SW-02361A-05-0657	Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Balterra Sewer Company ACC Docket No. SW-02304A-05-0586	Certificate of Convenience and Necessity – Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
Community Water Company of Green Valley ACC Docket No. W-02304A-05-0830	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
McClain Water Systems Northern Sunrise Water Southern Sunrise Water ACC Docket No. W-020453A-06-0251	Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
Valley Utilities Water Company ACC Docket No. W-01412A-04-0376	Off-site facilities hook-up fee application. Prepare schedules to support application.
Valley Utilities Water Company ACC Docket No. W-01412A-04-0376	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Rate Design.
Beardsley Water Company ACC Docket No. W-02074A-04-0358	Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Pine Water Company, Inc. ACC Docket No. W-03512A-03-0279	Interim and Permanent Rate Application, Financing Application - Water. Prepared schedules and testified on Rate Base,

COMPANY/CLIENT	FUNCTION
	Plant, Income Statement, Cost of Capital, and Rate Design.
Chaparral City Water Company ACC Docket No. W-02113A-04-0616	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, and Income Statement. Assisted in preparation Rate Design.
Tierra Linda Home Owners Association ACC Docket No. W-0423A-04-0075	Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
Diamond Ventures - Red Rock Utilities ACC Docket No. WS-04245A-04-0184	Certificate of Convenience and Necessity – Water and Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
Arizona-American Water Company, Inc. ACC Docket No. WS-01303A-02-0867 ACC Docket No. WS-01303A-02-0868 ACC Docket No. WS-01303A-02-0869 ACC Docket No. WS-01303A-02-0870 ACC Docket No. WS-01303A-02-0908	Permanent Rate Application Water and Sewer (10 divisions). Prepared schedules and testimony on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Rate Design.
Bella Vista Water Company, Inc. ACC Docket No. W-02465A-01-0776	Permanent Rate Application - Water. Prepared schedules and testimony on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Cost of Capital and Rate Design.
Green Valley Water Company Docket (2000 Not Filed)	Permanent Rate Application. Prepared schedules and testimony on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Cost of Capital and Rate Design.
Gold Canyon Sewer Company ACC Docket No. SW-02519A-00-0638	Permanent Rate Application - Sewer. Prepared schedules and testimony on Rate

COMPANY/CLIENT	FUNCTION
	Base, Plant, Revenue Requirement, and Income Statement. Assisted in preparation of Cost of Capital and Rate Design.
Rio Verde Utilities, Inc. ACC Docket No. WS-02156A-00-0321	Permanent Rate Application – Water and Sewer. Prepared schedules and testimony on Rate Base, Plant, Revenue Requirement, and Income Statement. Assisted in preparation of Cost of Capital and Rate Design.
Livco Water Company Livco Sewer Company ACC Docket No. SW-02563A-05-0820	Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Livco Water Company ACC Docket No. SW-02563A-07-0506	Permanent Rate Application – Water and Sewer. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Cave Creek Sewer Company	Revenue Requirement, Rate Adjustment and Rate Design - Sewer.
Avra Water Cooperative ACC Docket No. W-02126A-00-0269	Permanent Rate Application – Water. Assisted in preparation of Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Town of Oro Valley	Revenue Requirements, Water Rate Adjustments and Rate Design.
Far West Water Company ACC Docket No. WS-03478A-99-0144	Permanent Rate Application – Water. Assisted in preparation of schedules for Rate Base, Income Statement, Revenue Requirement, Lead-Lag Study, Cost of Capital, and Rate Design.
MHC Operating Limited Partnership Sedona Venture Wastewater ACC Docket No. W-	Permanent Rate Application – Sewer. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
Vail Water Company	Permanent Rate Application. Assisted in

COMPANY/CLIENT	FUNCTION
ACC Docket No. W-01651B-99-0406	preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
E&T Water Company ACC Docket No. W-01409A-95-0440	Permanent Rate Application - Water. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
New River Utility ACC Docket No. W-01737A-99-0633	Permanent Rate Application - Water. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
Golden Shores Water ACC Docket No. W-01815A-98-0645	Permanent Rate Application – Water. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
Ponderosa Utility Company ACC Docket No. W-01717A-99-0572	Permanent Rate Application – Water. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
Chaparral City Water Company Docket (1999 Not Filed)	Permanent Rate Application - Water. Prepared schedules and testimony on Rate Base, Plant, Revenue Requirement, and Income Statement. Assisted in preparation of Cost of Capital and Rate Design.

RATE BASE SCHEDULES

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Schedule A-1
Page 1
Witness: Bourassa

Line No.		
1	Fair Value Rate Base	$ 13,205,189
2		
3	Adjusted Operating Income	253,574
4		
5	Current Rate of Return	1.92%
6		
7	Required Operating Income	$ 1,209,727
8		
9	Required Rate of Return on Fair Value Rate Base	9.16%
10		
11	Operating Income Deficiency	$ 956,154
12		
13	Gross Revenue Conversion Factor	1.6256
14		
15	Increase in Gross Revenue	
16	Requirement	$ 1,554,297
17		
18	Adjusted Test Year Revenues	$ 4,624,730
19	Increase in Gross Revenue Revenue Requirement	$ 1,554,297
20	Proposed Revenue Requirement	$ 6,179,027
21	% Increase	33.61%
22		

	Customer Classification		Present Rates	Proposed Rates	Dollar Increase	Percent Increase
25	5/8X3/4 Inch	Residential	$ 2,723,332	$ 3,633,338	$ 910,006	33.42%
26	3/4 Inch	Residential	28,247	49,839	21,591	76.44%
27	1 Inch	Residential	4,815	6,658	1,843	38.28%
28						
29		Subtotal	$ 2,756,394	$ 3,689,834	$ 933,440	33.86%
30						
31	5/8X3/4 Inch	Commercial	$ 122,357	$ 163,932	$ 41,575	33.98%
32	3/4 Inch	Commercial	1,347	1,754	407	30.17%
33	1 Inch	Commercial	121,081	167,550	46,469	38.38%
34	1 1/2 Inch	Commercial	195,802	271,169	75,367	38.49%
35	2 Inch	Commercial	1,020,829	1,377,972	357,142	34.99%
36	3 Inch	Commercial	186,072	251,143	65,071	34.97%
37	4 Inch	Commercial	77,948	105,703	27,755	35.61%
38	6 Inch	Commercial	11,067	14,388	3,321	30.01%
39	8 Inch	Commercial	14,704	18,854	4,150	28.22%
40		Subtotal	$ 1,751,208	$ 2,372,464	$ 621,256	35.48%
41						
42	3 Inch	Hydrant	$ 46,250	$ 56,281	$ 10,031	21.69%
43		Fire Lines 4 Inch	16,100	16,100	-	0.00%
44		Fire Lines 6 Inch	6,315	6,315	-	0.00%
45		Fire Lines 8 Inch	2,940	2,940	-	0.00%
46						
47	Usage Normalization Adjustment		(92,497)	(116,083)	(23,586)	25.50%
48	Revenue Annualization		41,402	56,166	14,764	35.66%
49	**Subtotal**		$ 4,528,113	$ 6,084,017	$ 1,555,905	34.36%
50						
51	Other Water Revenues		94,478	94,478	-	0.00%
52	Reconciling Amount		2,139	532	(1,607)	-75.13%
53	Rounding				-	0.00%
54	**Total of Water Revenues**		$ 4,624,730	$ 6,179,027	$ 1,554,298	33.61%
55						
56						

57 SUPPORTING SCHEDULES:
58 B-1
59 C-1
60 C-3
61 H-1

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Summary of Results of Operations

Exhibit
Schedule A-2
Page 1
Witness: Bourassa

Line No.	Description	Prior Years Ended 12/31/2012	Prior Years Ended 12/31/2013	Test Year Actual 12/31/2014	Test Year Adjusted 12/31/2014	Projected Year Present Rates 12/31/2015	Projected Year Proposed Rates 12/31/2015
1	Gross Revenues	$ 4,914,157	$ 4,923,191	$ 4,657,825	$ 4,624,730	$ 4,624,730	$ 6,179,027
2							
3	Revenue Deductions and	4,165,108	4,157,354	4,438,450	4,371,156	4,371,156	4,969,300
4	Operating Expenses						
5							
6	Operating Income	$ 749,050	$ 765,837	$ 219,375	$ 253,574	$ 253,574	$ 1,209,727
7							
8	Other Income and	-	8,833	56,497	56,497	56,497	56,497
9	Deductions						
10							
11	Interest Expense	(92,524)	(83,987)	(75,834)	(137,466)	(137,466)	(137,466)
12							
13	Net Income	$ 656,526	$ 690,684	$ 200,037	$ 172,604	$ 172,604	$ 1,128,758
14							
15	Common Shares	152,008	152,008	152,008	152,008	152,008	152,008
16							
17	Earned Per Average						
18	Common Share	4.32	4.54	1.32	1.14	1.14	7.43
19							
20	Dividends Paid	357,794	-	-	-	-	-
21							
22	Dividends Per						
23	Common Share	2.35	-	-	-	-	-
24							
25	Payout Ratio	0.54	-	-	-	-	-
26							
27	Return on Average						
28	Invested Capital	3.34%	3.41%	0.90%	0.79%	0.80%	5.26%
29							
30	Return on Year End						
31	Capital	3.27%	3.39%	0.83%	0.79%	0.82%	5.36%
32							
33	Return on Average						
34	Common Equity	8.67%	8.56%	2.35%	2.03%	1.98%	12.30%
35							
36	Return on Year End						
37	Common Equity	8.50%	8.21%	2.32%	2.01%	1.97%	11.59%
38							
39	Times Bond Interest Earned						
40	Before Income Taxes	8.10	9.12	2.89	2.25	2.25	13.43
41							
42	Times Total Interest and						
43	Preferred Dividends Earned						
44	After Income Taxes	8.10	9.22	3.64	2.26	2.26	9.21
45							
46							
47							
48							
49							
50	SUPPORTING SCHEDULES						
51	C-1						
52	E-2						
53	F-1						
54							

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Summary of Capital Structure

Exhibit
Schedule A-3
Page 1
Witness: Bourassa

Line No.	Description:	Prior Years Ended 12/31/2012	Prior Years Ended 12/31/2013	Test Year 12/31/2014	Projected Year 12/31/2015
3	Short-Term Debt	-	-	-	-
4	Long-Term Debt	1,249,951	1,179,545	990,742	2,634,864
6	Total Debt	$ 1,249,951	$ 1,179,545	$ 990,742	$ 2,634,864
9	Preferred Stock	-	-	-	-
11	Common Equity	7,719,554	8,410,238	8,610,275	6,148,016
14	Total Capital & Debt	$ 8,969,505	$ 9,589,782	$ 9,601,017	$ 8,782,879
17	Capitalization Ratios:				
19	Long-Term Debt	13.94%	12.30%	10.32%	30.00%
21	Total Debt	13.94%	12.30%	10.32%	30.00%
24	Preferred Stock	-	-	-	-
26	Common Equity	86.06%	87.70%	89.68%	70.00%
29	Total Capital	100.00%	100.00%	100.00%	100.00%
32	Weighted Cost of Senior Capital	0.00%	0.00%	0.64%	1.04%

45 SUPPORTING SCHEDULES:
46 E-1
47 D-1

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Construction Expenditures
and Gross Utility Plant in Service

Exhibit
Schedule A-4
Page 1
Witness: Bourassa

Line No.		Construction Expenditures	Net Plant Placed in Service	Gross Utility Plant in Service
1				
2				
3				
4	Prior Year Ended 12/31/2012	1,165,265	1,165,265	31,599,485
5				
6	Prior Year Ended 12/31/2013	635,801	507,684	32,107,169
7				
8	Test Year Ended 12/31/2014	4,621,215	4,291,352	36,398,520
9				
10	Projected Year Ended 12/31/2015	326,852	326,852	36,725,372
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34	SUPPORTING SCHEDULES:			
35	B-2			
36	E-5			
37	F-3			
38				
39				
40				

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Summary Statements of Cash Flows

Exhibit
Schedule A-5
Page 1
Witness: Bourassa

Line No.		Prior Year Ended 12/31/2012	Prior Year Ended 12/31/2013	Test Year Ended 12/31/2014	Projected Year Present Rates 12/31/2015	Projected Year Proposed Rates 12/31/2015
5	Cash Flows from Operating Activities					
6	Net Income	$ 656,526	$ 690,684	$ 200,037	$ 172,604	$ 1,128,758
7	Adjustments to reconcile net income to net cash					
8	provided by operating activities:					
9	Depreciation and Amortization	801,722	807,947	1,152,110	1,175,263	1,175,263
10	Other -Adjustments	(134,489)	(349,215)	(301,602)		
11	Changes in Certain Assets and Liabilities:					
12	Accounts Receivable	(65,318)	(93,281)	10,500		
13	Unbilled Revenues	(421,317)	(150,667)	(202,319)		
14	Materials and Supplies Inventory	-	-	-		
15	Prepaid Expenses	(977)	3,004	3,318		
16	Deferred Charges	(99,415)	115,212	1,211,178		
17	Notes Receivable	(346,043)	(239,541)	2,273,030		
18	Accounts Payable	-	-	-		
19	Intercompany payable	2,333	(2,188)	(765)		
20	Customer Meter Deposits	(3,671)	(120,490)	73,187		
21	Taxes Payable	133,464	(1,724)	(427,646)		
22	Other assets and liabilities	278,320	(7,217)	1,100,504		
23	Rounding	(3)	(1)	1		
24	Net Cash Flow provided by Operating Activities	$ 801,132	$ 652,523	$ 5,091,534	$ 1,347,867	$ 2,304,021
25	Cash Flow From Investing Activities:					
26	Capital Expenditures	(1,165,265)	(635,801)	(4,621,215)	(326,852)	(326,852)
27	Plant Held for Future Use	-	-	-		
28	Changes in debt reserve fund	-	-	-		
29	Net Cash Flows from Investing Activities	$ (1,165,265)	$ (635,801)	$ (4,621,215)	$ (326,852)	$ (326,852)
30	Cash Flow From Financing Activities					
31	Change in Restricted Cash	-	-	-	-	-
32	Proceeds from Long-Term Debt	(195,613)	(70,406)	(188,803)	(151,607)	(151,607)
33	Net receipt of contributions in aid of construction	388,912	66,523	(499,332)	(14,632)	(14,632)
34	Net receipts of advances in aid of construction	551,448	16,405	182,547	250,133	250,133
35	Repayments of Long-Term Debt	-	-	-	-	-
36	Distributions/Dividends Paid	(357,794)	-	-	(119,265)	(119,265)
37	Deferred Financing Costs	-	-	-	-	-
38	Paid in Capital	-	-	-	-	-
39	Net Cash Flows Provided by Financing Activities	$ 386,953	$ 12,522	$ (505,588)	$ (35,371)	$ (35,371)
40	Increase(decrease) in Cash and Cash Equivalents	22,820	29,244	(35,269)	985,644	1,941,798
41	Cash and Cash Equivalents at Beginning of Year	(12,988)	9,832	39,076	3,807	3,807
42	Cash and Cash Equivalents at End of Year	$ 9,832	$ 39,076	$ 3,807	$ 989,451	$ 1,945,604

47 SUPPORTING SCHEDULES:
48 E-3
49 F-2

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Summary of Rate Base

Exhibit
Schedule B-1
Page 1
Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	$ 37,612,452	$ 37,612,452
3	Less: Accumulated Depreciation	14,375,372	14,375,372
4			
5	Net Utility Plant in Service	$ 23,237,079	$ 23,237,079
6			
7	Less:		
8	Advances in Aid of Construction	9,114,847	9,114,847
9			
10	Contributions in Aid of Construction	579,988	579,988
11			
12	Accumulated Amortization of CIAC	(304,864)	(304,864)
13			
14	Customer Meter Deposits	408,155	408,155
15	Custmer Security Deposits	15,077	15,077
16	Accumulated Deferred Income Tax	381,189	381,189
17			
18			
19	Plus:		
20			
21	Deferred Regulatory Assets TCE Plume	-	-
22	Prepayments	1,855	1,855
23	Materials and Supplies	-	-
24	Working capital	160,647	160,647
25			
26	Total Rate Base	$ 13,205,189	$ 13,205,189
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41	SUPPORTING SCHEDULES:		
42	B-2		
43	B-3		
44	B-5		
45	E-1		
46			
47			
48			
49			
50			

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments

Exhibit
Schedule B-2
Page 1
Witness: Bourassa

Line No.		Actual at End of Test Year	Proforma Adjustment	Adjusted at end of Test Year
1	Gross Utility			
2	Plant in Service	$ 36,398,520	1,213,932	$ 37,612,452
3				
4	**Less:**			
5	Accumulated			
6	Depreciation	14,658,832	(283,459)	14,375,372
7				
8				
9	Net Utility Plant			
10	in Service	$ 21,739,688		$ 23,237,079
11				
12	**Less:**			
13	Advances in Aid of			
14	Construction	9,328,045	(213,198)	9,114,847
15				
16	Contributions in Aid of			
17	Construction - Gross	561,284	18,705	579,988
18				
19	Accumulated Amortization of CIAC	(342,382)	37,518	(304,864)
20				
21	Customer Meter Deposits	408,155	-	408,155
22	Custmer Security Deposits	15,077	-	15,077
23	Accumulated Deferred Income Tax	426,432	(45,243)	381,189
24				-
25				-
26				
27	**Plus:**			
28				
29	Deferred Regulatory Assets	-		-
30	Prepayments	1,855		1,855
31	Materials and Supplies	-		-
32	Working capital	-	160,647	160,647
33				-
34				
35	Total	$ 11,344,932		$ 13,205,189
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46	SUPPORTING SCHEDULES:			RECAP SCHEDULES:
47	B-2, pages 2			B-1
48	E-1			
49				
50				
51				

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments

Exhibit
Schedule B-2
Page 2
Witness: Bourassa

Line No.		Actual at End of Test Year	1 Plant-in-Service	2 Accumulated Depreciation	Proforma Adjustments 3 CIAC	4 AIAC	5 ADIT	6 Cash Working Capital	Adjusted at end of Test Year
1	Gross Utility								
2	Plant in Service	$ 36,398,520	1,213,932						$ 37,612,452
3									
4	**Less:**								
5	Accumulated								
6	Depreciation	14,658,832		(283,459)					14,375,372
7									
8									
9	Net Utility Plant								
10	in Service	$ 21,739,688	$ 1,213,932	$ 283,459	$ -	$ -	$ -	$ -	$ 23,237,079
11									
12	**Less:**								
13	Advances in Aid of								
14	Construction	9,328,045				(213,198)			9,114,847
15									
16	Contributions in Aid of								
17	Construction (CIAC)	561,284			18,705				579,988
18									
19	Accumulated Amort of CIAC	(342,382)			37,518				(304,864)
20									
21	Customer Meter Deposits	408,155							408,155
22	Customer Security Deposits	15,077							15,077
23	Accumulated Deferred Income Taxes	426,432					(45,243)		381,189
24									
25									
26	**Plus:**								
27									
28	Deferred Regulatory Assets	-							-
29	Prepayments	1,855							1,855
30	Materials and Supplies	-							-
31	Allowance for Cash Working Capital	-						160,647	160,647
32									
33	Total	$ 11,344,932	$ 1,213,932	$ 283,459	$ (56,222)	$ 213,198	$ 45,243	$ 160,647	$ 13,205,189
34									
35									
36									
37	SUPPORTING SCHEDULES:							RECAP SCHEDULES:	
38	B-2, pages 3-7							B-1	
39	E-1								
40									
41									

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1

Exhibit
Schedule B-2
Page 3
Witness: Bourassa

Plant-in-Service

Line No.	Acct. No.	Description	Actual Orginal Cost	A Affiliate Profit	B PTY Plant	Adjustments C Allocated Corporate Plant	D Adjustments to Reconcile ant to Reconstructi	E Intentionally Left Blank	Adjusted Original Cost
6	101	Plant -in-Service	-	-	-		-		-
7	301	Organization Cost	-	-	-		-		-
8	302	Franchise Cost	98,989	-	-		-		98,989
9	303	Land and Land Rights	740,152	(2,694)	-		(49,448)		688,011
10	304	Structures and Improvements	4,237,927	-	58,831		(61,261)		4,235,497
11	305	Collecting and Impounding Res.	51,378	-	-		54,267		105,644
12	306	Lake River and Other Intakes	-	(15,652)	-		15,652		-
13	307	Wells and Springs	1,695,051	-	3,449		(6,092)		1,692,408
14	308	Infiltration Galleries and Tunnels	-	-	-		-		-
15	309	Supply Mains	432,050	-	-		(0)		432,050
16	310	Power Generation Equipment	-	(2,948)	194,402		4,242		195,696
17	311	Electric Pumping Equipment	3,161,109	(333)	28,417		6,063		3,195,256
18	320	Water Treatment Equipment	112,132	-	5,876		(334)		117,674
19	320.1	Water Treatment Plant	-	-	-		-		-
20	320.2	Chemical Solution Feeders	-	(1,208)	-		1,208		-
21	330	Dist. Reservoirs & Standpipe	3,191,459	-	-		3,884		3,195,343
22	330.1	Storage tanks	-	-	-		-		-
23	330.2	Pressure Tanks	-	(57,829)	-		57,829		-
24	331	Trans. and Dist. Mains	14,665,842	(4,658)	9,942		(16,675)		14,654,450
25	333	Services	2,126,790	(1,776)	51,303		(2,827)		2,173,490
26	334	Meters	1,942,719	(900)	19,002		(876)		1,959,945
27	335	Hydrants	1,150,039	-	1,811		(843)		1,151,007
28	336	Backflow Prevention Devices	-	-	-		-		-
29	339	Other Plant and Misc. Equip.	192,833	(2,136)	-		(1,462)		189,235
30	340	Office Furniture and Fixtures	445,712	-	2,721		(167,399)		281,034
31	340.1	Computers and Software	-	(194)	740		165,456		166,002
32	341	Transportation Equipment	519,707	-	-		(194)		519,513
33	342	Stores Equipment	-	(1,587)	-		1,587		-
34	343	Tools and Work Equipment	298,773	-	13,362		2,249		314,385
35	344	Laboratory Equipment	3,285	-	-		-		3,285
36	345	Power Operated Equipment	72,191	(348)	30,352		(946)		101,250
37	346	Communications Equipment	884,240	(247)	10,123		(1,777)		892,339
38	347	Miscellaneous Equipment	220,764	-	442,442		(484)		662,722
39	348	Other Tangible Plant	155,378	-	-		(0)		155,378
40		SUBTOTAL	36,398,520	(92,510)	872,772	-	1,821	-	37,180,603
41									
42	903	Land and Land Rights				20,738			20,738
43	904	Structures and Improvments				225,059			225,059
44	940	Office Furniture and Fixtures				24,473			24,473
45	940.1	Computers and Software				161,580			161,580
46									-
47									-
48		TOTALS	$ 36,398,520	$ (92,510)	$ 872,772	$ 431,849	$ 1,821	$ -	$ 37,612,452
49									
50	Plant-in-Service per Books								$ 36,398,520
51									
52	Increase (decrease) in Plant-in-Service								$ 1,213,932
53									
54	Adjustment to Plant-in-Service								$ 1,213,932
55									
56	SUPPORTING SCHEDULES						RECAP SCHEDULES:		
57	B-2, pages 3.1 to 3.4						B-2, page 2		
58									

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - A

Exhibit
Schedule B-2
Page 3.1
Witness: Bourassa

Line No.

1 Remove Affiliate Profit

Acct. No.	Description	2009	2010	2011	2012	2013	2014	Total
301	Organization Cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -
302	Franchise Cost	-	-	-	-	-	-	-
303	Land and Land Rights	-	-	-	-	-	-	-
304	Structures and Improvements	(1,238)	-	(27)	(1,429)	-	-	(2,694)
305	Collecting and Impounding Res.	-	-	-	-	-	-	-
306	Lake River and Other Intakes	-	-	-	-	-	-	-
307	Wells and Springs	(12,702)	-	(2,350)	(600)	-	-	(15,652)
308	Infiltration Galleries and Tunnels	-	-	-	-	-	-	-
309	Supply Mains	-	-	-	-	-	-	-
310	Power Generation Equipment	-	-	-	-	-	-	-
311	Electric Pumping Equipment	-	-	(1,829)	(1,120)	-	-	(2,948)
320	Water Treatment Equipment	-	-	-	(333)	-	-	(333)
320.1	Water Treatment Plant	-	-	-	-	-	-	-
320.2	Chemical Solution Feeders	-	-	-	-	-	-	-
330	Dist. Reservoirs & Standpipe	(1,208)	-	-	-	-	-	(1,208)
330.1	Storage tanks	-	-	-	-	-	-	-
330.2	Pressure Tanks	-	-	-	-	-	-	-
331	Trans. and Dist. Mains	(44,296)	(2,767)	(5,313)	(4,260)	(1,071)	(121)	(57,829)
333	Services	(82)	-	(1,592)	(2,984)	-	-	(4,658)
334	Meters	-	-	(376)	(1,400)	-	-	(1,776)
335	Hydrants	-	-	(333)	(567)	-	-	(900)
336	Backflow Prevention Devices	-	-	-	-	-	-	-
339	Other Plant and Misc. Equip.	-	-	-	-	-	-	-
340	Office Furniture and Fixtures	-	-	-	(2,136)	-	-	(2,136)
340.1	Computers and Software	-	-	-	-	-	-	-
341	Transportation Equipment	-	-	(194)	-	-	-	(194)
342	Stores Equipment	-	-	-	-	-	-	-
343	Tools and Work Equipment	-	-	(752)	(836)	-	-	(1,587)
344	Laboratory Equipment	-	-	-	-	-	-	-
345	Power Operated Equipment	-	-	-	-	-	-	-
346	Communications Equipment	(348)	-	-	-	-	-	(348)
347	Miscellaneous Equipment	-	-	-	(247)	-	-	(247)
348	Other Tangible Plant	-	-	-	-	-	-	-
				-				
	TOTALS	$ (59,873)	$ (2,767)	$ (12,765)	$ (15,912)	$ (1,071)	$ (121)	$ (92,510)

SUPPORTING SCHEDULE
Work papers

RECAP SCHEDULES:
B-2, page 3

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - B

Exhibit
Schedule B-2
Page 3.2
Witness: Bourassa

Line No.			
1	Post-Test Year Plant		
2			
3			
4	Acct.		Original
5	No.	Description	Cost
6	101	Plant-in-Service	-
7	301	Organization Cost	-
8	302	Franchise Cost	-
9	303	Land and Land Rights	-
10	304	Structures and Improvements	58,831
11	305	Collecting and Impounding Res.	-
12	306	Lake River and Other Intakes	-
13	307	Wells and Springs	3,449
14	308	Infiltration Galleries and Tunnels	-
15	309	Supply Mains	-
16	310	Power Generation Equipment	194,402
17	311	Electric Pumping Equipment	28,417
18	320	Water Treatment Equipment	5,876
19	320.1	Water Treatment Plant	-
20	320.2	Chemical Solution Feeders	-
21	330	Dist. Reservoirs & Standpipe	-
22	330.1	Storage tanks	-
23	330.2	Pressure Tanks	-
24	331	Trans. and Dist. Mains	9,942
25	333	Services	51,303
26	334	Meters	19,002
27	335	Hydrants	1,811
28	336	Backflow Prevention Devices	-
29	339	Other Plant and Misc. Equip.	-
30	340	Office Furniture and Fixtures	2,721
31	340.1	Computers and Software	740
32	341	Transportation Equipment	-
33	342	Stores Equipment	-
34	343	Tools and Work Equipment	13,362
35	344	Laboratory Equipment	-
36	345	Power Operated Equipment	30,352
37	346	Communications Equipment	10,123
38	347	Miscellaneous Equipment	442,442
39	348	Other Tangible Plant	-
40			
41		TOTALS	$ 872,772
42			
43			
44	SUPPORTING SCHEDULE		RECAP SCHEDULES:
45	Work papers		B-2, page 3
46	Testimony		

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - C

Exhibit
Schedule B-2
Page 3.3
Witness: Bourassa

Line No.						
1	Corporate Plant					
2			[1]	[2]	[3]	[4] = [1]x[2]x[3]
3				Liberty	BV	Allocated
4	Acct.		Orginal	Utilities	Water	Orginal
5	No.	Description	Cost	Factor	Factor	Cost
6	903	Land and Land Rights	1,396,196	15.64%	9.50%	20,738
7	904	Structures and Improvments	12,560,664	15.64%	9.50%	186,562
8	940.1	Computers and Software	2,187,630	15.64%	9.50%	32,493
9						
10						
11	LU Sub-Corp. Plant					
12						
13	903	Land and Land Rights	-		9.50%	-
14	904	Structures and Improvments	405,370		9.50%	38,497
15	940	Office Furniture and Equipment	257,704		9.50%	24,473
16	940.1	Computers and Software	1,359,281		9.50%	129,087
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41		TOTALS				$ 431,849
42						
43						
44	SUPPORTING SCHEDULE					
45	Work papers					
46	Testimony					

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - D

Exhibit
Schedule B-2
Page 3.4
Witness: Bourassa

Line No.

1 Reconciliation of Plant to Plant Reconstruction

Line No.	Acct. No.	Description	Orginal Cost	B-2 Adjustments	Adjusted Orginal Cost	Plant Per Reconstruction	Difference
6	101	Plant-in-Service	-	-	-	-	-
7	301	Organization Cost	-	-	-	-	-
8	302	Franchise Cost	98,989	-	98,989	98,989	-
9	303	Land and Land Rights	740,152	(2,694)	737,459	688,011	(49,448)
10	304	Structures and Improvements	4,237,927	58,831	4,296,758	4,235,497	(61,261)
11	305	Collecting and Impounding Res.	51,378	-	51,378	105,644	54,267
12	306	Lake River and Other Intakes	-	(15,652)	(15,652)	-	15,652
13	307	Wells and Springs	1,695,051	3,449	1,698,500	1,692,408	(6,092)
14	308	Infiltration Galleries and Tunnels	-	-	-	-	-
15	309	Supply Mains	432,050	-	432,050	432,050	(0)
16	310	Power Generation Equipment	-	191,454	191,454	195,696	4,242
17	311	Electric Pumping Equipment	3,161,109	28,083	3,189,193	3,195,256	6,063
18	320	Water Treatment Equipment	112,132	5,876	118,008	117,674	(334)
19	320.1	Water Treatment Plant	-	-	-	-	-
20	320.2	Chemical Solution Feeders	-	(1,208)	(1,208)	-	1,208
21	330	Dist. Reservoirs & Standpipe	3,191,459	-	3,191,459	3,195,343	3,884
22	330.1	Storage tanks	-	-	-	-	-
23	330.2	Pressure Tanks	-	(57,829)	(57,829)	-	57,829
24	331	Trans. and Dist. Mains	14,665,842	5,284	14,671,126	14,654,450	(16,675)
25	333	Services	2,126,790	49,527	2,176,317	2,173,490	(2,827)
26	334	Meters	1,942,719	18,102	1,960,821	1,959,945	(876)
27	335	Hydrants	1,150,039	1,811	1,151,849	1,151,007	(843)
28	336	Backflow Prevention Devices	-	-	-	-	-
29	339	Other Plant and Misc. Equip.	192,833	(2,136)	190,697	189,235	(1,462)
30	340	Office Furniture and Fixtures	445,712	2,721	448,433	281,034	(167,399)
31	340.1	Computers and Software	-	546	546	166,002	165,456
32	341	Transportation Equipment	519,707	-	519,707	519,513	(194)
33	342	Stores Equipment	-	(1,587)	(1,587)	-	1,587
34	343	Tools and Work Equipment	298,773	13,362	312,136	314,385	2,249
35	344	Laboratory Equipment	3,285	-	3,285	3,285	-
36	345	Power Operated Equipment	72,191	30,004	102,195	101,250	(946)
37	346	Communications Equipment	884,240	9,876	894,116	892,339	(1,777)
38	347	Miscellaneous Equipment	220,764	442,442	663,206	662,722	(484)
39	348	Other Tangible Plant	155,378	-	155,378	155,378	(0)
40						-	-
41		TOTALS	$ 36,398,520	$ 780,262	$ 37,178,782	$ 37,180,603	$ 1,821

44 SUPPORTING SCHEDULE
45 B-2, pages 3.1 through 3.2
46 B-2, pages 3.5 through 3.10

RECAP SCHEDULES:
B-2, page 3

Liberty Utilities (Bella Vista Water) Corp.
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.5
Witness: Bourassa

				Per Decision		2009									
Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Plant at 3/31/2009	Accum. Deprec. At 3/31/2009	Plant Additions (Per Books)	Plant Adjustments	Affiliate Profit Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Adjusted Plant Retirements	Salvage A/D Only	9 months Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-	-	-		-	-	-		-	-	-
2	302	Franchise Cost	0.00%	961	-	-	(6,362)		(6,362)	-	-		-	(5,401)	-
3	303	Land and Land Rights	0.00%	688,011	-	-	-		-	-	-		-	688,011	-
4	304	Structures & Improvements	3.33%	1,914,771	397,034	116,776	(99,772)	(1,238)	15,767	-	-		48,018	1,930,538	445,052
5	305	Collecting & Impounding Reservoirs	2.50%	46,813	2,059	-	-		-	-	-		878	46,813	2,936
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-		-	-	-		-	-	-
7	307	Wells & Springs	3.33%	1,298,272	527,041	36,778	-	(12,702)	24,076	-	-	-	32,725	1,322,348	559,766
8	308	Infiltration Galleries	6.67%	-	-	-	-		-	-	-		-	-	-
9	309	Raw Water Supply Mains	2.00%	3,256	85	924	-		924	-	-		56	4,180	141
10	310	Power Generation Equipment	5.00%	1,293	75	-	-		-	-	-		48	1,293	124
11	311	Pumping Equipment	12.50%	2,246,171	1,934,910	3,849	-	-	3,849	-	-	-	210,759	2,250,020	2,145,669
12	320	Water Treatment Equipment	3.33%	83,385	12,825	-	-		-	-	-		2,083	83,385	14,907
13	320.1	Water Treatment Plants	3.33%	-	-	-	-		-	-	-		-	-	-
14	320.2	Solution Chemical Feeders	20.00%	-	-	-	-		-	-	-		-	-	-
15	330	Distribution Reservoirs & Standpipes	2.22%	2,637,716	775,303	24,049	(2,900)	(1,208)	19,941	-	-		44,084	2,657,658	819,387
16	330.1	Storage Tanks	2.22%	-	-	-	-		-	-	-		-	-	-
17	330.2	Pressure Tanks	5.00%	-	-	-	-		-	-	-		-	-	-
18	331	Transmission & Distribution Mains	2.00%	12,226,889	3,489,236	210,421	(111,626)	(44,296)	54,499	-	-		183,812	12,281,388	3,673,048
19	333	Services	3.33%	1,458,715	817,929	31,515	(167)	(82)	31,266	-	-		36,822	1,489,981	854,751
20	334	Meters	8.33%	1,378,333	1,346,699	32,939	(3,470)	-	29,469	-	-	-	24,646	1,407,802	1,371,345
21	335	Hydrants	2.00%	961,896	276,163	31,400	-		31,400	-	-		14,664	993,296	290,827
22	336	Backflow Prevention Devices	6.67%	-	-	-	-		-	-	-		-	-	-
23	339	Other Plant & Misc Equipment	6.67%	114,539	8,753	1,268	-		1,268	-	-		5,762	115,807	14,515
24	340	Office Furniture & Equipment	6.67%	177,672	138,232	-	-	-	-	-	-	-	8,888	177,672	147,120
25	340.1	Computers & Software	20.00%	160,920	117,738	-	-	-	-	-	-	-	24,138	160,920	141,876
26	341	Transportation Equipment	20.00%	268,464	248,950	30,435	(13,609)	-	16,826	-	-	-	15,898	285,290	264,847
27	342	Stores Equipment	4.00%	-	-	-	-		-	-	-		-	-	-
28	343	Tools, Shop & Garage Equipment	5.00%	122,712	122,448	-	-	-	-	-	-	-	198	122,712	122,646
29	344	Laboratory Equipment	10.00%	-	-	-	-		-	-	-		-	-	-
30	345	Power Operated Equipment	5.00%	31,548	5,882	-	-		-	-	-		1,183	31,548	7,065
31	346	Communication Equipment	10.00%	420,744	93,204	64,135	(57,385)	(348)	6,402	-	-	-	31,796	427,146	125,000
32	347	Miscellaneous Equipment	10.00%	107,306	100,742	-	-	-	-	-	-	-	4,923	107,306	105,665
33	348	Other Tangible Plant	10.00%	155,378	27,191	-	-		-	-	-		11,653	155,378	38,845
34		Rounding		-	-	-	-		-	-	-		-	-	-
35															
36		TOTALS		26,505,766	10,442,498	584,490	(295,291)	(59,873)	229,325	-	-	-	703,033	26,735,092	11,145,531

Liberty Utilities (Bella Vista Water) Corp.
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.6
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2010 Plant Additions (Per Books)	Plant Adjustments	Affiliate Profit Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-		-		-		-	-	-
2	302	Franchise Cost	0.00%	96,443	-		96,443		-		-	91,042	-
3	303	Land and Land Rights	0.00%	-	-		-		-		-	688,011	-
4	304	Structures & Improvements	3.33%	928,254	-		928,254		-		79,742	2,858,793	524,794
5	305	Collecting & Impounding Reservoirs	2.50%	-	-		-		-		1,170	46,813	4,107
6	306	Lake, River, Canal Intakes	2.50%	-	-		-		-		-	-	-
7	307	Wells & Springs	3.33%	48,697	-	-	48,697	-	-	-	44,845	1,371,045	604,611
8	308	Infiltration Galleries	6.67%	-	-		-		-		-	-	-
9	309	Raw Water Supply Mains	2.00%	-	-		-		-		84	4,180	225
10	310	Power Generation Equipment	5.00%	-	-		-		-		65	1,293	188
11	311	Pumping Equipment	12.50%	69,641	-	-	69,641	-	-	-	105,516	2,319,661	2,251,185
12	320	Water Treatment Equipment	3.33%	-	-		-		-		2,777	83,385	17,684
13	320.1	Water Treatment Plants	3.33%	-	-		-		-		-	-	-
14	320.2	Solution Chemical Feeders	20.00%	-	-		-		-		-	-	-
15	330	Distribution Reservoirs & Standpipes	2.22%	108,787	-		108,787		-		60,208	2,766,444	879,594
16	330.1	Storage Tanks	2.22%	-	-		-		-		-	-	-
17	330.2	Pressure Tanks	5.00%	-	-		-		-		-	-	-
18	331	Transmission & Distribution Mains	2.00%	413,723	-	(2,767)	410,957		-		249,737	12,692,345	3,922,785
19	333	Services	3.33%	47,808	-		47,808		-		50,412	1,537,788	905,163
20	334	Meters	8.33%	46,614	-	-	46,614	-	-	-	12,305	1,454,416	1,383,650
21	335	Hydrants	2.00%	20,220	-		20,220		-		20,068	1,013,516	310,895
22	336	Backflow Prevention Devices	6.67%	-	-		-		-		-	-	-
23	339	Other Plant & Misc Equipment	6.67%	5,694	-		5,694		-		7,914	121,502	22,429
24	340	Office Furniture & Equipment	6.67%	5,111	-	-	5,111	-	-	-	12,021	182,783	159,142
25	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-	19,044	160,920	160,920
26	341	Transportation Equipment	20.00%	-	-	-	-	-	-	-	8,244	285,290	273,091
27	342	Stores Equipment	4.00%	-	-		-		-		-	-	-
28	343	Tools, Shop & Garage Equipment	5.00%	13,683	-	-	13,683	-	-	-	408	136,395	123,054
29	344	Laboratory Equipment	10.00%	-	-		-		-		-	-	-
30	345	Power Operated Equipment	5.00%	-	-		-		-		1,577	31,548	8,642
31	346	Communication Equipment	10.00%	-	-	-	-	-	-	-	42,715	427,146	167,714
32	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	1,641	107,306	107,306
33	348	Other Tangible Plant	10.00%	-	-		-		-		15,538	155,378	54,382
34		Rounding		-	-		-		-		-	-	-
35													
36		TOTALS		1,804,674	-	(2,767)	1,801,908	-	-	-	736,031	28,536,999	11,881,562

Liberty Utilities (Bella Vista Water) Corp.
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.7
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2011 Plant Additions (Per Books)	Plant Adjustments	Affiliate Profit Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-		-		-		-	-	-
2	302	Franchise Cost	0.00%	7,947	-		7,947		-		-	98,989	-
3	303	Land and Land Rights	0.00%	-	-		-		-		-	688,011	-
4	304	Structures & Improvements	3.33%	127,169	-	(27)	127,142		-		97,315	2,985,935	622,109
5	305	Collecting & Impounding Reservoirs	2.50%	-	-		-		-		1,170	46,813	5,277
6	306	Lake, River, Canal Intakes	2.50%	-	-		-		-		-	-	-
7	307	Wells & Springs	3.33%	214,277	-	(2,350)	211,927	-	-	-	49,184	1,582,972	653,795
8	308	Infiltration Galleries	6.67%	-	-		-		-		-	-	-
9	309	Raw Water Supply Mains	2.00%	-	-		-		-		84	4,180	308
10	310	Power Generation Equipment	5.00%	-	-		-		-		65	1,293	253
11	311	Pumping Equipment	12.50%	132,018	-	(1,829)	130,189	-	-	-	17,323	2,449,850	2,268,508
12	320	Water Treatment Equipment	3.33%	-	-		-		-		2,777	83,385	20,460
13	320.1	Water Treatment Plants	3.33%	-	-		-		-		-	-	-
14	320.2	Solution Chemical Feeders	20.00%	-	-		-		-		-	-	-
15	330	Distribution Reservoirs & Standpipes	2.22%	2,051	-		2,051		-		61,438	2,768,495	941,032
16	330.1	Storage Tanks	2.22%	-	-		-		-		-	-	-
17	330.2	Pressure Tanks	5.00%	-	-		-		-		-	-	-
18	331	Transmission & Distribution Mains	2.00%	892,283	-	(5,313)	886,969		-		262,717	13,579,314	4,185,502
19	333	Services	3.33%	125,038	-	(1,592)	123,446		-		53,264	1,661,235	958,427
20	334	Meters	8.33%	25,286	-	(376)	24,910	-	-	-	7,375	1,479,326	1,391,025
21	335	Hydrants	2.00%	39,110	-	(333)	38,777		-		20,658	1,052,293	331,553
22	336	Backflow Prevention Devices	6.67%	-	-		-		-		-	-	-
23	339	Other Plant & Misc Equipment	6.67%	5,815	-		5,815		-		8,298	127,317	30,727
24	340	Office Furniture & Equipment	6.67%	504	-	-	504	-	-	-	12,208	183,287	171,350
25	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-	-	160,920	160,920
26	341	Transportation Equipment	20.00%	15,986	-	(194)	15,792	-	-	-	4,944	301,082	278,036
27	342	Stores Equipment	4.00%	-	-		-		-		-	-	-
28	343	Tools, Shop & Garage Equipment	5.00%	34,834	-	(752)	34,083	-	-	-	1,536	170,478	124,591
29	344	Laboratory Equipment	10.00%	-	-		-		-		-	-	-
30	345	Power Operated Equipment	5.00%	-	-		-		-		1,577	31,548	10,220
31	346	Communication Equipment	10.00%	-	-	-	-	-	-	-	42,715	427,146	210,429
32	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	-	107,306	107,306
33	348	Other Tangible Plant	10.00%	-	-		-		-		15,538	155,378	69,920
34		Rounding		-	-		-		-		-	-	-
35													
36		TOTALS		1,622,318	-	(12,765)	1,609,553	-	-	-	660,186	30,146,552	12,541,748

Liberty Utilities (Bella Vista Water) Corp.
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.8
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2012 Plant Additions (Per Books)	Plant Adjustments	Affiliate Profit Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-		-	-		-		-	-	-
2	302	Franchise Cost	0.00%	-	-		-	-		-		-	98,989	-
3	303	Land and Land Rights	0.00%	-	-		-	-		-		-	688,011	-
4	304	Structures & Improvements	3.33%	96,738	-	(1,429)	95,309	3		3		101,018	3,081,242	723,125
5	305	Collecting & Impounding Reservoirs	2.50%	-	-		-	-		-		1,170	46,813	6,447
6	306	Lake, River, Canal Intakes	2.50%	-	-		-	-		-		-	-	-
7	307	Wells & Springs	3.33%	33,438	-	(600)	32,839	-	-	-	-	53,260	1,615,811	707,055
8	308	Infiltration Galleries	6.67%	-	-		-			-		-	-	-
9	309	Raw Water Supply Mains	2.00%	-	-		-			-		84	4,180	392
10	310	Power Generation Equipment	5.00%	-	-		-			-		65	1,293	318
11	311	Pumping Equipment	12.50%	168,448	-	(1,120)	167,328	-	-	-	-	35,918	2,617,179	2,304,426
12	320	Water Treatment Equipment	3.33%	14,685	-	(333)	14,351	-		-		3,016	97,736	23,476
13	320.1	Water Treatment Plants	3.33%	-	-		-	-		-		-	-	-
14	320.2	Solution Chemical Feeders	20.00%	-	-		-	-		-		-	-	-
15	330	Distribution Reservoirs & Standpipes	2.22%	-	-		-	0		0		61,461	2,768,495	1,002,492
16	330.1	Storage Tanks	2.22%	-	-		-	-		-		-	-	-
17	330.2	Pressure Tanks	5.00%	-	-		-	-		-		-	-	-
18	331	Transmission & Distribution Mains	2.00%	559,443	-	(4,260)	555,183	1		1		277,138	14,134,496	4,462,639
19	333	Services	3.33%	231,032	-	(2,984)	228,047			-		59,116	1,889,282	1,017,543
20	334	Meters	8.33%	78,846	-	(1,400)	77,446	-	-	-	-	11,638	1,556,772	1,402,663
21	335	Hydrants	2.00%	48,199	-	(567)	47,632	-		-		21,522	1,099,925	353,075
22	336	Backflow Prevention Devices	6.67%	-	-		-	-		-		-	-	-
23	339	Other Plant & Misc Equipment	6.67%	-	-		-	-		-		8,492	127,317	39,219
24	340	Office Furniture & Equipment	6.67%	77,205	-	(2,136)	75,068	-	-	-	-	9,728	258,355	181,078
25	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-	-	-	160,920	160,920
26	341	Transportation Equipment	20.00%	2,366	-	-	2,366	-	-	-	-	6,760	303,448	284,796
27	342	Stores Equipment	4.00%	-	-		-	-		-		-	-	-
28	343	Tools, Shop & Garage Equipment	5.00%	39,333	-	(836)	38,497	-	-	-	-	3,351	208,975	127,941
29	344	Laboratory Equipment	10.00%	-	-		-	-		-		-	-	-
30	345	Power Operated Equipment	5.00%	-	-		-	-		-		1,577	31,548	11,797
31	346	Communication Equipment	10.00%	-	-	-	-	-	-	-	-	42,715	427,146	253,143
32	347	Miscellaneous Equipment	10.00%	10,063	-	(247)	9,817	-	-	-	-	491	117,123	107,797
33	348	Other Tangible Plant	10.00%	-	-		-	-		-		15,538	155,378	85,458
34		Rounding		-	-		-	-		-		-	-	-
35														
36		TOTALS		1,359,796	-	(15,912)	1,343,884	4	-	4	-	714,057	31,490,432	13,255,801

Liberty Utilities (Bella Vista Water) Corp.
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.9
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2013 Plant Additions (Per Books)	Plant Adjustments	Affiliate Profit Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Plant only B-2 Adjust	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-		-	-		-			-	-	-
2	302	Franchise Cost	0.00%	-	-		-	-		-			-	98,989	-
3	303	Land and Land Rights	0.00%	-	-		-	-		-			-	688,011	-
4	304	Structures & Improvements	3.33%	217,500	-		217,500	72,674		72,674			105,017	3,226,067	755,467
5	305	Collecting & Impounding Reservoirs	2.50%	-	-		-	-		-			1,170	46,813	7,618
6	306	Lake, River, Canal Intakes	2.50%	-	-		-	-		-			-	-	-
7	307	Wells & Springs	3.33%	-	-	-	-	17,716	-	17,716	-	-	53,512	1,598,095	742,850
8	308	Infiltration Galleries	6.67%	-	-		-	-		-			-	-	-
9	309	Raw Water Supply Mains	2.00%	-	-		-	-		-			84	4,180	475
10	310	Power Generation Equipment	5.00%	-	-		-	-		-			65	1,293	382
11	311	Pumping Equipment	12.50%	100,208	-	-	100,208	86,258	-	86,258	-	-	52,639	2,631,129	2,270,807
12	320	Water Treatment Equipment	3.33%	16,671	-		16,671	6,826		6,826			3,419	107,581	20,069
13	320.1	Water Treatment Plants	3.33%	-	-		-	-		-			-	-	-
14	320.2	Solution Chemical Feeders	20.00%	-	-		-	-		-			-	-	-
15	330	Distribution Reservoirs & Standpipes	2.22%	-	-		-	-		-			61,461	2,768,495	1,063,953
16	330.1	Storage Tanks	2.22%	-	-		-	-		-			-	-	-
17	330.2	Pressure Tanks	5.00%	-	-		-	-		-			-	-	-
18	331	Transmission & Distribution Mains	2.00%	102,328	-	(1,071)	101,257	16,707		16,707			283,535	14,219,046	4,729,468
19	333	Services	3.33%	120,495	-		120,495	49,263		49,263			64,099	1,960,514	1,032,379
20	334	Meters	8.33%	165,722	-	-	165,722	48,869	-	48,869	-	-	21,766	1,673,625	1,375,561
21	335	Hydrants	2.00%	37,941	-		37,941	2,737		2,737			22,351	1,135,129	372,689
22	336	Backflow Prevention Devices	6.67%	-	-		-	-		-			-	-	-
23	339	Other Plant & Misc Equipment	6.67%	1,479	-		1,479	-		-			8,541	128,796	47,760
24	340	Office Furniture & Equipment	6.67%	51,904	-	-	51,904	33,565	-	33,565	-	-	7,113	276,695	154,626
25	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-	-	-	-	160,920	160,920
26	341	Transportation Equipment	20.00%	-	-	-	-	-	-	-	-	-	6,997	303,448	291,793
27	342	Stores Equipment	4.00%	-	-		-	-		-			-	-	-
28	343	Tools, Shop & Garage Equipment	5.00%	62,242	-	-	62,242	8,792	-	8,792	-	-	5,869	262,424	125,018
29	344	Laboratory Equipment	10.00%	-	-		-	-		-			-	-	-
30	345	Power Operated Equipment	5.00%	-	-		-	-		-			1,577	31,548	13,375
31	346	Communication Equipment	10.00%	-	-	-	-	-	-	-	-	-	42,715	427,146	295,858
32	347	Miscellaneous Equipment	10.00%	45	-	-	45	5,888	-	5,888	-	-	984	111,280	102,893
33	348	Other Tangible Plant	10.00%	-	-		-	-		-			15,538	155,378	100,996
34		Rounding		-	-		-	-		-			-	-	-
35															
36		TOTALS		876,535	-	(1,071)	875,464	349,295	-	349,295	-	-	758,450	32,016,601	13,664,956

Liberty Utilities (Bella Vista Water) Corp.
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.10
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2014 Plant Additions (Per Books)	Plant Adjustments	Affiliate Profit Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	PTY Plant	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-		-	-		-			-	-	-
2	302	Franchise Cost	0.00%	-	-		-	-		-			-	98,989	-
3	303	Land and Land Rights	0.00%	-	-		-	-		-			-	688,011	-
4	304	Structures & Improvements	3.33%	1,018,589	-		1,018,589	9,159		9,159			124,235	4,235,497	870,543
5	305	Collecting & Impounding Reservoirs	2.50%	-	-		-	-		-	58,831		1,170	105,644	8,788
6	306	Lake, River, Canal Intakes	2.50%	-	-		-	-		-			-	-	-
7	307	Wells & Springs	3.33%	90,947	-	-	90,947	83	-	83	3,449	-	54,729	1,692,408	797,497
8	308	Infiltration Galleries	6.67%	-	-		-	-		-			-	-	-
9	309	Raw Water Supply Mains	2.00%	427,870	-		427,870	-		-			4,362	432,050	4,838
10	310	Power Generation Equipment	5.00%	-	-		-	-		-	194,402		65	195,696	447
11	311	Pumping Equipment	12.50%	615,082	-	-	615,082	79,372	-	79,372	28,417	-	97,345	3,195,256	2,288,780
12	320	Water Treatment Equipment	3.33%	4,217	-		4,217	-		-	5,876		3,653	117,674	23,722
13	320.1	Water Treatment Plants	3.33%	-	-		-	-		-			-	-	-
14	320.2	Solution Chemical Feeders	20.00%	-	-		-	-		-			-	-	-
15	330	Distribution Reservoirs & Standpipes	2.22%	426,849	-		426,849	-		-			66,199	3,195,343	1,130,151
16	330.1	Storage Tanks	2.22%	-	-		-	-		-			-	-	-
17	330.2	Pressure Tanks	5.00%	-	-		-	-		-			-	-	-
18	331	Transmission & Distribution Mains	2.00%	451,838	-	(121)	451,717	26,254		26,254	9,942		288,636	14,654,450	4,991,849
19	333	Services	3.33%	197,457	-		197,457	35,784		35,784	51,303		67,977	2,173,490	1,064,571
20	334	Meters	8.33%	432,978	-	-	432,978	165,661	-	165,661	19,002	-	46,702	1,959,945	1,256,602
21	335	Hydrants	2.00%	14,131	-		14,131	63		63	1,811		22,843	1,151,007	395,469
22	336	Backflow Prevention Devices	6.67%	-	-		-	-		-			-	-	-
23	339	Other Plant & Misc Equipment	6.67%	60,440	-		60,440	-		-			10,606	189,235	58,367
24	340	Office Furniture & Equipment	6.67%	1,619	-	-	1,619	-	-	-	2,721	-	8,898	281,034	163,523
25	340.1	Computers & Software	20.00%	5,603	-	-	5,603	1,262	-	1,262	740	-	560	166,002	160,219
26	341	Transportation Equipment	20.00%	310,415	-	-	310,415	94,350	-	94,350	-	-	36,776	519,513	234,219
27	342	Stores Equipment	4.00%	-	-		-	-		-			-	-	-
28	343	Tools, Shop & Garage Equipment	5.00%	45,101	-	-	45,101	6,503	-	6,503	13,362	-	8,553	314,385	127,068
29	344	Laboratory Equipment	10.00%	3,285	-		3,285	-		-			164	3,285	164
30	345	Power Operated Equipment	5.00%	39,350	-		39,350	-		-	30,352		2,561	101,250	15,936
31	346	Communication Equipment	10.00%	456,746	-	-	456,746	1,676	-	1,676	10,123	-	65,468	892,339	359,650
32	347	Miscellaneous Equipment	10.00%	109,001	-	-	109,001	-	-	-	442,442	-	6,436	662,722	109,329
33	348	Other Tangible Plant	10.00%	-	-		-	-		-			15,538	155,378	116,534
34		Rounding					-	-		-			-	-	-
35															
36		TOTALS		4,711,519	-	(121)	4,711,398	420,168	-	420,168	872,772	-	933,476	37,180,603	14,178,264

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2

Exhibit
Schedule B-2
Page 4
Witness: Bourassa

Accumulated Depreciation

Line No.	Acct. No.	Description	Per Books Accum. Depr.	A Affiliate Profit	B Adjustments to Reconcile A/D to Reconstruction	C Allocated Corporate Plant	D Intentionally Left Blank	E Intentionally Left Blank	Adjusted Accum. Depr.
6	108	Accumulated Depreciation	1,001,804	-	(1,001,804)				-
7	301	Organization Cost	-	-	-				-
8	302	Franchise Cost	-	-	-				-
9	303	Land and Land Rights	-	(344)	344				-
10	304	Structures and Improvements	700,489	-	170,054				870,543
11	305	Collecting and Impounding Res.	9,264	-	(476)				8,788
12	306	Lake River and Other Intakes	-	(2,597)	2,597				-
13	307	Wells and Springs	733,669	-	63,827				797,497
14	308	Infiltration Galleries and Tunnels	-	-	-				-
15	309	Supply Mains	544	-	4,294				4,838
16	310	Power Generation Equipment	-	(1,150)	1,597				447
17	311	Electric Pumping Equipment	1,995,653	(28)	293,155				2,288,780
18	320	Water Treatment Equipment	59,879	-	(36,157)				23,722
19	320.1	Water Treatment Plant	-	-	-				-
20	320.2	Chemical Solution Feeders	-	(144)	144				-
21	330	Dist. Reservoirs & Standpipe	1,172,754	-	(42,602)				1,130,151
22	330.1	Storage tanks	-	-	-				-
23	330.2	Pressure Tanks	-	(5,629)	5,629				-
24	331	Trans. and Dist. Mains	5,054,374	(449)	(62,076)				4,991,849
25	333	Services	913,728	(401)	151,244				1,064,571
26	334	Meters	1,323,385	(52)	(66,731)				1,256,602
27	335	Hydrants	421,463	-	(25,994)				395,469
28	336	Backflow Prevention Devices	-	-	-				-
29	339	Other Plant and Misc. Equip.	54,306	(356)	4,417				58,367
30	340	Office Furniture and Fixtures	287,817	-	(124,294)				163,523
31	340.1	Computers and Software	-	(136)	160,354				160,219
32	341	Transportation Equipment	194,031	-	40,188				234,219
33	342	Stores Equipment	-	(236)	236				-
34	343	Tools and Work Equipment	144,230	-	(17,163)				127,068
35	344	Laboratory Equipment	80	-	84				164
36	345	Power Operated Equipment	12,193	(187)	3,930				15,936
37	346	Communications Equipment	322,375	(62)	37,336				359,650
38	347	Miscellaneous Equipment	98,292	-	11,037				109,329
39	348	Other Tangible Plant	33,477	-	83,057				116,534
40			14,533,805	(11,770)	(343,771)	-	-	-	14,178,264
41									
42	903	Land and Land Rights				-			-
43	904	Structures and Improvments				11,904			11,904
44	940	Office Furniture and Fixtures				2,045			2,045
45	940.1	Computers and Software				58,133			58,133
46									-
47									-
48		TOTALS	$ 14,533,805	$ (11,770)	$ (343,771)	$ 72,081	$ -	$ -	$ 14,250,346
49									
50		Accumulated Depreciation per Books							$ 14,533,805
51									
52		Increase (decrease) in Accumulated Depreciation							$ (283,459)
53									
54		Adjustment to Accumulated Depreciation							$ (283,459)
55									

56 SUPPORTING SCHEDULES
57 B-2, pages 4.1 to 4.3

RECAP SCHEDULES:
B-2, page 2

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - A

Exhibit
Schedule B-2
Page 4.1
Witness: Bourassa

Line No.

1 Remove A/D related to Affiliate Profit

Acct. No.	Description	Depr Rate	2009	2010	2011	2012	2013	2014	Total
301	Organization Cost	0.00%	-	-	-	-	-	-	$ -
302	Franchise Cost	0.00%	-	-	-	-	-	-	-
303	Land and Land Rights	0.00%	-	-	-	-	-	-	-
304	Structures and Improvements	3.33%	(15)	(41)	(42)	(66)	(90)	(90)	(344)
305	Collecting and Impounding Res.	2.50%	-	-	-	-	-	-	-
306	Lake River and Other Intakes	2.50%	-	-	-	-	-	-	-
307	Wells and Springs	3.33%	(159)	(423)	(462)	(511)	(521)	(521)	(2,597)
308	Infiltration Galleries and Tunnels	6.67%	-	-	-	-	-	-	-
309	Supply Mains	2.00%	-	-	-	-	-	-	-
310	Power Generation Equipment	5.00%	-	-	-	-	-	-	-
311	Electric Pumping Equipment	12.50%	-	-	(114)	(299)	(369)	(369)	(1,150)
320	Water Treatment Equipment	3.33%	-	-	-	(6)	(11)	(11)	(28)
320.1	Water Treatment Plant	3.33%	-	-	-	-	-	-	-
320.2	Chemical Solution Feeders	20.00%	-	-	-	-	-	-	-
330	Dist. Reservoirs & Standpipe	2.22%	(10)	(27)	(27)	(27)	(27)	(27)	(144)
330.1	Storage tanks	2.22%	-	-	-	-	-	-	-
330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-
331	Trans. and Dist. Mains	2.00%	(332)	(914)	(994)	(1,090)	(1,143)	(1,155)	(5,629)
333	Services	3.33%	(1)	(3)	(29)	(105)	(155)	(155)	(449)
334	Meters	8.33%	-	-	(16)	(90)	(148)	(148)	(401)
335	Hydrants	2.00%	-	-	(3)	(12)	(18)	(18)	(52)
336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-
339	Other Plant and Misc. Equip.	6.67%	-	-	-	-	-	-	-
340	Office Furniture and Fixtures	6.67%	-	-	-	(71)	(143)	(143)	(356)
340.1	Computers and Software	20.00%	-	-	-	-	-	-	-
341	Transportation Equipment	20.00%	-	-	(19)	(39)	(39)	(39)	(136)
342	Stores Equipment	4.00%	-	-	-	-	-	-	-
343	Tools and Work Equipment	5.00%	-	-	(19)	(58)	(79)	(79)	(236)
344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-
345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-
346	Communications Equipment	10.00%	(13)	(35)	(35)	(35)	(35)	(35)	(187)
347	Miscellaneous Equipment	10.00%	-	-	-	(12)	(25)	(25)	(62)
348	Other Tangible Plant	10.00%	-	-	-	-	-	-	-
	TOTALS		$ (530)	$ (1,442)	$ (1,760)	$ (2,421)	$ (2,802)	$ (2,814)	$ (11,770)

SUPPORTING SCHEDULE
Work papers

RECAP SCHEDULES:
B-2, page 4

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - B

Exhibit
Schedule B-2
Page 4.2
Witness: Bourassa

Line No.						
1	Corporate Plant A/D					
2			[1]	[2]	[3]	[4] = [1]x[2]x[3]
3				Liberty	Rio Rico	Allocated
4	Acct.		Orginal	Utilities	Water	Orginal
5	No.	Description	Cost	Factor	Factor	Cost
6	903	Land and Land Rights	$ -	15.64%	9.50%	-
7	904	Structures and Improvments	322,068	15.64%	9.50%	4,784
8	940.1	Computers and Software	218,763	15.64%	9.50%	3,249
9						
10						
11	LU Sub-Corp. Plant					
12						
13	903	Land and Land Rights	-		9.50%	-
14	904	Structures and Improvments	74,974		9.50%	7,120
15	940	Office Furniture and Equipment	21,535		9.50%	2,045
16	940.1	Computers and Software	612,134		9.50%	58,133
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41		TOTALS				$ 75,331
42						
43						
44	SUPPORTING SCHEDULE				RECAP SCHEDULES:	
45	Work papers				B-2, page 4	
46	Testimony					

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - C

Exhibit
Schedule B-2
Page 4.3
Witness: Bourassa

Line No.

1 Reconciliation of A/D to A/D Reconstruction

Line No.	Acct. No.	Description	Orginal Cost	B-2 Adjustments	Adjusted Orginal Cost	Plant Per Reconstruction	Difference
6	108	Accumulated Depreciation	1,001,804	-	1,001,804	-	(1,001,804)
7	301	Organization Cost	-	-	-	-	
8	302	Franchise Cost	-	-	-	-	-
9	303	Land and Land Rights	-	(344)	(344)	-	344
10	304	Structures and Improvements	700,489	-	700,489	870,543	170,054
11	305	Collecting and Impounding Res.	9,264	-	9,264	8,788	(476)
12	306	Lake River and Other Intakes	-	(2,597)	(2,597)	-	2,597
13	307	Wells and Springs	733,669	-	733,669	797,497	63,827
14	308	Infiltration Galleries and Tunnels	-	-	-	-	-
15	309	Supply Mains	544	-	544	4,838	4,294
16	310	Power Generation Equipment	-	(1,150)	(1,150)	447	1,597
17	311	Electric Pumping Equipment	1,995,653	(28)	1,995,625	2,288,780	293,155
18	320	Water Treatment Equipment	59,879	-	59,879	23,722	(36,157)
19	320.1	Water Treatment Plant	-	-	-	-	-
20	320.2	Chemical Solution Feeders	-	(144)	(144)	-	144
21	330	Dist. Reservoirs & Standpipe	1,172,754	-	1,172,754	1,130,151	(42,602)
22	330.1	Storage tanks	-	-	-	-	-
23	330.2	Pressure Tanks	-	(5,629)	(5,629)	-	5,629
24	331	Trans. and Dist. Mains	5,054,374	(449)	5,053,926	4,991,849	(62,076)
25	333	Services	913,728	(401)	913,327	1,064,571	151,244
26	334	Meters	1,323,385	(52)	1,323,333	1,256,602	(66,731)
27	335	Hydrants	421,463	-	421,463	395,469	(25,994)
28	336	Backflow Prevention Devices	-	-	-	-	-
29	339	Other Plant and Misc. Equip.	54,306	(356)	53,950	58,367	4,417
30	340	Office Furniture and Fixtures	287,817	-	287,817	163,523	(124,294)
31	340.1	Computers and Software	-	(136)	(136)	160,219	160,354
32	341	Transportation Equipment	194,031	-	194,031	234,219	40,188
33	342	Stores Equipment	-	(236)	(236)	-	236
34	343	Tools and Work Equipment	144,230	-	144,230	127,068	(17,163)
35	344	Laboratory Equipment	80	-	80	164	84
36	345	Power Operated Equipment	12,193	(187)	12,006	15,936	3,930
37	346	Communications Equipment	322,375	(62)	322,314	359,650	37,336
38	347	Miscellaneous Equipment	98,292	-	98,292	109,329	11,037
39	348	Other Tangible Plant	33,477	-	33,477	116,534	83,057
40							-
41		TOTALS	$ 14,533,805	$ (11,770)	$ 14,522,035	$ 14,178,264	$ (343,771)

44 SUPPORTING SCHEDULE
45 B-2, pages 4.1
46 B-2, pages 3.5 through 3.10

RECAP SCHEDULES:
B-2, page 4

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment 3

Exhibit
Schedule B-2
Page 5
Witness: Bourassa

Contributions-in-Aid of Construction (CIAC) and Accumulated Amortization

Line No.		Gross CIAC	Accumulated Amortization
1			
2			
3			
4			
5	Computed balance at End of Test Year	$ 579,988	$ 304,864
6			
7	Book balance at End of Test Year	$ 561,284	$ 342,382
8			
9	Increase (decrease)	$ 18,705	$ (37,518)
10			
11			
12	Adjustment to CIAC/AA CIAC	$ 18,705	$ 37,518
13	Label	3a	3b
14			
15			
16			
17			
18			
19	SUPPORTING SCHEDULES		RECAP SCHEDULES:
20	E-1		B-2, page 2
21	B-2, page 5.1 to 5.4		
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Contributions-in-aid of Construction and Amortization
Adjustment 4

Exhibit
Schedule B-2
Page 5.1
Witness: Bourassa

Line No.		Decision Balance 3/31/2009	2009 Additions	2009 Balance 12/31/2009	2010 Additions	2010 Balance 12/31/2010	2011 Additions	2011 Balance 12/31/2011
1								
2								
3								
4								
5	CIAC	542,445	2,000	546,445	1,000	548,445	5,000	558,445
6								
7	Details:							
8	Bella Vista	496,445						
9	Northern Sunrise	27,000					1,000	
10	Southern Sunrise	19,000	2,000		1,000		4,000	
11	Rate Case Adj - AIAC error							
12	Rate Case Adj - AIAC error							
13	Total	542,445	2,000	-	1,000	-	5,000	-
14								
15								
16	Amortization Decision	230,987						
17	Amortization Rate			2.70%		2.66%		2.63%
18	Amortization			14,692		14,581		14,571
19	Accumulated Amortization			245,679		260,259		274,830
20								
21	Net CIAC	311,458	2,000	300,766	1,000	288,185	5,000	283,614
22								

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Contributions-in-aid of Construction and Amortization
Adjustment 4

Exhibit
Schedule B-2
Page 5.2
Witness: Bourassa

Line No.		Decision Balance 3/31/2009	2009 Additions	2009 Balance 12/31/2009	2012 Additions	2012 Balance 12/31/2012	2013 Additions	2013 Balance 12/31/2013	2014 Additions	2014 Balance 12/31/2014
1										
2										
3										
4										
5	CIAC	542,445	2,000	546,445	8,277	574,998	2,495	579,988	-	579,988
6										
7	Details:									
8	Bella Vista	496,445			8,277		2,495			
9	Northern Sunrise	27,000								
10	Southern Sunrise	19,000	2,000							
11	Rate Case Adj - AIAC error									
12	Rate Case Adj - AIAC error									
13	Total	542,445	2,000	-	8,277	-	2,495	-	-	-
14										
15										
16	Amortization Decision	230,987								
17	Amortization Rate			2.70%		2.70%		2.81%		2.88%
18	Amortization			14,692		224		70		-
19	Accumulated Amortization			245,679		275,054		275,124		275,124
20										
21	Net CIAC	311,458	2,000	300,766	8,277	299,943	2,495	304,864	-	304,864
22										

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment 4
Advances-in-Aid of Construction (AIAC)

Exhibit
Schedule B-2
Page 6
Witness: Bourassa

Line No.		
1		
2		
3		
4	Computed balance at End of Test Year	$ 9,114,847
5		
6	Book balance at End of Test Year	$ 9,328,045
7		
8	Increase (decrease)	$ (213,198)
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19	SUPPORTING SCHEDULES	RECAP SCHEDULES:
20	E-1	B-2, page 2
21	B-2, page 6.1	
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Advances-in-Aid of Construction (AIAC)

Exhibit
Schedule B-2
Page 6.1
Witness: Bourassa

Line No.		Decision (1) Balance 3/31/2009	2009 Activity	2009 Balance 12/31/2008	2010 Activity	2010 Balance 12/31/2009	2011 Activity	2011 Balance 12/31/2010
1								
2								
3								
4								
5	AIAC	6,773,640	242,021	7,015,662	402,270	7,417,932	916,055	8,333,987
6	Additions							
7	Refunds							
8								
9								
10								
11								
12	Total AIAC	6,773,640	242,021	7,015,662	402,270	7,417,932	916,055	8,333,987
13								
14								
15	Per Prior Decision							
16	AIAC	6,773,640						
17	Customer Meter Deposits	7,803						
18	Total Per Decision	6,781,443						
19								
20								

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Advances-in-Aid of Construction (AIAC)

Exhibit
Schedule B-2
Page 6.1
Witness: Bourassa

Line No.		2012		2013		2014	
1							
2		Activity	Balance 12/31/2011	Additions	Balance 12/31/2012	Additions	Balance 12/31/2012
3							
4							
5	AIAC	620,553	8,954,540	(1,516)	8,953,024	161,823	9,114,847
6	Additions						
7	Refunds						
8							
9							
10							
11							
12	Total AIAC	620,553	8,954,540	(1,516)	8,953,024	161,823	9,114,847
13							
14							
15	Per Prior Decision						
16	AIAC						
17	Customer Meter Deposits						
18	Total Per Decision						
19							
20							

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment 5

Exhibit
Schedule B-2
Page 7.0
Witness: Bourassa

Deferred Income Tax as of December 31, 2014

Line No.			Water & Sewer Adjusted Book Value	Water & Sewer Tax Value	Probability of Realization of Future Tax Benefit	Deductible TD (Taxable TD) Expected to be Realized	Effective Tax Rate	Future Tax Asset Current	Future Tax Asset Non Current	Future Tax Liability Current	Future Tax Liability Non Current
6		Plant-in-Service	$ 32,945,106 [1]								
7		Accum. Deprec.	(14,178,264) [1]								
8		CIAC	(6,655,517) [3]								
9	Fed.	Fixed Assets	$ 12,111,324	$ 7,457,106 [2]	100.0%	$ (4,654,218)	32.89%		-		(1,530,953)
11	State	Fixed Assets	$ 12,111,324	$ 11,351,325 [2]	100.0%	$ (759,999)	4.900%		-		(37,240)
13	Fed &State	AIAC		3,142,609 [4]	100.0%	$ 3,142,609 [4]	37.794%		$ 1,187,714		
15								$ -	$ 1,187,714	$ -	$ (1,568,193)

Net Asset (Liability)	$ (380,479)
Allocation Factor	1.0000
Net Asset (Liability) Water Division	$ (380,479)
Allocated Corporate ADIT[5]	$ (710)
Total Asset (Liability) Water Division	$ (381,189)
DIT Asset (Liability) per Books	$ (426,432)
Adjustment to DIT	$ (45,243)

Footnotes - See page 7.1

RECAP SCHEDULES:
B-2, page 2

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment 5

Exhibit
Schedule B-2
Page 7.1
Witness: Bourassa

Line No.		FEDERAL			STATE		
1	[1] **Per adjusted book balances, land not included and corporate plant not oncluded**						
2							
3	**2 Computation of Net Tax Value December 31, 2014**						
4							
5	Based on 2014 Tax Depreciation report						
6	Adjusted Cost at December 31, 2014 per federal and state tax depr. report	$ 7,806,215			$ 11,409,466		
7	Reconciling Items not on tax report:				-		
8	Land on Tax and not on included in adjusted plant balance				-		
9	PTY Plant	872,772			872,772		
10					-		
11					-		
12					-		
13		-			-		
14					-		
15	Net Unadjusted Cost tax Basis at December 31, 2012			$ 8,678,987			$ 12,282,238
16							
17	Reductions						
18	Basis Reduction 2014	$ (509,641)			$ -		
19	Depreciation for 2014	(712,240)			(930,913)		
20	PTY Plant	-					
21		-			-		
22		-			-		
23							
24							
25				(1,221,881)			(930,913)
26	Net Reductions through December 31, 2012			$ 7,457,106			$ 11,351,325
27	Net tax value of plant-in-service at December 31, 2012						
28							
29	[3] **CIAC (including impact of change to probability of realization)**						
30	Gross CIAC per adjusted book balances		$ 579,988				
31	CIAC reductions/addtions						
32	A.A per adjusted book balances	$ (304,864)					
33		-					
34			(304,864)				
35	Net CIAC before unrealized AIAC			$ 275,124			
36							
37	Unrealized AIAC Component						
38	AIAC per adjusted book balances		$ 9,114,847				
39	Adjusted Net AIAC (see footnote 5 below)		70.0%				
40	Unrealized AIAC Component % (1-Realized AIAC Component)			$ 6,380,393			
41				$ 6,655,517			
42	Total realizable CIAC						
43							
44	[4] **AIAC (including impact of change in probability of realization)**						
45	AIAC per adjusted book balances			$ 9,114,847			
46	Less: Unrealized AIAC (from Note 3, above)			$ (6,380,393)			
47							
48	Subtotal			$ 2,734,454			
49	Meter and Service Line Installation Charges per adjusted book balances			408,155			
50	Total realizable AIAC			$ 3,142,609			
51							
52	[5] **See work papers**						
53							

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Cash Working Capital

Exhibit
Schedule B-5
Page 1
Witness: Bourassa

Line No.	Description	Proforma Test Year Amount[1]	Revenue Lag (Lead) Days	Expense Lag (Lead) Days	Net Lag (Lead) Days Col. C - Col. D	Lead/Lag Factor Col. E/365	Cash Working Capital Required Col. B * Col. F
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
7	OPERATING EXPENSES						
8	Salaries and Wages	$ -	45.63	-	45.63	0.12501247	$ -
9	Purchased Water	$ 3,021	45.63	24.34	21.29	0.05832754	176
10	Purchased Power	534,813	45.63	32.09	13.54	0.03709467	19,839
11	Chemicals	16,800	45.63	(24.00)	69.63	0.19076590	3,205
12	Fuel for Power Production	-	45.63	-	45.63	0.12501247	-
13	Repairs and Maintenance	-	45.63	16.11	29.52	0.08087549	-
14	Office Supplies and Expense	39,640	45.63	39.26	6.37	0.01745083	692
15	Outside Services	-	45.63	-	45.63	0.12501247	-
16	Contractual Services - Professional	1,209,810	45.63	19.92	25.71	0.07043713	85,216
17	Contractual Services - Testing	89,695	45.63	26.06	19.57	0.05361521	4,809
18	Contractual Services - Other	673,384	45.63	22.70	22.93	0.06282069	42,302
19	Water Testing	-	45.63	-	45.63	0.12501247	-
20	Rents	6,162	45.63	(6.12)	51.75	0.14177960	874
21	Transportation	105,295	45.63	25.37	20.26	0.05550563	5,844
22	Insurance	45,568	45.63	-	45.63	0.12501247	5,697
23	Materials and Supplies	63,090	45.63	16.11	29.52	0.08087549	5,102
24	Miscellaneous	152,340	45.63	(8.28)	53.91	0.14769741	22,500
29	TAXES						
30	General Taxes-Property[1]	166,220	45.63	213.96	(168.33)	(0.46117474)	$ (76,656)
31	General Taxes-Other		45.63	-	45.63	0.12501247	-
32	Income Tax[1]	636,086	45.63	37.00	8.63	0.02364261	15,039
34	OTHER						
35	Regulatory Commission Expense	52,111	45.63	(136.54)	182.17	0.49909923	26,009
37	TOTAL	$ 3,794,036		WORKING CASH REQUIREMENT			$ 160,647

[1]At proposed rates.

RECAP SCHEDULES:
B-2, page 2

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Income Statement

Exhibit
Schedule C-1
Page 1
Witness: Bourassa

Line No.		Test Year Book Results	Adjustment	Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	**Revenues**					
2	Metered Water Revenues	$ 4,563,347	$ (33,095)	$ 4,530,252	$ 1,554,297	$ 6,084,549
3	Unmetered Water Revenues	-	-	-		-
4	Other Water Revenues	94,478	-	94,478		94,478
5		$ 4,657,825	$ (33,095)	$ 4,624,730	$ 1,554,297	$ 6,179,027
6	**Operating Expenses**					
7	Salaries and Wages	$ -	-	$ -		$ -
8	Purchased Water	3,021	-	3,021		3,021
9	Purchased Power	556,214	(21,401)	534,813		534,813
10	Chemicals	17,963	(1,164)	16,800		16,800
11	Fuel for Power Production	-	-	-		-
12	Repairs and Maintenance	-	-	-		-
13	Office Supplies and Expense	39,361	279	39,640		39,640
14	Outside Services	-	-	-		-
15	Contractual Services - Professional	1,242,194	(32,384)	1,209,810		1,209,810
16	Contractual Services - Testing	89,695	-	89,695		89,695
17	Contractual Services - Other	638,020	35,364	673,384		673,384
18	Water Testing	-	-	-		-
19	Rents	6,162	-	6,162		6,162
20	Transportation	105,295	-	105,295		105,295
21	Insurance	45,568	-	45,568		45,568
22	Regulatory Commission Expense	121,568	(69,456)	52,111		52,111
23	Materials and Supplies	63,090	-	63,090		63,090
24	Miscellaneous	152,340	-	152,340		152,340
25	Depreciation	1,152,110	23,153	1,175,263		1,175,263
26	Taxes Other Than Income	-	-	-		-
27	Property Taxes	205,848	(56,851)	148,997	17,223	166,220
28	Income Tax	-	55,166	55,166	580,920	636,086
29			-	-		-
30	**Total Operating Expenses**	$ 4,438,450	$ (67,294)	$ 4,371,156	$ 598,143	$ 4,969,300
31	**Operating Income**	$ 219,375	$ 34,199	$ 253,574	$ 956,154	$ 1,209,727
32	**Other Income (Expense)**					
33	Interest and Dividend Income	-	-	-		-
34	AFUDC Income	57,346	-	57,346		57,346
35	Miscellaneous Non-Utility Expenses	(849)	-	(849)		(849)
36	Interest Expense	(75,834)	(61,632)	(137,466)		(137,466)
37		-	-	-		-
38	**Total Other Income (Expense)**	$ (19,337)	$ (61,632)	$ (80,969)	$ -	$ (80,969)
39	**Net Profit (Loss)**	$ 200,037	$ (27,433)	$ 172,604	$ 956,154	$ 1,128,758
40						
41	SUPPORTING SCHEDULES:				RECAP SCHEDULES:	
42	C-1, page 2				A-1	
43	E-2					
44						

Liberty Utilities (Bella Vista Water) Corp.
dba Liberty Utilities
Test Year Ended December 31, 2014
Income Statement

Exhibit
Schedule C-1
Page 2.1
Witness: Bourassa

Line No.		LABEL>>>>> Test Year Book Results	1 Depreciation	2 Property Taxes	3 Rate Case Expense	4 Revenue Annualization	5 Revenue Accrual Fix	6 Usage Normalization	7 Corporate Cost Adj. Non-Labor	8 Corporate Cost Adj. Labor
1	**Revenues**									
2	Metered Water Revenues	$ 4,563,347				$ 41,402	18,000	$ (92,497)		
3	Unmetered Water Revenues	-								
4	Other Water Revenues	94,478								
5		$ 4,657,825	$ -	$ -	$ -	$ 41,402	$ 18,000	$ (92,497)	$ -	
6	**Operating Expenses**									
7	Salaries and Wages	$ -								
8	Purchased Water	3,021								
9	Purchased Power	556,214				2,600		$ (24,001)		
10	Chemicals	17,963				84		(1,248)		
11	Fuel for Power Production	-								
12	Repairs and Maintenance	-								
13	Office Supplies and Expense	39,361				279				
14	Outside Services	-								
15	Contractual Services - Professional	1,242,194							(77,880)	45,496
16	Contractual Services - Testing	89,695								
17	Contractual Services - Other	638,020								35,364
18	Water Testing	-								
19	Rents	6,162								
20	Transportation	105,295								
21	Insurance	45,568								
22	Regulatory Commission Expense	121,568			(69,456)					
23	Materials and Supplies	63,090								
24	Miscellaneous	152,340								
25	Depreciation	1,152,110	23,153							
26	Taxes Other Than Income	-								
27	Property Taxes	205,848		(56,851)						
28	Income Tax	-								
29										
30	**Total Operating Expenses**	$ 4,438,450	$ 23,153	$ (56,851)	$ (69,456)	$ 2,964	$ -	$ (25,249)	$ (77,880)	$ 80,860
31	**Operating Income**	$ 219,375	$ (23,153)	$ 56,851	$ 69,456	$ 38,438	$ 18,000	$ (67,248)	$ 77,880	$ (80,860)
32	**Other Income (Expense)**									
33	Interest and Dividend Income	-								
34	AFUDC Income	57,346								
35	Miscellaneous Non-Utility Expenses	(849)								
36	Interest Expense	(75,834)								
37		-								
38	**Total Other Income (Expense)**	$ (19,337)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
39	**Net Profit (Loss)**	$ 200,037	$ (23,153)	$ 56,851	$ 69,456	$ 38,438	$ 18,000	$ (67,248)	$ 77,880	$ (80,860)
40										
41	SUPPORTING SCHEDULES:									
42	C-2									
43	E-2									

Liberty Utilities (Bella Vista Water) Corp.
dba Liberty Utilities
Test Year Ended December 31, 2014
Income Statement

Exhibit
Schedule C-1
Page 2.2
Witness: Bourassa

Line No.		9 Intentionally Left Blank	10 Intentionally Left Blank	11 Intentionally Left Blank	12 Intentionally Left Blank	13 Intentionally Left Blank	14 Intentionally Left Blank	15 Interest Synch.	16 Income Taxes	Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	*Revenues*											
2	Metered Water Revenues									$ 4,530,252	$ 1,554,297	$ 6,084,549
3	Unmetered Water Revenues									-		-
4	Other Water Revenues									94,478		94,478
5		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,624,730	$ 1,554,297	$ 6,179,027
6	**Operating Expenses**											
7	Salaries and Wages									$ -		$ -
8	Purchased Water									3,021		3,021
9	Purchased Power									534,813		534,813
10	Chemicals									16,800		16,800
11	Fuel for Power Production									-		-
12	Repairs and Maintenance									-		-
13	Office Supplies and Expense									39,640		39,640
14	Outside Services									-		-
15	Contractual Services - Professional									1,209,810		1,209,810
16	Contractual Services - Testing									89,695		89,695
17	Contractual Services - Other									673,384		673,384
18	Water Testing									-		-
19	Rents									6,162		6,162
20	Transportation									105,295		105,295
21	Insurance									45,568		45,568
22	Regulatory Commission Expense									52,111		52,111
23	Materials and Supplies									63,090		63,090
24	Miscellaneous									152,340		152,340
25	Depreciation									1,175,263		1,175,263
26	Taxes Other Than Income									-		-
27	Property Taxes									148,997	17,223	166,220
28	Income Tax								55,166	55,166	580,920	636,086
29												
30	**Total Operating Expenses**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 55,166	$ 4,371,156	$ 598,143	$ 4,969,300
31	**Operating Income**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (55,166)	$ 253,574	$ 956,154	$ 1,209,727
32	**Other Income (Expense)**											
33	Interest and Dividend Income									-		-
34	AFUDC Income									57,346		57,346
35	Miscellaneous Non-Utility Expenses									(849)		(849)
36	Interest Expense							(61,632)		(137,466)		(137,466)
37										-		-
38	**Total Other Income (Expense)**	$ -	$ -	$ -	$ -	$ -	$ -	$ (61,632)	$ -	$ (80,969)	$ -	$ (80,969)
39	**Net Profit (Loss)**	$ -	$ -	$ -	$ -	$ -	$ -	$ (61,632)	$ (55,166)	$ 172,604	$ 956,154	$ 1,128,758
40												
41	SUPPORTING SCHEDULES:											
42	C-2											
43	E-2											

RECAP SCHEDULES:
C-1, page 1

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Adjustments to Revenues and Expenses

Exhibit
Schedule C-2
Page 1
Witness: Bourassa

Line No.		Adjustments to Revenues and Expenses 1 Depreciation	2 Property Taxes	3 Rate Case Expense	4 Revenue Annualization	5 Revenue Accrual Fix	6 Usage Normalization	Subtotal
1								
2								
3								
4	Revenues	-	-	-	41,402	18,000	(92,497)	(33,095)
5								
6	Expenses	23,153	(56,851)	(69,456)	2,964	-	(25,249)	(125,440)
7								
8	Operating							
9	Income	(23,153)	56,851	69,456	38,438	18,000	(67,248)	92,345
10								
11	Interest							
12	Expense							-
13	Other							
14	Income /							-
15	Expense							
16								
17	Net Income	(23,153)	56,851	69,456	38,438	18,000	(67,248)	92,345
18								
19								
20		Adjustments to Revenues and Expenses						
21		7	8	9	10	11	12	Subtotal
22		Corporate	Corporate	Intentionally	Intentionally	Intentionally	Intentionally	
23		Cost Adj.	Cost Adj.	Left	Left	Left	Left	
24		Non-Labor	Labor	Blank	Blank	Blank	Blank	
25	Revenues	-	-	-	-	-	-	(33,095)
26								
27	Expenses	(77,880)	80,860	-	-	-	-	(122,460)
28								
29	Operating							
30	Income	77,880	(80,860)	-	-	-	-	89,365
31								
32	Interest							
33	Expense	-						-
34	Other							
35	Income /							-
36	Expense							
37								
38	Net Income	77,880	(80,860)	-	-	-	-	89,365
39								
40								
41		Adjustments to Revenues and Expenses						
42		13	14	15	16			Total
43		Intentionally	Intentionally					
44		Left	Left	Interest	Income			
45		Blank	Blank	Synch.	Taxes			
46	Revenues	-	-	-	-			(33,095)
47								
48	Expenses	-	-	-	55,166			(67,294)
49								
50	Operating							
51	Income	-	-	-	(55,166)	-	-	34,199
52								
53	Interest							
54	Expense			(61,632)				(61,632)
55	Other							
56	Income /							-
57	Expense							
58								
59	Net Income	-	-	(61,632)	(55,166)	-	-	(27,433)

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Adjustments to Revenues and Expenses
Adjustment Number 1

Exhibit
Schedule C-2
Page 2
Witness: Bourassa

Depreciation Expense

Line No.	Acct. No.	Description	Adjusted Original Cost	Non-Depr. and Fully Depr. Plant	Depreciable Original Cost	Proposed Rates	Depreciation Expense
1	101	Plant-in-Service	-	-	-	0.00%	-
2	301	Organization Cost	-	-	-	0.00%	-
2	302	Franchise Cost	98,989	(98,989)	-	0.00%	-
3	303	Land and Land Rights	688,011	(688,011)	-	0.00%	-
4	304	Structures and Improvements	4,235,497		4,235,497	3.33%	141,042
5	305	Collecting and Impounding Res.	105,644		105,644	2.50%	2,641
6	306	Lake River and Other Intakes	-		-	2.50%	-
7	307	Wells and Springs	1,692,408		1,692,408	3.33%	56,357
8	308	Infiltration Galleries and Tunnels	-		-	6.67%	-
9	309	Supply Mains	432,050		432,050	2.00%	8,641
10	310	Power Generation Equipment	195,696		195,696	5.00%	9,785
11	311	Electric Pumping Equipment	3,195,256	(2,080,541)	1,114,715	12.50%	139,339
12	320	Water Treatment Equipment	117,674		117,674	3.33%	3,919
13	320.1	Water Treatment Plant	-		-	3.33%	-
14	320.2	Chemical Solution Feeders	-		-	20.00%	-
15	330	Dist. Reservoirs & Standpipe	3,195,343		3,195,343	2.22%	70,937
16	330.1	Storage tanks	-		-	2.22%	-
17	330.2	Pressure Tanks	-		-	5.00%	-
18	331	Trans. and Dist. Mains	14,654,450		14,654,450	2.00%	293,089
19	333	Services	2,173,490		2,173,490	3.33%	72,377
20	334	Meters	1,959,945	(1,163,804)	796,141	8.33%	66,319
21	335	Hydrants	1,151,007		1,151,007	2.00%	23,020
22	336	Backflow Prevention Devices	-		-	6.67%	-
23	339	Other Plant and Misc. Equip.	189,235		189,235	6.67%	12,622
24	340	Office Furniture and Fixtures	281,034	(144,107)	136,928	6.67%	9,133
25	340.1	Computers and Software	166,002	(159,658)	6,343	20.00%	1,269
26	341	Transportation Equipment	519,513	(174,114)	345,399	20.00%	69,080
27	342	Stores Equipment	-		-	4.00%	-
28	343	Tools and Work Equipment	314,385	(107,417)	206,968	5.00%	10,348
29	344	Laboratory Equipment	3,285		3,285	10.00%	329
30	345	Power Operated Equipment	101,250		101,250	5.00%	5,062
31	346	Communications Equipment	892,339		892,339	10.00%	89,234
32	347	Miscellaneous Equipment	662,722	(101,418)	561,303	10.00%	56,130
33	348	Other Tangible Plant	155,378		155,378	10.00%	15,538
34		SUBTOTAL	$ 37,180,603	$ (4,718,059)	$ 32,462,544		$ 1,156,211
35							
36							
37	903	Land and Land Rights	20,738	(20,738)	-	0.00%	-
38	904	Structures and Improvments	225,059		225,059	2.56%	5,762
39	940	Office Furniture and Fixtures	24,473		24,473	6.67%	1,632
40	940.1	Computers and Software	161,580		161,580	20.00%	32,316
41		TOTALS	$ 37,612,452	$ (4,738,796)	$ 32,873,656		$ 1,195,920
42							
43					Gross	Amort. Rate	
44	Less: Amortization of Contributions				$ 579,988	3.5617%	$ (20,657)
45							
46							
47							$ (20,657)
48	Total Depreciation Expense						$ 1,175,263
49							
50	Adjusted Test Year Depreciation Expense						1,152,110
51							
52	Increase (decrease) in Depreciation Expense						23,153
53							
54	Adjustment to Revenues and/or Expenses						$ 23,153
55							
56	SUPPORTING SCHEDULE						
57	B-2, page 3						

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Adjustment to Revenues and Expenses
Adjustment Number 2

Exhibit
Schedule C-2
Page 3
Witness: Bourassa

Property Taxes

Line No.	DESCRIPTION	Test Year as adjusted	Company Recommended
1	Company Adjusted Test Year Revenues	$ 4,624,730	$ 4,624,730
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	9,249,460	9,249,460
4	Company Recommended Revenue	4,624,730	6,179,027
5	Subtotal (Line 4 + Line 5)	13,874,190	15,428,487
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	4,624,730	5,142,829
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	9,249,460	10,285,658
10	Plus: 10% of CWIP (intentionally excluded)	-	-
11	Less: Net Book Value of Licensed Vehicles	285,294	285,294
12	Full Cash Value (Line 9 + Line 10 - Line 11)	8,964,166	10,000,364
13	Assessment Ratio	18.0%	18.0%
14	Assessment Value (Line 12 * Line 13)	1,613,550	1,800,066
15	Composite Property Tax Rate - Obtained from ADOR	9.2341%	9.2341%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	$ 148,997	$ 166,220
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	$ 148,997	
19	Test Year Property Taxes	$ 205,848	
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	**$ (56,851)**	
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		$ 166,220
23	Company Test Year Adjusted Property Tax Expense (Line 18)		$ 148,997
24	Increase in Property Tax Due to Increase in Revenue Requirement		**$ 17,223**
25			
26	Increase in Property Tax Due to Increase in Revenue Requirement (Line 24)		$ 17,223
27	Increase in Revenue Requirement		$ 1,554,297
28	Increase in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		1.10809%
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Adjustment to Revenues and Expenses
Adjustment Number 3

Exhibit
Schedule C-2
Page 4
Witness: Bourassa

Rate Case Expense

Line No.			
1			
2			
3	Estimated Rate Case Expense	$	260,557
4			
5	Estimated Amortization Period in Years		5
6			
7	Annual Rate Case Expense	$	52,111
8			
9	Test Year Rate Case Expense	$	121,568
10			
11	Increase(decrease) Rate Case Expense	$	(69,456)
12			
13	Adjustment to Revenue and/or Expense	$	(69,456)
14			
15			
16	Reference		
17	Testimony		
18			
19			
20			

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Adjustment to Revenues and Expenses
Adjustment Number 4

Exhibit
Schedule C-2
Page 5
Witness: Bourassa

Revenue Annualization

Line No.			
1			
2			
3			
4	Revenue Annualization	$	41,402
5			
6			
7			
8	Total Revenue from Annualization	$	41,402
9			
10	Purchased Power Expense	$	556,214
11	Gallons Sold During Test Year (in 1,000s)		1,025,278
12	Cost per 1,000 gallons	$	0.5425
13			
14	Additional Gallons Sold from Annualization (in 1,000s)		4,794
15			
16	Increase (decrease) in Purchased Power	$	2,600
17			
18	TY Chemicals Expense	$	17,963
19	Gallons Sold During Test Year (in 1,000s)		1,025,278
20	Cost per 1,000 gallons	$	0.0175
21			
22	Additional Gallons Sold from Annualization (in 1,000s)		4,794
23			
24	Increase (decrease) in Chemicals Expense	$	84
25			
26	Additional billings from annualization		607
27	Postage rate	$	0.46
28			
29	Increase (decrease) in Office Expense	$	279
30			
31			
32	Adjustment to Revenue and/or Expense	$	38,438
33			
34	SUPPORTING SCHEDULES		
35	Work papers		
36	H-1		
37			
38			
39			

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Adjustment to Revenues and Expenses
Adjustment Number 5

Exhibit
Schedule C-2
Page 6
Witness: Bourassa

Revenue Accrual

Line No.			
1			
2	Correct Revenue Accrual Adjustment	$	18,000
3			
4			
5			
6	Adjustment to Revenues	$	18,000
7			
8			
9	Adjustment to Revenue and/or Expense	$	18,000
10			
11	Reference		
12	Testimony		
13	H-1		
14	Work Papers		
15			
16			
17			
18			
19			
20			

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Adjustment to Revenues and Expenses
Adjustment Number 6

Exhibit
Schedule C-2
Page 7
Witness: Bourassa

Usage Normalization

Line No.			
1			
2	Usage Normalization Adjustment	$	(92,497)
3			
4			
5	Adjustment to Revenues	$	(92,497)
6			
7	Purchased Power Expense	$	556,214
8	Gallons Sold During Test Year (in 1,000s)		1,025,278
9	Cost per 1,000 gallons	$	0.5425
10			
11	Additional Gallons Sold from Usage Normalization (in 1,000s)		(44,242)
12			
13	Increase (decrease) in Purchased Power	$	(24,001)
14			
15	TY Chemicals Expense	$	17,963
16	Gallons Sold During Test Year (in 1,000s)		636,008
17	Cost per 1,000 gallons	$	0.0282
18			
19	Additional Gallons Sold from Usage Normalization (in 1,000s)		(44,242)
20			
21	Increase (decrease) in Chemicals Expense	$	(1,248)
22			
23			
24	Adjustment to Revenue and/or Expense	$	(68,496)
25			
26	Reference		
27	Testimony		
28	Work papers		
29			
30			

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2001
Adjustment to Revenues and Expenses
Adjustment Number 7

Exhibit
Schedule C-2
Page 8
Witness: Bourassa

Corporate Cost Adjustment - Non-Labor

Line No.			
1			
2	Corporate Allocation Adjustment		
3			
4	Adjusted Allocated Non-Labor Costs During Test Year	$	348,548
5	Allocated Non-Labor Costs During Test Year	$	426,428
6			
7	Adjustment to Contractual Services Professional	$	(77,880)
8			
9			
10	Adjustment to Revenue and/or Expense	$	(77,880)
11			
12	Reference		
13	Testimony		
14	Work Papers		
15			
16			
17			
18			
19			
20			

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2001
Adjustment to Revenues and Expenses
Adjustment Number 8

Exhibit
Schedule C-2
Page 9
Witness: Bourassa

Corporate Cost Adjustment - Labor

Line No.			
1			
2			
3	Test Year Allocated Labor Costs	$	747,059
4	Factor (1)		6.09%
5	Increase in Labor Costs	$	45,496
6			
7	Adjustment to Contractual Services - Professional	$	45,496
8			
9	Test Year Allocated Labor Costs	$	580,691
10	Factor (1)		6.09%
11	Increase in Labor Costs	$	35,364
12			
13	Adjustment to Contractual Services - Other	$	35,364
14			
15			
16			
17			
18			
19	Adjustment to Revenue and/or Expense	$	80,860
20			
21	Reference		
22	Testimony		
23	Work papers		
24			
25			
26			
27			
28			

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Adjustment to Revenues and Expenses
Adjustment Number 9

Exhibit
Schedule C-2
Page 10
Witness: Bourassa

INTENTIONALLY LEFT BLANK

Line No.
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20

INTENTIONALLY LEFT BLANK

Line No.
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Adjustment to Revenues and Expenses
Adjustment Number 11

Exhibit
Schedule C-2
Page 12
Witness: Bourassa

INTENTIONALLY LEFT BLANK

Line No.
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Adjustment to Revenues and Expenses
Adjustment Number 12

Exhibit
Schedule C-2
Page 13
Witness: Bourassa

INTENTIONALLY LEFT BLANK

Line No.
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Adjustment to Revenues and Expenses
Adjustment Number 13

Exhibit
Schedule C-2
Page 14
Witness: Bourassa

INTENTIONALLY LEFT BLANK

Line No.
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20

INTENTIONALLY LEFT BLANK

Line No.
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Adjustment to Revenues and Expenses
Adjustment Number 15

Exhibit
Schedule C-2
Page 16
Witness: Bourassa

Interest Synchronization

Line No.			
1			
2			
3			
4	Fair Value Rate Base	$ 13,205,189	
5	Weighted Cost of Debt	1.04%	
6	Interest Expense		$ 137,466
7			
8	Test Year Interest Expense		$ 75,834
9			
10	Increase (decrease) in Interest Expense		61,632
11			
12			
13			
14	Adjustment to Revenue and/or Expense		$ (61,632)
15			
16			
17	Weighted Cost of Debt Computation		
18			Weighted
19		Percent	Cost	Cost
20	Debt	30.00%	3.47%	1.04%
21	Equity	70.00%	11.60%	8.12%
22	Total	100.00%		9.16%
23				
24				
25				
26				
27				
28				
29				
30				

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Adjustment to Revenues and/or Expenses
Adjustment Number 16

Exhibit
Schedule C-2
Page 17
Witness: Bourassa

Line No.		Test Year at Present Rates	Test Year at Proposed Rates
1	Income Taxes		
2			
3			
4	Computed Income Tax	$ 55,166	$ 636,086
5	Test Year Income tax Expense	-	55,166
6	Adjustment to Income Tax Expense	$ 55,166	$ 580,920
7			
8			
9			
10			
11			
12			
13	SUPPORTING SCHEDULE		
14	C-3, page 2		
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Computation of Gross Revenue Conversion Factor

Exhibit
Schedule C-3
Page 1
Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Combined Federal and State Effective Income Tax Rate	37.794%
2		
3	Property Taxes	0.689%
4		
5		
6	Total Tax Percentage	38.483%
7		
8	Operating Income % = 100% - Tax Percentage	61.517%
9		
10		
11		
12		
13	1 = Gross Revenue Conversion Factor	
14	Operating Income %	1.6256
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25	SUPPORTING SCHEDULES:	RECAP SCHEDULES:
26	C-3, page 2	A-1
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014

Exhibit
Schedule C-3
Page 2
Witness: Bourassa

GROSS REVENUE CONVERSION FACTOR

Line No.	Description	(A)	(B)	(C)	(D)	[E]	[F]
	Calculation of Gross Revenue Conversion Factor:						
1	Revenue	100.0000%					
2	Uncollecible Factor (Line 11)	0.0000%					
3	Revenues (L1 - L2)	100.0000%					
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	38.4832%					
5	Subtotal (L3 - L4)	61.5168%					
6	**Revenue Conversion Factor (L1 / L5)**	1.625572					
	Calculation of Uncollectible Factor:						
7	Unity	100.0000%					
8	Combined Federal and State Tax Rate (L17)	37.7939%					
9	One Minus Combined Income Tax Rate (L7 - L8)	62.2061%					
10	Uncollectible Rate	0.0000%					
11	Uncollectible Factor (L9 * L10)		0.0000%				
	Calculation of Effective Tax Rate:						
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%					
13	Arizona State Income Tax Rate	4.9000%					
14	Federal Taxable Income (L12 - L13)	95.1000%					
15	Applicable Federal Income Tax Rate (L55 Col F)	34.5887%					
16	Effective Federal Income Tax Rate (L14 x L15)	32.8939%					
17	Combined Federal and State Income Tax Rate (L13 +L16)		37.7939%				
	Calculation of Effective Property Tax Factor						
18	Unity	100.0000%					
19	Combined Federal and State Income Tax Rate (L17)	37.7939%					
20	One Minus Combined Income Tax Rate (L18-L19)	62.2061%					
21	Property Tax Factor	1.1081%					
22	Effective Property Tax Factor (L20*L21)		0.6893%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			38.4832%			
24	Required Operating Income	$ 1,209,727					
25	AdjustedTest Year Operating Income (Loss)	$ 253,574					
26	Required Increase in Operating Income (L24 - L25)		$ 956,154				
27	Income Taxes on Recommended Revenue (Col. (F), L52)	$ 636,086					
28	Income Taxes on Test Year Revenue (Col. (C), L52)	$ 55,166					
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		$ 580,920				
30	Recommended Revenue Requirement	$ 6,179,027					
31	Uncollectible Rate (Line 10)	0.0000%					
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	$ -					
33	Adjusted Test Year Uncollectible Expense	$ -					
34	Required Increase in Revenue to Provide for Uncollectible Exp.		$ -				
35	Property Tax with Recommended Revenue	$ 166,220					
36	Property Tax on Test Year Revenue	$ 148,997					
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		$ 17,223				
38	Total Required Increase in Revenue (L26 + L29 + L37)		$ 1,554,297				

		(A)	(B)	(C)	(D)	[E]	[F]
		Test Year			Company Recommended		
		Total		Water	Total		Water
	Calculation of Income Tax:						
39	Revenue	$ 4,624,730		$ 4,624,730	$ 6,179,027		$ 6,179,027
40	Operating Expenses Excluding Income Taxes	4,315,990		4,315,990	4,333,213		4,333,213
41	Synchronized Interest (L47)	137,466		137,466	137,466		137,466
42	Arizona Taxable Income (L39 - L40 - L41)	$ 171,274		$ 171,274	$ 1,708,348		$ 1,708,347
43	Arizona State Effective Income Tax Rate (see work papers)	4.9000%		4.9000%	4.9000%		4.9000%
44	Arizona Income Tax (L42 x L43)	$ 8,392		$ 8,392	$ 83,709		$ 83,709
45	Federal Taxable Income (L42- L44)	$ 162,881		$ 162,881	$ 1,624,639		$ 1,624,638
46							
47	Federal Tax on First Income Bracket ($1 - $50,000) @ 15%	$ 7,500		$ 7,500	$ 7,500		$ 7,500
48	Federal Tax on Second Income Bracket ($50,001 - $75,000) @ 25%	$ 6,250		$ 6,250	$ 6,250		$ 6,250
49	Federal Tax on Third Income Bracket ($75,001 - $100,000) @ 34%	$ 8,500		$ 8,500	$ 8,500		$ 8,500
50	Federal Tax on Fourth Income Bracket ($100,001 - $335,000) @ 39%	$ 24,524		$ 24,524	$ 91,650		$ 91,650
51	Federal Tax on Fifth Income Bracket ($335,001 -$10,000,000) @ 34%	$ -		$ -	$ 438,477		$ 438,477
52							
53	Total Federal Income Tax	$ 46,774		$ 46,774	$ 552,377		$ 552,377
54	Combined Federal and State Income Tax (L35 + L42)	$ 55,166		$ 55,166	$ 636,086		$ 636,086

55	COMBINED Applicable Federal Income Tax Rate [Col. [D], L53 - Col. [A], L53 / [Col. [D], L45 - Col. [A], L45]	34.5887%		
56	WASTEWATER Applicable Federal Income Tax Rate [Col. [E], L53 - Col. [B], L53] / [Col. [E], L45 - Col. [B], L45]		0.0000%	
57	WATER Applicable Federal Income Tax Rate [Col. [F], L53 - Col. [C], L53] / [Col. [F], L45 - Col. [C], L45]			34.5887%

	Calculation of Interest Synchronization:		Water
58	Rate Base		$ 13,205,189
59	Weighted Average Cost of Debt		1.0410%
60	Synchronized Interest (L59 X L60)		$ 137,466

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Comparative Balance Sheets

Exhibit
Schedule E-1
Page 1
Witness: Bourassa

Line No.		Test Year Ended 12/31/2014	Year Ended 12/31/2013	Year Ended 12/31/2012
1	**ASSETS**			
2	PLANT			
2	Plant In Service	$ 36,398,520	$ 32,107,169	$ 31,599,485
3	Non-Utility Plant	-	-	-
3	Construction Work in Progress	710,297	380,433	252,316
4	Property Held for Future Use	-	-	-
4	Accumulated Depreciation	(14,658,832)	(13,813,696)	(13,330,233)
5	Net Plant	$ 22,449,985	$ 18,673,906	$ 18,521,568
6				
7	CURRENT ASSETS			
8	Cash and Equivalents	$ 3,806	$ 39,076	$ 9,832
9	Restricted Cash	774,303	571,984	421,317
10	Net Accounts Receivable	706,932	717,432	624,151
11	Inter-Company Receivable	30,000	30,000	30,000
12	Notes Receivable	-	-	-
13	Materials	-	-	-
14	Prepayments	1,855	5,173	8,177
15	Other Current Assets	-	-	-
16	Total Current Assets	$ 1,516,896	$ 1,363,666	$ 1,093,477
17				
18	OTHER ASSETS			
19	Debt Reserve	$ 199,561	$ 199,561	$ 199,561
20	Other Deferred Debits	26,876	153,822	269,034
21	Other Non-Current Assets	-	-	-
22	Deferred Debits	$ 226,437	$ 353,383	$ 468,595
23				
24	TOTAL ASSETS	$ 24,193,318	$ 20,390,954	$ 20,083,640
25				
26				
27	**LIABILITIES AND STOCKHOLDER EQUITY**			
28				
29	Stockholder's Equity	$ 8,610,275	$ 8,410,238	$ 7,719,554
30				
31	Long-Term Debt	$ 852,649	$ 991,372	$ 1,115,613
32				
33	CURRENT LIABILITIES			
34	Accounts Payable	$ -	$ -	$ -
35	Current Portion of Long-Term Debt	138,093	188,173	134,338
36	Payables to Associated Companies	2,222,279	(50,751)	188,790
37	Customer Security Deposits	15,077	133,208	157,800
38	Customer Meter Deposits, Current	54,448	-	-
39	Current Portion of AIAC	110,000	-	-
40	Accrued Taxes	38,714	466,360	468,084
41	Accrued Interest	23,280	24,045	26,233
42	Other Current Liabilities	1,253,617	153,113	160,330
43	Total Current Liabilities	$ 3,855,508	$ 914,148	$ 1,135,576
44				
45	DEFERRED CREDITS			
46	Customer Meter Deposits, less current	$ 353,707	$ 216,837	$ 312,735
47	Advances in Aid of Construction	9,218,045	9,145,498	9,129,093
48	Accumulated Deferred Income Taxes	426,432	-	-
49	Contributions In Aid of Construction	561,284	1,060,616	994,093
50	Accumulated Amortization	(342,382)	(347,754)	(323,023)
51	Other Deferred Credits	657,800	-	-
52	Total Deferred Credits	$ 10,874,886	$ 10,075,197	$ 10,112,898
53				
54	Total Liabilities & Common Equity	$ 24,193,318	$ 20,390,954	$ 20,083,640
55				
56				
57				
58	SUPPORTING SCHEDULES:		RECAP SCHEDULES:	
59			A-3	
60				
61				
62				

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Comparative Income Statements

Exhibit
Schedule E-2
Page 1
Witness: Bourassa

Line No.		Test Year Ended 12/31/2014	Prior Year Ended 12/31/2013	Prior Year Ended 12/31/2012
1	**Revenues**			
2	Metered Water Revenue	$ 4,563,347	$ 4,808,579	$ 4,787,629
3	Unmetered Water Revenue	-	-	-
4	Other Water Revenue	94,478	114,613	126,528
5	**Total Revenues**	$ 4,657,825	$ 4,923,191	$ 4,914,157
6	**Operating Expenses**			
7	Salaries and Wages	$ -	$ -	$ -
8	Purchased Water	3,021	1,791	2,027
9	Purchased Power	556,214	600,274	624,023
10	Chemicals	17,963	16,139	26,743
11	Fuel for Power Production	-	-	-
12	Repairs and Maintenance	-	-	-
13	Office Supplies and Expense	39,361	40,098	48,207
14	Outside Services	-	-	-
15	Contractual Services - Professional	1,242,194	1,047,141	1,178,325
16	Contractual Services - Testing	89,695	32,696	21,079
17	Contractual Services - Other	638,020	949,720	804,212
18	Water Testing	-	-	-
19	Rents	6,162	12,646	6,731
20	Transportation	105,295	95,691	116,713
21		-	-	-
22	Insurance	45,568	70,342	63,233
23	Regulatory Commission Expense	121,568	115,212	111,302
24	Materials and Supplies	63,090	54,801	64,357
25	Miscellaneous	152,340	121,547	111,172
26	Depreciation	1,152,110	807,947	801,722
27	Taxes Other Than Income	-	-	-
28	Property Taxes	205,848	191,308	185,260
29	Income Tax	-	-	-
30				
31	**Total Operating Expenses**	$ 4,438,450	$ 4,157,354	$ 4,165,108
32	**Operating Income**	$ 219,375	$ 765,837	$ 749,050
33	**Other Income (Expense)**			
34	Interest and Dividend Income	-	-	-
35	AFUDC Income	57,346	10,644	-
36	Miscellaneous Non-Utility Expenses	(849)	(1,811)	-
37	Interest Expense	(75,834)	(83,987)	(92,524)
38				
39	**Total Other Income (Expense)**	$ (19,337)	$ (75,154)	$ (92,524)
40	**Net Profit (Loss)**	$ 200,037	$ 690,684	$ 656,526
41				
42				
43				
44	SUPPORTING SCHEDULES:		RECAP SCHEDULES:	
45			A-2	
46				

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Comparative Statements of Cash Flows

Exhibit
Schedule E-3
Page 1
Witness: Bourassa

Line No.		Test Year Ended 12/31/2014	Prior Year Ended 12/31/2013	Prior Year Ended 12/31/2012
1				
2				
3	Cash Flows from Operating Activities			
4	Net Income	$ 200,037	$ 690,684	$ 656,526
5	Adjustments to reconcile net income to net cash			
6	provided by operating activities:			
7	Depreciation and Amortization	1,152,110	807,947	801,722
8	Depreciation and Amortization Adjustments	(301,602)	(349,215)	(134,489)
9	Changes in Certain Assets and Liabilities:			
10	Accounts Receivable	10,500	(93,281)	(65,318)
11	Restricted Cash	(202,319)	(150,667)	(421,317)
12	Materials and Supplies Inventory			
13	Prepaid Expenses	3,318	3,004	(977)
14	Deferred Debits/Credits	1,211,178	115,212	(99,415)
15	Receivables/Payables to Associated Co.	2,273,030	(239,541)	(346,043)
16	Accounts Payable			
17	Interest Payable	(765)	(2,188)	2,333
18	Customer Meter and Security Deposits	73,187	(120,490)	(3,671)
19	Taxes Payable	(427,646)	(1,724)	133,464
20	Other assets and liabilities	1,100,504	(7,217)	278,320
21	Rounding	1	(1)	(3)
22	Net Cash Flow provided by Operating Activities	$ 5,091,534	$ 652,523	$ 801,132
23	Cash Flow From Investing Activities:			
24	Capital Expenditures	(4,621,215)	(635,801)	(1,165,265)
25	Plant Held for Future Use			
26	Changes in Special Funds			
27	Net Cash Flows from Investing Activities	$ (4,621,215)	$ (635,801)	$ (1,165,265)
28	Cash Flow From Financing Activities			
29	Change in Restricted Cash			
30	Proceeds from Long-Term Debt	(188,803)	(70,406)	(195,613)
31	Net receipt of contributions in aid of construction	(499,332)	66,523	388,912
32	Net receipts of advances in aid of construction	182,547	16,405	551,448
33	Repayments of Long-Term Debt			
34	Distributions			(357,794)
35	Deferred Financing Costs			
36	Paid in Capital			
37	Net Cash Flows Provided by Financing Activities	$ (505,588)	$ 12,522	$ 386,953
38	Increase(decrease) in Cash and Cash Equivalents	(35,269)	29,244	22,820
39	Cash and Cash Equivalents at Beginning of Year	39,076	9,832	(12,988)
40	Cash and Cash Equivalents at End of Year	$ 3,807	$ 39,076	$ 9,832
41				
42				
43	SUPPORTING SCHEDULES:		RECAP SCHEDULES:	
44	Workpapers		A-5	
45				

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Statement of Changes in Stockholder's Equity

Exhibit
Schedule E-4
Page 1
Witness: Bourassa

Line No.		Stockholder's Equity	Retained Earnings	Total
1				
2				
3				
4	Balance, December 31, 2009	$ 7,420,823	$ -	$ 7,420,823
5	Addnl Paid In Capital Adjustment	-		-
6	Distributions		(357,794)	(357,794)
7	Rounding		(1)	(1)
8	Net Income		656,526	656,526
9				
10	Balance, December 31, 2010	$ 7,420,823	$ 298,731	$ 7,719,554
11	Addnl Paid In Capital Adjustment	-		-
12	Distributions		-	-
13	Rounding			-
14	Net Income		690,684	690,684
15				
16	Balance, December 31, 2011	$ 7,420,823	$ 989,415	$ 8,410,238
17	Addnl Paid In Capital Adjustment	-		-
18	Distributions		-	-
19	Rounding		-	-
20	Net Income		200,037	200,037
21				
22	Balance, December, 2012	$ 7,420,823	$ 1,189,452	$ 8,610,275
23				
24				
25				
26				
27				
28				
29	SUPPORTING SCHEDULES:		RECAP SCHEDULES:	
30			E-1	
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Detail of Plant in Service

Exhibit
Schedule E-5
Page 1
Witness: Bourassa

Line No.	Acct. No.	Plant Description	Plant Balance at 12/31/2013	Plant Additions, Reclass-ications or or Retirements	Plant Balance at 12/31/2014
1					
2	301	Organization Cost	$ 122,575	$ (122,575)	$ -
3	302	Franchise Cost	93,959	5,030	98,989
4	303	Land and Land Rights	740,152	-	740,152
5	304	Structures & Improvements	3,230,139	1,007,788	4,237,927
6	305	Collecting & Impounding Reservoirs	-	51,378	51,378
7	306	Lake, River, Canal Intakes	-	-	-
8	307	Wells & Springs	1,638,440	56,611	1,695,051
9	308	Infiltration Galleries	-	-	-
10	309	Raw Water Supply Mains	-	432,050	432,050
11	310	Power Generation Equipment	31,548	(31,548)	-
12	311	Pumping Equipment	2,751,296	409,814	3,161,109
13	320	Water Treatment Equipment	107,915	4,217	112,132
14	320	Water Treatment Plants	-	-	-
15	320.2	Solution Chemical Feeders	-	-	-
16	330.0	Distribution Reservoirs & Standpipes	2,836,550	354,909	3,191,459
17	330	Storage Tanks	-	-	-
18	330.2	Pressure Tanks	-	-	-
19	331	Transmission & Distribution Mains	14,106,497	559,345	14,665,842
20	333	Services	1,944,494	182,295	2,126,790
21	334	Meters	1,675,891	266,828	1,942,719
22	335	Hydrants	1,135,970	14,068	1,150,039
23	336	Backflow Prevention Devices	-	-	-
24	339	Other Plant & Misc Equipment	165,974	26,859	192,833
25	340	Office Furniture & Equipment	221,493	224,219	445,712
26	340.1	Computers & Software	188,770	(188,770)	-
27	341	Transportation Equipment	310,780	208,926	519,707
28	342	Stores Equipment	-	-	-
29	343	Tools, Shop & Garage Equipment	264,011	34,762	298,773
30	344	Laboratory Equipment	-	3,285	3,285
31	345	Power Operated Equipment	1,293	70,898	72,191
32	346	Communication Equipment	429,170	455,070	884,240
33	347	Miscellaneous Equipment	111,764	109,001	220,764
34	348	Other Tangible Plant	-	155,378	155,378
35					
36					
37					
38		Rounding			
39		TOTAL WATER PLANT	$ 32,108,681	$ 4,289,839	$ 36,398,520
40					
41	SUPPORTING SCHEDULES			RECAP SCHEDULES:	
42	Work Papers			A-4	
43	B-2 pages 3.1 to 3.4			E-1	
44					

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Operating Statistics

Exhibit
Schedule E-7
Page 1
Witness: Bourassa

Line No.		Test Year Ended 12/31/2014	Prior Year Ended 12/31/2013	Prior Year Ended 12/31/2012
1	WATER STATISTICS:			
2				
3				
4				
5	Total Gallons Sold (in Thousands)	1,025,278	1,059,262	1,105,506
6				
7				
8				
9	Water Revenues from Customers:	$ 4,657,825	$ 4,923,191	$ 4,914,157
10				
11				
12				
13				
14	Year End Number of Customers	9,928	9,804	9,865
15				
16				
17	Annual Gallons (in Thousands)			
18	Sold Per Year End Customer	190	199	200
19				
20				
21				
22	Annual Revenue per Year End Customer	$ 469.16	$ 502.16	$ 498.14
23				
24	Pumping Cost Per 1,000 Gallons	$ 0.5425	$ 0.5667	$ 0.5645
25	Purchased Water Cost per 1,000 Gallons	$ -	$ -	$ -

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Taxes Charged to Operations

Exhibit
Schedule E-8
Page 1
Witness: Bourassa

Line No.	Description	Test Year Ended 12/31/2014	Prior Year Ended 12/31/2013	Prior Year Ended 12/31/2012
1	Description			
2				
3	State Income Taxes	$ -	$ -	$ -
4	Federal Income Taxes	-	-	-
5	Payroll Taxes	-	-	-
6	Property Taxes	205,848	191,308	185,260
7				
8	Totals	$ 205,848	$ 191,308	$ 185,260
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				

The Company does not conduct independent audits, reviews and/or compilations. Accordingly, there are no notes which are typically associated with these financial statements. Management makes the following notations to the finanical statements contained herein:

Significant Accounting Policies - The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States of America and the accounting records of the are are maintained in accordance with the uniform system of accounts as prescribed by the National Association of Regulatory Utility Commissioners (USOA 1996). Significant accounting policies are as follows:

Utility Plant - Property, plant and equipment is stated at cost less accumulated depreciation provided on a straight-line basis.

Depreciation rates for asset classes of utility property, plant and equipment are established by the Commission. The cost of additions, including betterments and replacements of units of utility fixed assets are charged to utility property, plant and equipment. When units of utility property are replaced, renewed or retired, their cost plus removal or disposal costs, less salvage proceeds, is charged to accumulated depreciation.

Revenue Recognition - Revenues are recognized on the accrual method. Under this method, revenue is recognized when earned rather than when collected, and expenses are recognized when incurred rathet than when paid.

Contributions in Aid of Construction - Contributions in aid of construction (CIAC) are nonrefundable contributions by developers and customers for plant expansion. In addition, this amount includes the remaining balance, if any, of advances in aid of construction at the end of the repayment period. The contributions in aid of construction are being amortized at a rate equal to the rate allowed for depreciation, as a reduction of depreciation expense

Advances in Aid of Construction - Customer advances for construction are subject to refund in accordance with agreements approved by the Arizona Corporation Commission. Agreements provide for refunds which are typically equal to 10 percent of annual water revenue generated from the expansion. The repayments are for a maximum agreed upon period or until repaid in full. Any balance remaining at the end of the agreed-upon period for repayment becomes a contribution in aid of construction.

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Projected Income Statements - Present & Proposed Rates

Exhibit
Schedule F-1
Page 1
Witness: Bourassa

Line No.		Test Year Actual Results	At Present Rates Year Ended 12/31/2015	At Proposed Rates Year Ended 12/31/2015
1	**Revenues**			
2	Metered Water Revenues	$ 4,563,347	$ 4,530,252	$ 6,084,549
3	Unmetered Water Revenues	-	-	-
4	Other Water Revenues	94,478	94,478	94,478
5		$ 4,657,825	$ 4,624,730	$ 6,179,027
6	**Operating Expenses**			
7	Salaries and Wages	$ -	$ -	$ -
8	Purchased Water	3,021	3,021	3,021
9	Purchased Power	556,214	534,813	534,813
10	Chemicals	17,963	16,800	16,800
11	Fuel for Power Production	-	-	-
12	Repairs and Maintenance	-	-	-
13	Office Supplies and Expense	39,361	39,640	39,640
14	Outside Services	-	-	-
15	Contractual Services - Professional	1,242,194	1,209,810	1,209,810
16	Contractual Services - Testing	89,695	89,695	89,695
17	Contractual Services - Other	638,020	673,384	673,384
18	Water Testing	-	-	-
19	Rents	6,162	6,162	6,162
20	Transportation	105,295	105,295	105,295
21	Insurance	45,568	45,568	45,568
22	Regulatory Commission Expense	121,568	52,111	52,111
23	Materials and Supplies	63,090	63,090	63,090
24	Miscellaneous	152,340	152,340	152,340
25	Depreciation	1,152,110	1,175,263	1,175,263
26	Taxes Other Than Income	-	-	-
27	Property Taxes	205,848	148,997	166,220
28	Income Tax	-	55,166	636,086
29				
30				
31				
32				
33	**Total Operating Expenses**	$ 4,438,450	$ 4,371,156	$ 4,969,300
34	**Operating Income**	$ 219,375	$ 253,574	$ 1,209,727
35	**Other Income (Expense)**			
36	Interest Income	-	-	-
37	Other income	57,346	57,346	57,346
38	Interest Expense	(849)	(849)	(849)
39	Other Expense	(75,834)	(137,466)	(137,466)
40	Gain/Loss Sale of Fixed Assets	-	-	-
41	**Total Other Income (Expense)**	$ (19,337)	$ (80,969)	$ (80,969)
42	**Net Profit (Loss)**	$ 200,037	$ 172,604	$ 1,128,758
43				
44				
45	SUPPORTING SCHEDULES:			
46	C-1			
47				
48				
49				

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Projected Statements of Changes in Financial Position
Present and Proposed Rates

Exhibit
Schedule F-2
Page 1
Witness: Bourassa

Line No.		Test Year Ended 12/31/2014	At Present Rates Year Ended 12/31/2015	At Proposed Rates Year Ended 12/31/2015
5	Cash Flows from Operating Activities			
6	Net Income	$ 200,037	$ 172,604	$ 1,128,758
7	Adjustments to reconcile net income to net cash			
8	provided by operating activities:			
9	Depreciation and Amortization	1,152,110	1,175,263	1,175,263
10	Depreciation Adjustments	(301,602)		
11	Changes in Certain Assets and Liabilities:			
12	Accounts Receivable	10,500		
13	Unbilled Revenues	(202,319)		
14	Materials and Supplies Inventory	-		
15	Prepaid Expenses	3,318		
16	Deferred Charges	1,211,178		
17	Notes Receivable	2,273,030		
18	Accounts Payable	-		
19	Intercompany payable	(765)		
20	Customer Meter Deposits	73,187		
21	Taxes Payable	(427,646)		
22	Other assets and liabilities	1,100,504		
23	Rounding	1		
24	Net Cash Flow provided by Operating Activities	$ 5,091,533	$ 1,347,867	$ 2,304,021
25	Cash Flow From Investing Activities:			
26	Capital Expenditures	(4,621,215)	(326,852)	(326,852)
27	Plant Held for Future Use	-		
28	Changes in debt reserve fund	-		
29	Net Cash Flows from Investing Activities	$ (4,621,215)	$ (326,852)	$ (326,852)
30	Cash Flow From Financing Activities			
31	Change in Restricted Cash	-	-	-
32	Change in net amounts due to parent and affiliates	(188,803)	(151,607)	(151,607)
33	Net Receipt contributions in aid of construction	(499,332)	(14,632)	(14,632)
34	Net receipts of advances in aid of construction	182,547	250,133	250,133
35	Repayments of Long-Term Debt	-	-	-
36	Dividends Paid	-	(119,265)	(119,265)
37	Deferred Financing Costs	-	-	-
38	Paid in Capital	-	-	-
39	Net Cash Flows Provided by Financing Activities	$ (505,588)	$ (35,371)	$ (35,371)
40	Increase(decrease) in Cash and Cash Equivalents	(35,270)	985,644	1,941,798
41	Cash and Cash Equivalents at Beginning of Year	39,076	3,806	3,806
42	Cash and Cash Equivalents at End of Year	$ 3,806	$ 989,450	$ 1,945,603

46 SUPPORTING SCHEDULES:
47 E-3

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Projected Construction Requirements

Exhibit
Schedule F-3
Page 1
Witness: Bourassa

Line No.	Account Number	Plant Asset:	Test Year	2015	2016	2017
1						
2	Account					
3	Number	Plant Asset:	Test Year	2015	2016	2017
4	301	Organization Cost	$ (122,575)	$ -	$ -	$ -
5	302	Franchise Cost	5,030	-	-	-
6	303	Land and Land Rights	-	-	-	-
7	304	Structures and Improvements	1,007,788	36,000	38,400	38,400
8	305	Collecting and Impounding Res.	51,378	-	-	-
9	306	Lake River and Other Intakes	-	-	-	-
10	307	Wells and Springs	56,611	103,256	80,000	80,000
11	308	Infiltration Galleries and Tunnels	-	-	-	-
12	309	Supply Mains	432,050	-	-	-
13	310	Power Generation Equipment	(31,548)	-	-	-
14	311	Electric Pumping Equipment	409,814	-	-	-
15	320	Water Treatment Equipment	4,217	6,000	4,000	4,000
16	320.1	Water Treatment Plant	-	-	-	-
17	320.2	Chemical Solution Feeders	-	-	-	-
18	330	Dist. Reservoirs & Standpipe	354,909	-	-	-
19	330.1	Storage tanks	-	-	-	-
20	330.2	Pressure Tanks	-	-	-	-
21	331	Trans. and Dist. Mains	559,345	9,000	12,000	12,000
22	333	Services	182,295	63,010	178,000	178,000
23	334	Meters	266,828	43,501	58,000	58,000
24	335	Hydrants	14,068	6,750	9,000	9,000
25	336	Backflow Prevention Devices	-	-	-	-
26	339	Other Plant and Misc. Equip.	26,859	-	-	-
27	340	Office Furniture and Fixtures	224,219	3,000	8,000	8,000
28	340.1	Computers and Software	(188,770)	6,740	8,880	8,880
29	341	Transportation Equipment	208,926	-	-	-
30	342	Stores Equipment	-	-	-	-
31	343	Tools and Work Equipment	34,762	23,345	34,940	38,940
32	344	Laboratory Equipment	3,285	-	-	-
33	345	Power Operated Equipment	70,898	-	-	-
34	346	Communications Equipment	455,070	26,250	80,000	24,000
35	347	Miscellaneous Equipment	109,001	-	-	-
36	348	Other Tangible Plant	155,378	-	-	-
37	Total		$ 4,134,461	$ 326,852	$ 511,220	$ 459,220
38						
39						
40						

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Assumptions Used in Rate Filing

Exhibit
Schedule F-4
Page 1
Witness: Bourassa

Line No.	
1	Property Taxes were computed using the method used by the Arizona Department
2	of Revenue modified for ratemaking.
3	
4	Projected construction expenditures are shown on Schedule A-4.
5	
6	Expense adjustments are shown on Schedule C2, and are explained in the testimony.
7	
8	Income taxes were computed using statutory state and federal income tax rates.
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	
26	
27	
28	
29	
30	
31	
32	
33	
34	
35	
36	
37	
38	
39	
40	

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Schedule H-1
Page 1
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8X3/4 Inch	Residential	$ 2,723,332	$ 3,633,338	$ 910,006	33.42%	58.89%	58.80%
2	3/4 Inch	Residential	28,247	49,839	21,591	76.44%	0.61%	0.81%
3	1 Inch	Residential	4,815	6,658	1,843	38.28%	0.10%	0.11%
4								
5		Subtotal	2,756,394	3,689,834	933,440	33.86%	59.60%	59.72%
6								
7	5/8X3/4 Inch	Commercial	$ 122,357	$ 163,932	$ 41,575	33.98%	2.65%	2.65%
8	3/4 Inch	Commercial	1,347	1,754	407	30.17%	0.03%	0.03%
9	1 Inch	Commercial	121,081	167,550	46,469	38.38%	2.62%	2.71%
10	1 1/2 Inch	Commercial	195,802	271,169	75,367	38.49%	4.23%	4.39%
11	2 Inch	Commercial	1,020,829	1,377,972	357,142	34.99%	22.07%	22.30%
12	3 Inch	Commercial	186,072	251,143	65,071	34.97%	4.02%	4.06%
13	4 Inch	Commercial	77,948	105,703	27,755	35.61%	1.69%	1.71%
14	6 Inch	Commercial	11,067	14,388	3,321	30.01%	0.24%	0.23%
15	8 Inch	Commercial	14,704	18,854	4,150	28.22%	0.32%	0.31%
16		Subtotal	$ 1,751,208	$ 2,372,464	$ 621,256	35.48%	37.87%	38.40%
17								
18	3 Inch	Hydrant	46,250	56,281	10,031	21.69%	1.00%	0.91%
19		Fire Lines 4 Inch	16,100	16,100	-	0.00%	0.35%	0.26%
20		Fire Lines 6 Inch	6,315	6,315	-	0.00%	0.14%	0.10%
21		Fire Lines 8 Inch	2,940	2,940	-	0.00%	0.06%	0.05%
22	Total Revenues Before Annualization		$ 4,579,207	$ 6,143,935	$ 1,564,727	34.17%	99.02%	99.43%
23								
24								
25								
26								
27								
28								
29								
30								

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Schedule H-1
Page 2
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Additional Bills	Additional Gallons to be Pumped (In 1,000's)
			Revenue Annualization					
1	5/8X3/4 Inch	Residential	$ 11,467	$ 15,246	3,779	32.96%	476	2,613
2	3/4 Inch	Residential	1,263	2,251	988	78.27%	61	232
3	1 Inch	Residential	520	718	197	37.90%	9	89
4								
5		Subtotal	$ 13,250	$ 18,215	4,965	37.47%	546	2,934
6								
7	5/8X3/4 Inch	Commercial	$ 1,966	$ 2,625	659	33.54%	67	404
8	3/4 Inch	Commercial	-	-	-	0.00%	-	-
9	1 Inch	Commercial	1,923	2,656	733	38.12%	29	388
10	1 1/2 Inch	Commercial	(2,943)	(4,067)	(1,124)	0.00%	(20)	(665)
11	2 Inch	Commercial	20,548	27,655	7,107	34.59%	-	-
12	3 Inch	Commercial	6,993	9,416	2,423	34.66%	12	1,733
13	4 Inch	Commercial	-	-	-	0.00%	-	-
14	6 Inch	Commercial	-	-	-	0.00%	-	-
15	8 Inch	Commercial	-	-	-	0.00%	-	-
16		Subtotal	$ 28,487	$ 38,286	9,799	34.40%	88	1,860
17								
18								
19		Fire Lines 4 Inch	(140)	(140)	-	0.00%	(14)	-
20		Fire Lines 6 Inch	(195)	(195)	-	0.00%	(13)	-
21		Fire Lines 8 Inch	-	-	-	0.00%	-	-
22								
23	Total Revenue Annualization		$ 41,402	$ 56,166	$ 14,764	35.66%	607	4,794
24								
25								
26								
27								
28								
29								
30								

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Schedule H-1
Page 3
Witness: Bourassa

Line No.		Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	Subtotal Metered Revenues	$ 4,579,207	$ 6,143,935	$ 1,564,727	34.17%	99.02%	99.43%
2	Subtotal Revenue Annualization	41,402	56,166	14,764	35.66%	0.90%	0.91%
3	Usage Normalization Adjustment	(92,497)	(116,083)	(23,586)	25.50%	-2.00%	-1.88%
4	Total Metered Revenues	$ 4,528,113	$ 6,084,017	$ 1,555,905	34.36%	97.91%	98.46%
5							
6	Misc. Revenues	$ 94,478	$ 94,478	-	0.00%	2.04%	1.53%
7	Reconciling Amount	2,139	532	(1,607)	-75.13%	0.05%	0.01%
8	Total Water Revenues	$ 4,624,730	$ 6,179,027	$ 1,554,298	33.61%	100.00%	100.00%
9							
10							
11							
12							
13							
14							
15	Metered Revenues per GL		$ 4,563,347				
16	Metered Revenues before Annualization		4,579,207				
17	Difference		$ (15,861)				
18	Revenue Accrual Fix		18,000				
19	Adjusted Difference		$ 2,139				
20							
21	Tolerance (+/- 0.5%)		$ 22,817				
22							
23							
24							
25							
26							
27							
28							
29							
30							

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Customer Summary

Exhibit
Schedule H-2
Page 1
Witness: Bourassa

Line No.	Meter Size, Class		(a) Average Number of Customers at 12/31/2014	Average Consumption	Average Bill Present Rates	Average Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8X3/4 Inch	Residential	8,653	5,914	$ 25.03	$ 33.34	8.30	33.18%
2	3/4 Inch	Residential	109	3,820	20.54	36.69	16.15	78.65%
3	1 Inch	Residential	6	11,794	61.98	85.51	23.53	37.96%
4								
5		Subtotal	8,769					
6								
7	5/8X3/4 Inch	Commercial	335	6,082	$ 29.50	$ 39.41	9.91	33.58%
8	3/4 Inch	Commercial	6	1,639	18.62	24.23	5.60	30.09%
9	1 Inch	Commercial	149	13,193	65.78	90.85	25.06	38.10%
10	1 1/2 Inch	Commercial	108	32,885	146.19	202.00	55.81	38.18%
11	2 Inch	Commercial	289	68,942	284.57	382.95	98.38	34.57%
12	3 Inch	Commercial	26	143,395	580.06	780.93	200.88	34.63%
13	4 Inch	Commercial	6	285,797	1,071.79	1,452.17	380.38	35.49%
14	6 Inch	Commercial	1	77,959	922.29	1,199.04	276.75	30.01%
15	8 Inch	Commercial	1	11,459	1,225.32	1,571.14	345.81	28.22%
16		Subtotal	921					
17								
18	3 Inch	Hydrant	7	102,817	519.66	632.38	112.71	21.69%
19		Fire Lines 4 Inch	134	-	$ 10.00	$ 10.00	-	0.00%
20		Fire Lines 6 Inch	35	-	$ 15.00	$ 15.00	-	0.00%
21		Fire Lines 8 Inch	7	0	35.00	35.00	0	0.00%
22		Total	9,872.83					
23								
24	(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.							
25								

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Customer Summary

Exhibit
Schedule H-2
Page 2
Witness: Bourassa

Line No.	Meter Size, Class		(a) Average Number of Customers at 12/31/2014	Median Consumption	Median Bill Present Rates	Median Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8X3/4 Inch	Residential	8,653	4,500	$ 21.91	$ 29.00	7.09	32.38%
2	3/4 Inch	Residential	109	2,500	18.63	33.97	15.34	82.37%
3	1 Inch	Residential	6	5,500	47.16	64.86	17.71	37.56%
4								
5		Subtotal	8,769					
6								
7	5/8X3/4 Inch	Commercial	335	2,500	$ 20.53	$ 26.87	6.34	30.89%
8	3/4 Inch	Commercial	6	1,500	18.32	23.80	5.48	29.94%
9	1 Inch	Commercial	149	6,500	49.37	67.93	18.57	37.61%
10	1 1/2 Inch	Commercial	108	20,500	115.31	158.86	43.55	37.77%
11	2 Inch	Commercial	289	27,500	180.78	237.92	57.15	31.61%
12	3 Inch	Commercial	26	111,786	494.08	660.30	166.22	33.64%
13	4 Inch	Commercial	6	218,670	889.20	1,196.00	306.80	34.50%
14	6 Inch	Commercial	1	71,500	908.02	1,179.24	271.22	29.87%
15	8 Inch	Commercial	1	4,000	1,208.84	1,548.27	339.43	28.08%
16		Subtotal	921					
17								
18	3 Inch	Hydrant	7	28,500	317.52	348.76	31.24	9.84%
19		Fire Lines 4 Inch	134	-	$ 10.00	$ 10.00	-	0.00%
20		Fire Lines 6 Inch	35	-	$ 15.00	$ 15.00	-	0.00%
21		Fire Lines 8 Inch	7	0	35.00	35.00	0	0.00%
22		Total	9,873					
23								
24	(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.							
25								

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Present and Proposed Rates

Exhibit
Schedule H-3
Page 1
Witness: Bourassa

Line No.	Monthly Usage Charge for:	Present Rates[1]	Proposed Rates[1]	Change	Percent Change
1	Meter Size (All Classes):				
2	5/8 Inch	$ 15.00	$ 19.20	$ 4.20	28.00%
2	3/4 Inch	15.00	28.80	13.80	92.00%
3	1 Inch	35.00	48.00	13.00	37.14%
4	1 1/2 Inch	70.00	96.00	26.00	37.14%
5	2 Inch	120.00	153.60	33.60	28.00%
6	3 Inch	240.00	307.20	67.20	28.00%
7	4 Inch	375.00	480.00	105.00	28.00%
8	6 Inch	750.00	960.00	210.00	28.00%
9	8 Inch	1,200.00	1,536.00	336.00	28.00%
10	10 Inch	NT	2,208.00		
11	12 Inch	NT	4,128.00		
12					
13	Low Income Tariff - A 15% discount is available to qualified residential customers meeting the low income qualifications.				
14					
15	Fire Lines 8 Inch (R-14-2-408.B)	Per Rule*	Per Rule*		
16	Fire Lines 10 Inch (R-14-2-408.B)	Per Rule*	Per Rule*		
17	Fire Lines 12 Inch (R-14-2-408.B)	Per Rule*	Per Rule*		
18					
19	* ACC 14-02-408(B). 1% of Monthly Minimum for a Comparable Size Meter Commection, but not lessthan $5.00 per month. The Service Charge for Fire Sprinklers is only applicable for				
20	service lines separate and distinct from the primary water service line.				
21					
22	Gallons In Minimum (All Classes)	-	-		
23					
24					
25	Commodity rates - see pages 2 and 3.				
26					
27					
28					
29					
30					
31					
32					
33	[1] Low Income Tariff - A 15% discount is available on monthly minimum and commodity charges to qualified residential customers meeting				
34	the low income qualifications.				
35					
36	NT = No Tariff				
37					

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Present and Proposed Rates

Exhibit
Schedule H-3
Page 2
Witness: Bourassa

Line No.	Commodity Rates (All Classes)	Block	Present Rates[1] (Per 1,000 gallons)	Proposed Rates[1] (Per 1,000 gallons)
4	5/8x3/4 Inch Residential	0 gallons to 4,000 gallons	$ 1.45	$ 2.07
5		4,001 gallons to 10,000 gallons	$ 2.21	$ 3.07
6		over 10,000 gallons	$ 2.72	$ 3.82
8	5/8x3/4 Inch Commercial	0 gallons to 4,000 gallons	$ 2.21	$ 3.07
9		over 4,000 gallons	$ 2.72	$ 3.82
11	3/4 Inch Residential	0 gallons to 4,000 gallons	$ 1.45	$ 2.07
12		4,001 gallons to 10,000 gallons	$ 2.21	$ 3.07
13		over 10,000 gallons	$ 2.72	$ 3.82
15	3/4 Inch Commercial	0 gallons to 4,000 gallons	$ 2.21	$ 3.07
16		over 4,000 gallons	$ 2.72	$ 3.82
18	1 Inch Meter All Classes (Except Standpipe)	0 gallons to 10,000 gallons	$ 2.21	$ 3.07
19		over 10,000 gallons	$ 2.72	$ 3.82
21	1.5 Inch Meter All Classes (Except Standpipe)	0 gallons to 26,000 gallons	$ 2.21	$ 3.07
22		over 26,000 gallons	$ 2.72	$ 3.82
24	2 Inch Meter All Classes (Except Standpipe)	0 gallons to 45,000 gallons	$ 2.21	$ 3.07
25		over 45,000 gallons	$ 2.72	$ 3.82
27	3 Inch Meter Classes (Exept Standpipe)	0 gallons to 98,000 gallons	$ 2.21	$ 3.07
28		over 98,000 gallons	$ 2.72	$ 3.82

32 [1] Low Income Tariff - A 15% discount is available on monthly minimum and commodity charges to qualified residential customers meeting
33 the low income qualifications.

35 NT = No Tariff

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Present and Proposed Rates

Exhibit
Schedule H-3
Page 3
Witness: Bourassa

Line No.			(Per 1,000 gallons) Present Rates[1]	Proposed Rates[1]
1				
2	**Commodity Rates**			
3	**(All Classes)**			
4	4 Inch Meter All Classes (Except Standpipe)	0 gallons to 158,000 gallons	$ 2.21	$ 3.07
5		over 158,000 gallons	$ 2.72	$ 3.82
6				
7	6 Inch Meter All Classes (Except Standpipe)	0 gallons to 327,000 gallons	$ 2.21	$ 3.07
8		over 327,000 gallons	$ 2.72	$ 3.82
9				
10	8 Inch Meter All Classes (Except Standpipe)	0 gallons to 584,000 gallons	$ 2.21	$ 3.07
11		over 584,000 gallons	$ 2.72	$ 3.82
12				
13	10 Inch Meter All Classes (Except Standpipe)	0 gallons to 870,000 gallons	NT	$ 3.07
14		over 870,000 gallons	NT	$ 3.82
15				
16	10 Inch Meter All Classes (Except Standpipe)	0 gallons to 1,500,000 gallons	NT	$ 3.07
17		over 1,500,000 gallons	NT	$ 3.82
18				
19	Standpipe (hydrant, bulk)	All gallons	$ 2.72	$ 3.82
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32	[1] Low Income Tariff - A 15% discount is available on monthly minimum and commodity charges to qualified residential customers meeting			
33	the low income qualifications.			
34				
35				
36	NT = No Tariff			
37				

Liberty Utilities (Bella Vista Water) Corp.
Changes in Representative Rate Schedules
Test Year Ended December 31, 2014

Exhibit
Schedule H-3
Page 4
Witness: Bourassa

Line No.	Other Service Charges	Present Rates	Proposed Rates
1	Establishment	$ 30.00	$ 25.00
2	Establishment (After Hours)	$ 45.00	remove
	Reestablishment (within 12 months)	(1)	(1)
3	Reconnection (Delinquent)	$ 15.00	(2)
4	Reconnection (Delinquent) (After Hours)	$ 30.00	remove
5	Meter test (If Correct)	$ 30.00	$ 30.00
	Meter Reread (if Correct)	$ 15.00	$ 20.00
6	Deposit	(3)	(3)
7	Deposit Interest	(4)	6%(4)
8			
9	NSF Check	$ 15.00	$ 10.00
10	Meter Reread (if Correct)	$ 20.00	$ 20.00
11	Late Payment Penalty	1.5% per month	1.5% per month
12	Deferred Payment (R-01-2-409.G)	1.5% per month	1.5% per month
13	Moving meter at customer request (R-14-2-405.B)	at Cost	at Cost
14	Service Charge - Flat Rate/After Hours(a)	$ 50.00	$ 50.00
15			
16			
17	(1) Per Commission Rule A.A.C. R14-2-403(D) - Months off the system times the monthly minimum.		
18	(2) Customer shall pay the cost of physical disconnection and Establishment charge (if same		
19	customer) and there share be no charge for disconnection is not work is performed.		
20	(3) Per Commission Rule A.A.C. R14-2-403 (B)		
21	(4) Per Commission Rule A.A.C. R14-2-403(B)		
22			
23			
24	(a) At customer request. No charge for service during normal working hours.		
25			
26	IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM		
27	ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE		
28	TAX. PER COMMISSION RULE 14-2-409D(5).		
29			
30			
31			
32			
33			

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter and Service Line Charges

Exhibit
Schedule H-3
Page 5
Witness: Bourassa

Refundable Meter and Service Line Charges

Line No.		Present Service Line Charge	Present Meter Install-ation Charge	Total Present Charge	Proposed Service Line Charge	Proposed Meter Install-ation Charge	Total Proposed Charge
9	5/8 x 3/4 Inch	1,765.00	105.00	1,870.00	At Cost	At Cost	At Cost
10	3/4 Inch	1,765.00	180.00	1,945.00	At Cost	At Cost	At Cost
11	1 Inch	1,765.00	240.00	2,005.00	At Cost	At Cost	At Cost
12	1 1/2 Inch	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
13	2 Inch	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
14	3 Inch	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
15	4 Inch	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
16	6 inch	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
17	8 Inch	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
18	10 Inch	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
19	12 Inch	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Hook-Up Fees

Exhibit
Schedule H-3
Page 6
Witness: Bourassa

Line No.		Present Charge	Proposed Charge
1			
2	**Off-site Facilities Hook-up Fee**		
3			
4			
5			
6	5/8 x 3/4 Inch	$ 1,600	$ 1,800
7	3/4 Inch	2,400	2,700
8	1 Inch	4,000	4,500
9	1 1/2 Inch	8,000	9,000
10	2 Inch	12,800	14,400
11	3 Inch	25,600	28,800
12	4 Inch	40,000	45,000
13	6 Inch or larger	80,000	90,000
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29	NT = no tariff		
30			
31			
32			
33			
34			
35			
36			

Liberty Utilities (Bella Vista Water) Corp.
Bill Comparison Present and Proposed Rates
Meter Size: 5/8x3/4 Inch Residential

Exhibit
Schedule H-4
Page 1
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 15.00	$ 19.20	$ 4.20	28.00%
1,000	16.45	21.27	4.82	29.28%
2,000	17.90	23.33	5.43	30.35%
3,000	19.35	25.40	6.05	31.26%
4,000	20.80	27.47	6.67	32.04%
5,000	23.01	30.53	7.52	32.69%
6,000	25.22	33.60	8.38	33.22%
7,000	27.43	36.66	9.23	33.66%
8,000	29.64	39.73	10.09	34.04%
9,000	31.85	42.80	10.95	34.37%
10,000	34.06	45.86	11.80	34.65%
12,000	39.50	53.50	14.00	35.43%
14,000	44.94	61.13	16.19	36.02%
16,000	50.38	68.76	18.38	36.48%
18,000	55.82	76.39	20.57	36.86%
20,000	61.26	84.03	22.77	37.16%
25,000	74.86	103.11	28.25	37.73%
30,000	88.46	122.19	33.73	38.13%
35,000	102.06	141.27	39.21	38.42%
40,000	115.66	160.35	44.69	38.64%
45,000	129.26	179.43	50.17	38.81%
50,000	142.86	198.51	55.65	38.96%
60,000	170.06	236.68	66.62	39.17%
70,000	197.26	274.84	77.58	39.33%
80,000	224.46	313.00	88.54	39.45%
90,000	251.66	351.16	99.50	39.54%
100,000	278.86	389.33	110.47	39.61%
Average Usage				
5,914	$ 25.03	$ 33.34	$ 8.30	33.18%
Median Usage				
4,500	$ 21.91	$ 29.00	$ 7.09	32.38%

Present Rates:			
Monthly Minimum:		$	15.00
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	4,000	$	1.45
Up to	10,000	$	2.21
Over	10,000	$	2.72
Proposed Rates:			
Monthly Minimum:		$	19.20
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	4,000	$	2.07
Up to	10,000	$	3.07
Over	10,000	$	3.82
Over			

Liberty Utilities (Bella Vista Water) Corp.
Bill Comparison Present and Proposed Rates
Meter Size: 3/4 Inch Residential

Exhibit
Schedule H-4
Page 2
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 15.00	$ 28.80	$ 13.80	92.00%
1,000	16.45	30.87	14.42	87.64%
2,000	17.90	32.93	15.03	83.98%
3,000	19.35	35.00	15.65	80.87%
4,000	20.80	37.07	16.27	78.20%
5,000	23.01	40.13	17.12	74.41%
6,000	25.22	43.20	17.98	71.28%
7,000	27.43	46.26	18.83	68.66%
8,000	29.64	49.33	19.69	66.43%
9,000	31.85	52.40	20.55	64.51%
10,000	34.06	55.46	21.40	62.84%
12,000	39.50	63.10	23.60	59.73%
14,000	44.94	70.73	25.79	57.38%
16,000	50.38	78.36	27.98	55.54%
18,000	55.82	85.99	30.17	54.05%
20,000	61.26	93.63	32.37	52.83%
25,000	74.86	112.71	37.85	50.56%
30,000	88.46	131.79	43.33	48.98%
35,000	102.06	150.87	48.81	47.82%
40,000	115.66	169.95	54.29	46.94%
45,000	129.26	189.03	59.77	46.24%
50,000	142.86	208.11	65.25	45.68%
60,000	170.06	246.28	76.22	44.82%
70,000	197.26	284.44	87.18	44.19%
80,000	224.46	322.60	98.14	43.72%
90,000	251.66	360.76	109.10	43.35%
100,000	278.86	398.93	120.07	43.06%
Average Usage				
3,820	$ 20.54	$ 36.69	$ 16.15	78.65%
Median Usage				
2,500	$ 18.63	$ 33.97	$ 15.34	82.37%

Present Rates:			
Monthly Minimum:		$	15.00
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	4,000	$	1.45
Up to	10,000	$	2.21
Over	10,000	$	2.72

Proposed Rates:			
Monthly Minimum:		$	28.80
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	4,000	$	2.07
Up to	10,000	$	3.07
Over	10,000	$	3.82

Liberty Utilities (Bella Vista Water) Corp.
Bill Comparison Present and Proposed Rates
Meter Size: 1 Inch Residential

Exhibit
Schedule H-4
Page 3
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 35.00	$ 48.00	$ 13.00	37.14%
1,000	37.21	51.07	13.86	37.24%
2,000	39.42	54.13	14.71	37.32%
3,000	41.63	57.20	15.57	37.40%
4,000	43.84	60.27	16.43	37.47%
5,000	46.05	63.33	17.28	37.53%
6,000	48.26	66.40	18.14	37.58%
7,000	50.47	69.46	18.99	37.63%
8,000	52.68	72.53	19.85	37.68%
9,000	54.89	75.60	20.71	37.72%
10,000	57.10	78.66	21.56	37.76%
12,000	62.54	86.30	23.76	37.98%
14,000	67.98	93.93	25.95	38.17%
16,000	73.42	101.56	28.14	38.33%
18,000	78.86	109.19	30.33	38.46%
20,000	84.30	116.83	32.53	38.58%
25,000	97.90	135.91	38.01	38.82%
30,000	111.50	154.99	43.49	39.00%
35,000	125.10	174.07	48.97	39.14%
40,000	138.70	193.15	54.45	39.26%
45,000	152.30	212.23	59.93	39.35%
50,000	165.90	231.31	65.41	39.43%
60,000	193.10	269.48	76.38	39.55%
70,000	220.30	307.64	87.34	39.64%
80,000	247.50	345.80	98.30	39.72%
90,000	274.70	383.96	109.26	39.78%
100,000	301.90	422.13	120.23	39.82%
Average Usage				
11,794	$ 61.98	$ 85.51	$ 23.53	37.96%
Median Usage				
5,500	$ 47.16	$ 64.86	$ 17.71	37.56%

Present Rates:			
Monthly Minimum:		$	35.00
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	10,000	$	2.21
Over	10,000	$	2.72
Proposed Rates:			
Monthly Minimum:		$	48.00
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	10,000	$	3.07
Over	10,000	$	3.82

Liberty Utilities (Bella Vista Water) Corp.
Bill Comparison Present and Proposed Rates
Meter Size: 5/8 Inch Commercial

Exhibit
Schedule H-4
Page 4
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 15.00	$ 19.20	$ 4.20	28.00%
1,000	17.21	22.27	5.06	29.38%
2,000	19.42	25.33	5.91	30.45%
3,000	21.63	28.40	6.77	31.29%
4,000	23.84	31.47	7.63	31.98%
5,000	26.56	35.28	8.72	32.84%
6,000	29.28	39.10	9.82	33.53%
7,000	32.00	42.91	10.91	34.11%
8,000	34.72	46.73	12.01	34.59%
9,000	37.44	50.55	13.11	35.01%
10,000	40.16	54.36	14.20	35.36%
12,000	45.60	62.00	16.40	35.95%
14,000	51.04	69.63	18.59	36.42%
16,000	56.48	77.26	20.78	36.79%
18,000	61.92	84.89	22.97	37.10%
20,000	67.36	92.53	25.17	37.36%
25,000	80.96	111.61	30.65	37.85%
30,000	94.56	130.69	36.13	38.21%
35,000	108.16	149.77	41.61	38.47%
40,000	121.76	168.85	47.09	38.67%
45,000	135.36	187.93	52.57	38.84%
50,000	148.96	207.01	58.05	38.97%
60,000	176.16	245.18	69.02	39.18%
70,000	203.36	283.34	79.98	39.33%
80,000	230.56	321.50	90.94	39.44%
90,000	257.76	359.66	101.90	39.53%
100,000	284.96	397.83	112.87	39.61%
Average Usage				
6,082	$ 29.50	$ 39.41	$ 9.91	33.58%
Median Usage				
2,500	$ 20.53	$ 26.87	$ 6.34	30.89%

Present Rates:			
Monthly Minimum:		$	15.00
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	4,000	$	2.21
Over	4,000	$	2.72
Proposed Rates:			
Monthly Minimum:		$	19.20
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	4,000	$	3.07
Over	4,000	$	3.82

Liberty Utilities (Bella Vista Water) Corp.
Bill Comparison Present and Proposed Rates
Meter Size: 3/4 Inch Commercial

Exhibit
Schedule H-4
Page 5
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 15.00	$ 19.20	$ 4.20	28.00%
1,000	17.21	22.27	5.06	29.38%
2,000	19.42	25.33	5.91	30.45%
3,000	21.63	28.40	6.77	31.29%
4,000	23.84	31.47	7.63	31.98%
5,000	26.56	35.28	8.72	32.84%
6,000	29.28	39.10	9.82	33.53%
7,000	32.00	42.91	10.91	34.11%
8,000	34.72	46.73	12.01	34.59%
9,000	37.44	50.55	13.11	35.01%
10,000	40.16	54.36	14.20	35.36%
12,000	45.60	62.00	16.40	35.95%
14,000	51.04	69.63	18.59	36.42%
16,000	56.48	77.26	20.78	36.79%
18,000	61.92	84.89	22.97	37.10%
20,000	67.36	92.53	25.17	37.36%
25,000	80.96	111.61	30.65	37.85%
30,000	94.56	130.69	36.13	38.21%
35,000	108.16	149.77	41.61	38.47%
40,000	121.76	168.85	47.09	38.67%
45,000	135.36	187.93	52.57	38.84%
50,000	148.96	207.01	58.05	38.97%
60,000	176.16	245.18	69.02	39.18%
70,000	203.36	283.34	79.98	39.33%
80,000	230.56	321.50	90.94	39.44%
90,000	257.76	359.66	101.90	39.53%
100,000	284.96	397.83	112.87	39.61%
Average Usage				
1,639	$ 18.62	$ 24.23	$ 5.60	30.09%
Median Usage				
1,500	$ 18.32	$ 23.80	$ 5.48	29.94%

Present Rates:			
Monthly Minimum:		$	15.00
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	4,000	$	2.21
Over	4,000	$	2.72
Proposed Rates:			
Monthly Minimum:		$	19.20
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	4,000	$	3.07
Over	4,000	$	3.82

Liberty Utilities (Bella Vista Water) Corp.
Bill Comparison Present and Proposed Rates
Meter Size: 1 Inch Commercial

Exhibit
Schedule H-4
Page 6
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 35.00	$ 48.00	$ 13.00	37.14%
1,000	37.21	51.07	13.86	37.24%
2,000	39.42	54.13	14.71	37.32%
3,000	41.63	57.20	15.57	37.40%
4,000	43.84	60.27	16.43	37.47%
5,000	46.05	63.33	17.28	37.53%
6,000	48.26	66.40	18.14	37.58%
7,000	50.47	69.46	18.99	37.63%
8,000	52.68	72.53	19.85	37.68%
9,000	54.89	75.60	20.71	37.72%
10,000	57.10	78.66	21.56	37.76%
12,000	62.54	86.30	23.76	37.98%
14,000	67.98	93.93	25.95	38.17%
16,000	73.42	101.56	28.14	38.33%
18,000	78.86	109.19	30.33	38.46%
20,000	84.30	116.83	32.53	38.58%
25,000	97.90	135.91	38.01	38.82%
30,000	111.50	154.99	43.49	39.00%
35,000	125.10	174.07	48.97	39.14%
40,000	138.70	193.15	54.45	39.26%
45,000	152.30	212.23	59.93	39.35%
50,000	165.90	231.31	65.41	39.43%
60,000	193.10	269.48	76.38	39.55%
70,000	220.30	307.64	87.34	39.64%
80,000	247.50	345.80	98.30	39.72%
90,000	274.70	383.96	109.26	39.78%
100,000	301.90	422.13	120.23	39.82%
Average Usage				
13,193	$ 65.78	$ 90.85	$ 25.06	38.10%
Median Usage				
6,500	$ 49.37	$ 67.93	$ 18.57	37.61%

Present Rates:			
Monthly Minimum:		$	35.00
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	10,000	$	2.21
Over	10,000	$	2.72
Proposed Rates:			
Monthly Minimum:		$	48.00
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	10,000	$	3.07
Over	10,000	$	3.82

Liberty Utilities (Bella Vista Water) Corp.
Bill Comparison Present and Proposed Rates
Meter Size: 1 1/2 Inch Commercial

Exhibit
Schedule H-4
Page 7
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 70.00	$ 96.00	$ 26.00	37.14%
1,000	72.21	99.07	26.86	37.19%
2,000	74.42	102.13	27.71	37.24%
3,000	76.63	105.20	28.57	37.28%
4,000	78.84	108.27	29.43	37.32%
5,000	81.05	111.33	30.28	37.36%
6,000	83.26	114.40	31.14	37.40%
7,000	85.47	117.46	31.99	37.43%
8,000	87.68	120.53	32.85	37.47%
9,000	89.89	123.60	33.71	37.50%
10,000	92.10	126.66	34.56	37.53%
12,000	96.52	132.80	36.28	37.58%
14,000	100.94	138.93	37.99	37.63%
16,000	105.36	145.06	39.70	37.68%
18,000	109.78	151.19	41.41	37.72%
20,000	114.20	157.33	43.13	37.76%
25,000	125.25	172.66	47.41	37.85%
30,000	138.34	190.99	52.65	38.06%
35,000	151.94	210.07	58.13	38.26%
40,000	165.54	229.15	63.61	38.43%
45,000	179.14	248.23	69.09	38.57%
50,000	192.74	267.31	74.57	38.69%
60,000	219.94	305.48	85.54	38.89%
70,000	247.14	343.64	96.50	39.05%
80,000	274.34	381.80	107.46	39.17%
90,000	301.54	419.96	118.42	39.27%
100,000	328.74	458.13	129.39	39.36%
Average Usage				
32,885	$ 146.19	$ 202.00	$ 55.81	38.18%
Median Usage				
20,500	$ 115.31	$ 158.86	$ 43.55	37.77%

Present Rates:			
Monthly Minimum:		$	70.00
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	26,000	$	2.21
Over	26,000	$	2.72

Proposed Rates:			
Monthly Minimum:		$	96.00
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	26,000	$	3.07
Over	26,000	$	3.82

Liberty Utilities (Bella Vista Water) Corp.
Bill Comparison Present and Proposed Rates
Meter Size: 2 Inch Commercial

Exhibit
Schedule H-4
Page 8
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 120.00	$ 153.60	$ 33.60	28.00%
1,000	122.21	156.67	34.46	28.19%
2,000	124.42	159.73	35.31	28.38%
3,000	126.63	162.80	36.17	28.56%
4,000	128.84	165.87	37.03	28.74%
5,000	131.05	168.93	37.88	28.91%
6,000	133.26	172.00	38.74	29.07%
7,000	135.47	175.06	39.59	29.23%
8,000	137.68	178.13	40.45	29.38%
9,000	139.89	181.20	41.31	29.53%
10,000	142.10	184.26	42.16	29.67%
12,000	146.52	190.40	43.88	29.94%
14,000	150.94	196.53	45.59	30.20%
16,000	155.36	202.66	47.30	30.45%
18,000	159.78	208.79	49.01	30.67%
20,000	164.20	214.93	50.73	30.89%
25,000	175.25	230.26	55.01	31.39%
30,000	186.30	245.59	59.29	31.82%
35,000	197.35	260.92	63.57	32.21%
40,000	208.40	276.25	67.85	32.56%
45,000	219.45	291.58	72.13	32.87%
50,000	233.05	310.66	77.61	33.30%
60,000	260.25	348.83	88.58	34.03%
70,000	287.45	386.99	99.54	34.63%
80,000	314.65	425.15	110.50	35.12%
90,000	341.85	463.31	121.46	35.53%
100,000	369.05	501.48	132.43	35.88%
Average Usage				
68,942	$ 284.57	$ 382.95	$ 98.38	34.57%
Median Usage				
27,500	$ 180.78	$ 237.92	$ 57.15	31.61%

Present Rates:

Monthly Minimum:		$	120.00
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	45,000	$	2.21
Over	45,000	$	2.72

Proposed Rates:

Monthly Minimum:		$	153.60
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	45,000	$	3.07
Over	45,000	$	3.82

Liberty Utilities (Bella Vista Water) Corp.
Bill Comparison Present and Proposed Rates
Meter Size: 3 Inch Commercial

Exhibit
Schedule H-4
Page 9
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 240.00	$ 307.20	$ 67.20	28.00%
1,000	242.21	310.27	68.06	28.10%
2,000	244.42	313.33	68.91	28.19%
3,000	246.63	316.40	69.77	28.29%
4,000	248.84	319.47	70.63	28.38%
5,000	251.05	322.53	71.48	28.47%
6,000	253.26	325.60	72.34	28.56%
7,000	255.47	328.66	73.19	28.65%
8,000	257.68	331.73	74.05	28.74%
9,000	259.89	334.80	74.91	28.82%
10,000	262.10	337.86	75.76	28.91%
12,000	266.52	344.00	77.48	29.07%
14,000	270.94	350.13	79.19	29.23%
16,000	275.36	356.26	80.90	29.38%
18,000	279.78	362.39	82.61	29.53%
20,000	284.20	368.53	84.33	29.67%
25,000	295.25	383.86	88.61	30.01%
30,000	306.30	399.19	92.89	30.33%
35,000	317.35	414.52	97.17	30.62%
40,000	328.40	429.85	101.45	30.89%
45,000	339.45	445.18	105.73	31.15%
50,000	350.50	460.51	110.01	31.39%
60,000	372.60	491.18	118.58	31.82%
70,000	394.70	521.84	127.14	32.21%
80,000	416.80	552.50	135.70	32.56%
90,000	438.90	583.16	144.26	32.87%
100,000	462.02	615.33	153.31	33.18%
Average Usage 143,395	$ 580.06	$ 780.93	$ 200.88	34.63%
Median Usage 111,786	$ 494.08	$ 660.30	$ 166.22	33.64%

Present Rates:			
Monthly Minimum:		$	240.00
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	98,000	$	2.21
Over	98,000	$	2.72
Proposed Rates:			
Monthly Minimum:		$	307.20
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	98,000	$	3.07
Over	98,000	$	3.82

Liberty Utilities (Bella Vista Water) Corp.
Bill Comparison Present and Proposed Rates
Meter Size: 4 Inch Commercial

Exhibit
Schedule H-4
Page 10
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 375.00	$ 480.00	$ 105.00	28.00%
1,000	377.21	483.07	105.86	28.06%
2,000	379.42	486.13	106.71	28.13%
3,000	381.63	489.20	107.57	28.19%
4,000	383.84	492.27	108.43	28.25%
5,000	386.05	495.33	109.28	28.31%
6,000	388.26	498.40	110.14	28.37%
7,000	390.47	501.46	110.99	28.43%
8,000	392.68	504.53	111.85	28.48%
9,000	394.89	507.60	112.71	28.54%
10,000	397.10	510.66	113.56	28.60%
12,000	401.52	516.80	115.28	28.71%
14,000	405.94	522.93	116.99	28.82%
16,000	410.36	529.06	118.70	28.93%
18,000	414.78	535.19	120.41	29.03%
20,000	419.20	541.33	122.13	29.13%
25,000	430.25	556.66	126.41	29.38%
30,000	441.30	571.99	130.69	29.61%
35,000	452.35	587.32	134.97	29.84%
40,000	463.40	602.65	139.25	30.05%
45,000	474.45	617.98	143.53	30.25%
50,000	485.50	633.31	147.81	30.45%
60,000	507.60	663.98	156.38	30.81%
70,000	529.70	694.64	164.94	31.14%
80,000	551.80	725.30	173.50	31.44%
90,000	573.90	755.96	182.06	31.72%
100,000	596.00	786.63	190.63	31.98%
Average Usage 285,797	$ 1,071.79	$ 1,452.17	$ 380.38	35.49%
Median Usage 218,670	$ 889.20	$ 1,196.00	$ 306.80	34.50%

Present Rates:			
Monthly Minimum:		$	375.00
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	158,000	$	2.21
Over	158,000	$	2.72

Proposed Rates:			
Monthly Minimum:		$	480.00
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	158,000	$	3.07
Over	158,000	$	3.82

Liberty Utilities (Bella Vista Water) Corp.
Bill Comparison Present and Proposed Rates
Meter Size: 6 Inch Commercial

Exhibit
Schedule H-4
Page 11
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 750.00	$ 960.00	$ 210.00	28.00%
1,000	752.21	963.07	210.86	28.03%
2,000	754.42	966.13	211.71	28.06%
3,000	756.63	969.20	212.57	28.09%
4,000	758.84	972.27	213.43	28.13%
5,000	761.05	975.33	214.28	28.16%
6,000	763.26	978.40	215.14	28.19%
7,000	765.47	981.46	215.99	28.22%
8,000	767.68	984.53	216.85	28.25%
9,000	769.89	987.60	217.71	28.28%
10,000	772.10	990.66	218.56	28.31%
12,000	776.52	996.80	220.28	28.37%
14,000	780.94	1,002.93	221.99	28.43%
16,000	785.36	1,009.06	223.70	28.48%
18,000	789.78	1,015.19	225.41	28.54%
20,000	794.20	1,021.33	227.13	28.60%
25,000	805.25	1,036.66	231.41	28.74%
30,000	816.30	1,051.99	235.69	28.87%
35,000	827.35	1,067.32	239.97	29.00%
40,000	838.40	1,082.65	244.25	29.13%
45,000	849.45	1,097.98	248.53	29.26%
50,000	860.50	1,113.31	252.81	29.38%
60,000	882.60	1,143.98	261.38	29.61%
70,000	904.70	1,174.64	269.94	29.84%
80,000	926.80	1,205.30	278.50	30.05%
90,000	948.90	1,235.96	287.06	30.25%
100,000	971.00	1,266.63	295.63	30.45%
Average Usage				
77,959	$ 922.29	$ 1,199.04	$ 276.75	30.01%
Median Usage				
71,500	$ 908.02	$ 1,179.24	$ 271.22	29.87%

Present Rates:			
Monthly Minimum:		$	750.00
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	327,000	$	2.21
Over	327,000	$	2.72
Proposed Rates:			
Monthly Minimum:		$	960.00
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	327,000	$	3.07
Over	327,000	$	3.82

Liberty Utilities (Bella Vista Water) Corp.
Bill Comparison Present and Proposed Rates
Meter Size: 8 Inch Commercial

Exhibit
Schedule H-4
Page 12
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 1,200.00	$ 1,536.00	$ 336.00	28.00%
1,000	1,202.21	1,539.07	336.86	28.02%
2,000	1,204.42	1,542.13	337.71	28.04%
3,000	1,206.63	1,545.20	338.57	28.06%
4,000	1,208.84	1,548.27	339.43	28.08%
5,000	1,211.05	1,551.33	340.28	28.10%
6,000	1,213.26	1,554.40	341.14	28.12%
7,000	1,215.47	1,557.46	341.99	28.14%
8,000	1,217.68	1,560.53	342.85	28.16%
9,000	1,219.89	1,563.60	343.71	28.18%
10,000	1,222.10	1,566.66	344.56	28.19%
12,000	1,226.52	1,572.80	346.28	28.23%
14,000	1,230.94	1,578.93	347.99	28.27%
16,000	1,235.36	1,585.06	349.70	28.31%
18,000	1,239.78	1,591.19	351.41	28.34%
20,000	1,244.20	1,597.33	353.13	28.38%
25,000	1,255.25	1,612.66	357.41	28.47%
30,000	1,266.30	1,627.99	361.69	28.56%
35,000	1,277.35	1,643.32	365.97	28.65%
40,000	1,288.40	1,658.65	370.25	28.74%
45,000	1,299.45	1,673.98	374.53	28.82%
50,000	1,310.50	1,689.31	378.81	28.91%
60,000	1,332.60	1,719.98	387.38	29.07%
70,000	1,354.70	1,750.64	395.94	29.23%
80,000	1,376.80	1,781.30	404.50	29.38%
90,000	1,398.90	1,811.96	413.06	29.53%
100,000	1,421.00	1,842.63	421.63	29.67%
Average Usage				
11,459	$ 1,225.32	$ 1,571.14	$ 345.81	28.22%
Median Usage				
4,000	$ 1,208.84	$ 1,548.27	$ 339.43	28.08%

Present Rates:

Monthly Minimum:		$ 1,200.00
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	584,000	$ 2.21
Over	584,000	$ 2.72

Proposed Rates:

Monthly Minimum:		$ 1,536.00
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	584,000	$ 3.07
Over	584,000	$ 3.82

Liberty Utilities (Bella Vista Water) Corp.
Bill Comparison Present and Proposed Rates
Meter Size: Fire Lines 4 Inch

Exhibit
Schedule H-4
Page 13
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 10.00	$ 10.00	$ -	0.00%
1,000	10.00	10.00	-	0.00%
2,000	10.00	10.00	-	0.00%
3,000	10.00	10.00	-	0.00%
4,000	10.00	10.00	-	0.00%
5,000	10.00	10.00	-	0.00%
6,000	10.00	10.00	-	0.00%
7,000	10.00	10.00	-	0.00%
8,000	10.00	10.00	-	0.00%
9,000	10.00	10.00	-	0.00%
10,000	10.00	10.00	-	0.00%
12,000	10.00	10.00	-	0.00%
14,000	10.00	10.00	-	0.00%
16,000	10.00	10.00	-	0.00%
18,000	10.00	10.00	-	0.00%
20,000	10.00	10.00	-	0.00%
25,000	10.00	10.00	-	0.00%
30,000	10.00	10.00	-	0.00%
35,000	10.00	10.00	-	0.00%
40,000	10.00	10.00	-	0.00%
45,000	10.00	10.00	-	0.00%
50,000	10.00	10.00	-	0.00%
60,000	10.00	10.00	-	0.00%
70,000	10.00	10.00	-	0.00%
80,000	10.00	10.00	-	0.00%
90,000	10.00	10.00	-	0.00%
100,000	10.00	10.00	-	0.00%
Average Usage				
-	$ 10.00	$ 10.00	$ -	0.00%
Median Usage				
-	$ 10.00	$ 10.00	$ -	0.00%

Present Rates:
Monthly Minimum: $ 10.00

Proposed Rates:
Monthly Minimum: $ 10.00

Liberty Utilities (Bella Vista Water) Corp.
Bill Comparison Present and Proposed Rates
Meter Size: Fire Lines 6 Inch

Exhibit
Schedule H-4
Page 14
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 15.00	$ 15.00	$ -	0.00%
1,000	15.00	15.00	-	0.00%
2,000	15.00	15.00	-	0.00%
3,000	15.00	15.00	-	0.00%
4,000	15.00	15.00	-	0.00%
5,000	15.00	15.00	-	0.00%
6,000	15.00	15.00	-	0.00%
7,000	15.00	15.00	-	0.00%
8,000	15.00	15.00	-	0.00%
9,000	15.00	15.00	-	0.00%
10,000	15.00	15.00	-	0.00%
12,000	15.00	15.00	-	0.00%
14,000	15.00	15.00	-	0.00%
16,000	15.00	15.00	-	0.00%
18,000	15.00	15.00	-	0.00%
20,000	15.00	15.00	-	0.00%
25,000	15.00	15.00	-	0.00%
30,000	15.00	15.00	-	0.00%
35,000	15.00	15.00	-	0.00%
40,000	15.00	15.00	-	0.00%
45,000	15.00	15.00	-	0.00%
50,000	15.00	15.00	-	0.00%
60,000	15.00	15.00	-	0.00%
70,000	15.00	15.00	-	0.00%
80,000	15.00	15.00	-	0.00%
90,000	15.00	15.00	-	0.00%
100,000	15.00	15.00	-	0.00%
Average Usage				
-	$ 15.00	$ 15.00	$ -	0.00%
Median Usage				
-	$ 15.00	$ 15.00	$ -	0.00%

Present Rates:
Monthly Minimum: $ 15.00

Proposed Rates:
Monthly Minimum: $ 15.00

Liberty Utilities (Bella Vista Water) Corp.
Bill Comparison Present and Proposed Rates
Meter Size: Fire Lines 8 Inch

Exhibit
Schedule H-4
Page 15
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 35.00	$ 35.00	$ -	0.00%
1,000	35.00	35.00	-	0.00%
2,000	35.00	35.00	-	0.00%
3,000	35.00	35.00	-	0.00%
4,000	35.00	35.00	-	0.00%
5,000	35.00	35.00	-	0.00%
6,000	35.00	35.00	-	0.00%
7,000	35.00	35.00	-	0.00%
8,000	35.00	35.00	-	0.00%
9,000	35.00	35.00	-	0.00%
10,000	35.00	35.00	-	0.00%
12,000	35.00	35.00	-	0.00%
14,000	35.00	35.00	-	0.00%
16,000	35.00	35.00	-	0.00%
18,000	35.00	35.00	-	0.00%
20,000	35.00	35.00	-	0.00%
25,000	35.00	35.00	-	0.00%
30,000	35.00	35.00	-	0.00%
35,000	35.00	35.00	-	0.00%
40,000	35.00	35.00	-	0.00%
45,000	35.00	35.00	-	0.00%
50,000	35.00	35.00	-	0.00%
60,000	35.00	35.00	-	0.00%
70,000	35.00	35.00	-	0.00%
80,000	35.00	35.00	-	0.00%
90,000	35.00	35.00	-	0.00%
100,000	35.00	35.00	-	0.00%
Average Usage				
-	$ 35.00	$ 35.00	$ -	0.00%
Median Usage				
-	$ 35.00	$ 35.00	$ -	0.00%

Present Rates:
Monthly Minimum: $ 35.00

Proposed Rates:
Monthly Minimum: $ 35.00

Liberty Utilities (Bella Vista Water) Corp.
Bill Comparison Present and Proposed Rates
Meter Size: 3 Inch Hydrant

Exhibit
Schedule H-4
Page 16
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 240.00	$ 240.00	$ -	0.00%
1,000	242.72	243.82	1.10	0.45%
2,000	245.44	247.63	2.19	0.89%
3,000	248.16	251.45	3.29	1.33%
4,000	250.88	255.27	4.38	1.75%
5,000	253.60	259.08	5.48	2.16%
6,000	256.32	262.90	6.58	2.57%
7,000	259.04	266.71	7.67	2.96%
8,000	261.76	270.53	8.77	3.35%
9,000	264.48	274.35	9.87	3.73%
10,000	267.20	278.16	10.96	4.10%
12,000	272.64	285.80	13.16	4.83%
14,000	278.08	293.43	15.35	5.52%
16,000	283.52	301.06	17.54	6.19%
18,000	288.96	308.69	19.73	6.83%
20,000	294.40	316.33	21.93	7.45%
25,000	308.00	335.41	27.41	8.90%
30,000	321.60	354.49	32.89	10.23%
35,000	335.20	373.57	38.37	11.45%
40,000	348.80	392.65	43.85	12.57%
45,000	362.40	411.73	49.33	13.61%
50,000	376.00	430.81	54.81	14.58%
60,000	403.20	468.98	65.78	16.31%
70,000	430.40	507.14	76.74	17.83%
80,000	457.60	545.30	87.70	19.17%
90,000	484.80	583.46	98.66	20.35%
100,000	512.00	621.63	109.63	21.41%
Average Usage 102,817	$ 519.66	$ 632.38	$ 112.71	21.69%
Median Usage 28,500	$ 317.52	$ 348.76	$ 31.24	9.84%

Present Rates:

Monthly Minimum:	$ 240.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
All gallons	$ 2.72

Proposed Rates:

Monthly Minimum:	$ 240.00
Gallons in Minimum	-
Charge Per 1,000 Gallons	
All gallons	$ 3.82

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 5/8x3/4 Inch Residential

Exhibit
Schedule H-5
Page 1
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	203	233	220	179	175	157	170	189	197	202	166	200	2,291	2,291	-
1	1,000	650	626	659	591	551	501	494	656	665	769	632	778	7,572	9,863	3,790
1,001	2,000	1,001	1,061	1,101	958	786	693	685	917	952	1,237	943	1,225	11,559	21,422	21,134
2,001	3,000	1,231	1,238	1,260	1,052	902	845	810	975	1,130	1,296	1,108	1,385	13,232	34,654	54,221
3,001	4,000	1,212	1,319	1,318	1,105	961	860	835	1,055	1,083	1,207	1,098	1,341	13,394	48,048	101,106
4,001	5,000	1,127	1,101	1,081	998	882	811	777	912	988	1,015	1,078	1,095	11,865	59,913	154,505
5,001	6,000	865	820	775	827	748	666	664	766	851	751	818	764	9,315	69,228	205,742
6,001	7,000	611	580	544	606	609	546	539	623	630	535	639	508	6,970	76,198	251,050
7,001	8,000	457	434	405	431	442	441	462	470	509	398	458	358	5,265	81,463	290,541
8,001	9,000	295	304	309	350	408	386	386	433	353	286	364	245	4,119	85,582	325,554
9,001	10,000	229	207	227	273	358	352	318	291	278	215	261	185	3,194	88,776	355,899
10,001	11,000	154	144	170	246	267	275	323	241	212	164	199	134	2,529	91,305	382,455
11,001	12,000	122	107	113	159	233	275	247	189	159	107	173	107	1,991	93,296	405,352
12,001	13,000	95	81	80	161	183	210	217	172	117	86	115	59	1,576	94,872	425,053
13,001	14,000	71	75	66	121	173	190	221	135	87	66	89	50	1,344	96,216	443,197
14,001	15,000	44	38	54	97	141	145	162	95	77	55	68	37	1,013	97,229	457,886
15,001	16,000	29	31	35	82	126	135	162	77	52	48	77	37	891	98,120	471,697
16,001	17,000	31	26	19	62	94	133	149	58	42	32	43	29	718	98,838	483,545
17,001	18,000	17	23	35	50	87	138	104	54	51	37	62	25	683	99,521	495,498
18,001	19,000	19	19	23	47	70	81	105	52	32	27	32	18	525	100,046	505,210
19,001	20,000	15	10	20	28	66	96	106	44	29	20	35	14	483	100,529	514,629
20,001	21,000	15	12	11	34	58	63	76	30	25	14	26	18	382	100,911	522,460
21,001	22,000	13	14	17	20	39	74	72	40	25	11	20	10	355	101,266	530,093
22,001	23,000	9	8	13	20	25	69	67	20	16	10	13	10	280	101,546	536,393
23,001	24,000	5	7	8	16	29	49	46	18	13	9	13	6	219	101,765	541,540
24,001	25,000	6	5	10	14	32	47	43	20	16	13	19	7	232	101,997	547,224
25,001	26,000	4	2	7	8	31	50	36	14	10	7	11	3	183	102,180	551,890
26,001	27,000	2	5	4	16	22	42	44	7	8	11	14	5	180	102,360	556,661
27,001	28,000	5	2	3	14	19	22	38	17	17	7	5	5	154	102,514	560,896
28,001	29,000	4	3	5	6	14	34	36	12	6	5	14	4	143	102,657	564,971
29,001	30,000	2	4	1	6	18	27	25	8	8	2	5	-	106	102,763	568,098
30,001	31,000	2	2	2	6	13	26	17	10	8	4	5	1	96	102,859	571,026
31,001	32,000	4	5	1	5	13	24	17	4	1	7	5	6	92	102,951	573,924
32,001	33,000	6	3	3	4	13	13	20	1	2	4	5	1	75	103,026	576,362
33,001	34,000	3	3	1	8	7	23	17	10	5	3	3	3	86	103,112	579,243
34,001	35,000	1	4	2	6	8	11	20	7	4	1	2	-	66	103,178	581,520
35,001	36,000	2	5	1	1	4	21	12	3	6	2	2	-	59	103,237	583,614
36,001	37,000	-	2	2	2	7	15	8	5	1	1	7	4	54	103,291	585,586
37,001	38,000	1	3	4	4	4	7	14	5	3	1	2	3	51	103,342	587,498
38,001	39,000	3	2	1	-	2	5	12	2	4	-	3	1	35	103,377	588,846
39,001	40,000	4	-	1	1	4	10	6	3	2	-	5	-	36	103,413	590,268
40,001	41,000	3	-	1	1	6	5	16	5	2	1	3	-	43	103,456	592,009
41,001	42,000	2	2	-	1	4	2	8	5	2	1	-	-	27	103,483	593,130

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 5/8x3/4 Inch Residential

Exhibit
Schedule H-5
Page 1
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
42,001	43,000	-	2	-	2	2	11	6	3	2	2	1	-	31	103,514	594,447
43,001	44,000	-	1	-	4	1	10	10	2	-	-	1	-	29	103,543	595,709
44,001	45,000	-	-	1	2	1	9	12	2	4	3	1	1	36	103,579	597,311
45,001	46,000	-	-	-	1	3	4	2	-	1	-	3	-	14	103,593	597,948
46,001	47,000	-	-	2	1	1	6	4	2	1	1	1	-	19	103,612	598,831
47,001	48,000	-	-	1	2	2	1	2	-	3	-	1	1	13	103,625	599,449
48,001	49,000	-	1	1	-	4	6	4	-	-	-	-	1	17	103,642	600,273
49,001	50,000	1	-	-	3	1	6	3	2	1	-	-	-	17	103,659	601,115
50,001	51,000	-	-	-	-	2	4	4	1	1	-	2	3	17	103,676	601,973
51,001	52,000	-	-	-	1	2	-	2	2	-	-	-	1	8	103,684	602,385
52,001	53,000	1	-	-	-	-	2	2	-	-	1	-	-	6	103,690	602,700
53,001	54,000	1	-	-	-	1	2	1	-	-	-	-	-	5	103,695	602,968
54,001	55,000	-	-	-	-	3	1	1	-	-	-	-	1	6	103,701	603,295
55,001	56,000	-	1	-	1	1	4	2	-	-	1	-	-	10	103,711	603,850
56,001	57,000	1	-	-	1	1	5	1	3	1	-	-	-	13	103,724	604,584
57,001	58,000	-	-	-	-	-	-	2	1	1	-	-	-	4	103,728	604,814
58,001	59,000	1	-	-	1	-	-	-	-	1	-	-	-	3	103,731	604,990
59,001	60,000	-	1	-	1	-	2	3	-	-	-	1	-	8	103,739	605,466
60,001	61,000	-	-	-	2	-	-	3	-	-	-	-	1	6	103,745	605,829
61,001	62,000	-	-	-	-	2	3	1	-	-	-	-	-	6	103,751	606,198
62,001	63,000	-	1	-	2	1	2	1	-	-	-	-	1	8	103,759	606,698
63,001	64,000	-	1	-	1	1	1	4	-	1	-	-	-	9	103,768	607,269
64,001	65,000	-	-	-	1	-	-	-	1	-	-	-	-	2	103,770	607,398
65,001	66,000	-	-	-	-	-	1	-	-	1	-	1	-	3	103,773	607,595
66,001	67,000	-	-	-	1	-	-	-	-	1	-	1	-	3	103,776	607,794
67,001	68,000	-	-	-	-	1	1	2	-	-	-	-	-	4	103,780	608,064
68,001	69,000	-	-	-	-	-	-	-	1	-	-	-	-	1	103,781	608,133
69,001	70,000	-	-	-	-	-	-	1	-	-	-	-	-	1	103,782	608,202
70,001	71,000	-	-	-	-	-	-	-	1	-	-	1	-	2	103,784	608,343
71,001	72,000	-	-	-	-	-	1	-	-	-	-	-	-	1	103,785	608,415
72,001	73,000	-	-	-	-	-	1	1	-	-	-	-	-	2	103,787	608,560
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	103,787	608,560
74,001	75,000	-	-	-	-	1	1	1	-	-	-	-	-	3	103,790	608,783
75,001	76,000	-	-	-	-	-	1	1	-	-	-	-	-	2	103,792	608,934
76,001	77,000	-	-	-	-	1	-	-	-	-	-	-	1	2	103,794	609,087
77,001	78,000	-	-	-	-	-	-	1	-	-	-	-	1	2	103,796	609,242
78,001	79,000	-	-	-	-	1	1	-	-	1	-	-	-	3	103,799	609,478
79,001	80,000	1	-	-	-	-	-	1	-	-	-	-	-	2	103,801	609,637
80,001	81,000	-	-	-	-	-	-	1	-	-	-	-	-	1	103,802	609,717
81,001	82,000	-	-	-	-	-	-	2	-	1	-	-	-	3	103,805	609,962
82,001	83,000	-	-	-	-	-	1	-	-	-	-	-	-	1	103,806	610,044
83,001	84,000	-	-	-	-	1	1	-	-	-	-	-	-	2	103,808	610,211
84,001	85,000	1	-	-	-	-	1	-	-	-	1	-	-	3	103,811	610,465

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 5/8x3/4 Inch Residential

Exhibit
Schedule H-5
Page 1
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	103,811	610,465
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	103,811	610,465
87,001	88,000	-	-	-	-	-	-	1	-	-	-	-	-	1	103,812	610,552
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	103,812	610,552
89,001	90,000	1	-	-	-	-	-	-	-	-	-	-	-	1	103,813	610,642
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	103,813	610,642
91,001	92,000	-	-	-	-	-	-	-	-	1	-	-	-	1	103,814	610,733
92,001	93,000	-	-	-	-	-	-	1	-	-	-	-	-	1	103,815	610,826
93,001	94,000	-	-	-	-	-	-	1	-	-	-	-	-	1	103,816	610,919
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	103,816	610,919
95,001	96,000	-	-	-	-	1	-	-	1	-	-	-	-	2	103,818	611,110
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	103,818	611,110
97,001	98,000	-	-	-	-	-	-	-	1	-	-	-	-	1	103,819	611,208
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	103,819	611,208
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	103,819	611,208
102,350	102,350	1	-	-	-	-	-	-	-	-	-	-	-	1	103,820	611,310
116,023	116,023	1	-	-	-	-	-	-	-	-	-	-	-	1	103,821	611,426
105,980	105,980	1	-	-	-	-	-	-	-	-	-	-	-	1	103,822	611,532
114,310	114,310	1	-	-	-	-	-	-	-	-	-	-	-	1	103,823	611,646
216,540	216,540	1	-	-	-	-	-	-	-	-	-	-	-	1	103,824	611,863
401,830	401,830	1	-	-	-	-	-	-	-	-	-	-	-	1	103,825	612,265
107,840	107,840	-	-	-	1	-	-	-	-	-	-	-	-	1	103,826	612,373
111,430	111,430	-	-	-	-	1	-	-	-	-	-	-	-	1	103,827	612,484
116,992	116,992	-	-	-	-	1	-	-	-	-	-	-	-	1	103,828	612,601
129,680	129,680	-	-	-	-	-	1	-	-	-	-	-	-	1	103,829	612,731
134,416	134,416	-	-	-	-	-	1	-	-	-	-	-	-	1	103,830	612,865
103,770	103,770	-	-	-	-	-	1	-	-	-	-	-	-	1	103,831	612,969
129,983	129,983	-	-	-	-	-	1	-	-	-	-	-	-	1	103,832	613,099
240,043	240,043	-	-	-	-	-	1	-	-	-	-	-	-	1	103,833	613,339
114,544	114,544	-	-	-	-	-	-	1	-	-	-	-	-	1	103,834	613,453
100,310	100,310	-	-	-	-	-	-	1	-	-	-	-	-	1	103,835	613,554
104,340	104,340	-	-	-	-	-	-	-	-	1	-	-	-	1	103,836	613,658
112,331	112,331	-	-	-	-	-	-	-	-	1	-	-	-	1	103,837	613,770
145,320	145,320	-	-	-	-	-	-	-	-	-	-	1	-	1	103,838	613,916
114,734	114,734	-	-	-	-	-	-	-	-	-	-	1	-	1	103,839	614,031
129,550	129,550	-	-	-	-	-	-	-	-	-	-	1	-	1	103,840	614,160
														-	103,840	614,160
Totals		8,588	8,578	8,617	8,644	8,671	8,669	8,672	8,673	8,702	8,676	8,657	8,693	103,840		

Average Usage	5,914
Median Usage	4,500
Average # Customers	8,653
Change in Number of Customers	105

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 3/4 Inch Residential

Exhibit
Schedule H-5
Page 2
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	2	1	3	3	1	1	1	1	2	2	2	1	20	20	-
1	1,000	25	22	17	20	14	8	11	14	17	21	17	17	203	223	102
1,001	2,000	20	22	18	19	15	16	15	19	19	16	17	26	222	445	435
2,001	3,000	12	17	27	24	20	18	15	18	23	20	13	22	229	674	1,007
3,001	4,000	15	15	18	15	16	14	17	16	15	17	19	15	192	866	1,679
4,001	5,000	11	11	10	9	10	15	8	9	11	15	13	15	137	1,003	2,296
5,001	6,000	14	7	5	9	11	10	12	8	4	7	8	5	100	1,103	2,846
6,001	7,000	4	5	3	4	6	7	10	3	2	7	5	3	59	1,162	3,230
7,001	8,000	4	4	4	1	6	-	3	6	6	-	1	4	39	1,201	3,522
8,001	9,000	2	-	-	2	4	3	2	-	1	1	3	-	18	1,219	3,675
9,001	10,000	-	3	1	2	1	2	2	-	2	1	1	-	15	1,234	3,818
10,001	11,000	-	-	1	-	2	2	3	2	1	2	1	-	14	1,248	3,965
11,001	12,000	1	-	-	1	1	2	1	2	1	-	-	2	11	1,259	4,091
12,001	13,000	-	-	-	-	-	1	2	1	1	-	-	1	6	1,265	4,166
13,001	14,000	-	-	-	-	1	3	-	1	-	-	3	-	8	1,273	4,274
14,001	15,000	-	-	-	-	-	1	1	1	1	-	-	-	4	1,277	4,332
15,001	16,000	-	-	-	-	1	1	-	-	-	-	1	-	3	1,280	4,379
16,001	17,000	-	-	-	-	1	-	1	-	-	1	-	-	3	1,283	4,428
17,001	18,000	-	-	-	-	-	-	1	1	-	-	-	-	2	1,285	4,463
18,001	19,000	-	-	-	-	-	1	4	1	1	1	-	-	8	1,293	4,611
19,001	20,000	-	-	-	-	-	-	1	-	-	-	-	-	1	1,294	4,631
20,001	21,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,294	4,631
21,001	22,000	-	-	-	-	-	-	1	-	-	-	-	-	1	1,295	4,652
22,001	23,000	-	-	-	-	-	1	-	-	-	-	-	-	1	1,296	4,675
23,001	24,000	-	-	-	-	-	-	-	-	-	-	-	1	1	1,297	4,698
24,001	25,000	-	-	-	-	-	-	-	-	-	1	-	-	1	1,298	4,723
25,001	26,000	-	-	-	-	-	-	1	1	1	-	-	-	3	1,301	4,799
26,001	27,000	-	-	-	-	-	-	-	1	-	-	-	1	2	1,303	4,852
27,001	28,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,303	4,852
28,001	29,000	-	-	-	-	-	1	-	-	-	-	-	-	1	1,304	4,881
29,001	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,304	4,881
30,001	31,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,304	4,881
31,001	32,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,304	4,881
32,001	33,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,304	4,881
33,001	34,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,304	4,881
34,001	35,000	-	-	-	-	-	-	-	-	-	-	1	-	1	1,305	4,915
35,001	36,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,305	4,915
36,001	37,000	-	-	-	-	-	-	-	-	-	-	1	-	1	1,306	4,952
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,306	4,952

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 3/4 Inch Residential

Exhibit
Schedule H-5
Page 2
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,306	4,952
39,001	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,306	4,952
40,001	41,000	-	-	-	-	-	-	-	-	-	-	-	1	1	1,307	4,992
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
42,001	43,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
43,001	44,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
45,001	46,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
47,001	48,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
48,001	49,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 3/4 Inch Residential

Exhibit
Schedule H-5
Page 2
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307	4,992
	-													-	1,307	4,992
	-													-	1,307	4,992
	-													-	1,307	4,992
Totals		110	107	107	109	110	107	112	105	108	112	106	114	1,307		

Average Usage	3,820
Median Usage	2,500
Average # Customers	109
Change in Number of Customers	4

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 1 Inch Residential

Exhibit
Schedule H-5
Page 3
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	1	1	1	-	-	-	-	-	-	-	-	-	3	3	-
1	1,000	-	-	-	1	1	1	1	1	2	1	1	2	11	14	6
1,001	2,000	2	-	-	-	-	1	-	1	-	1	1	-	6	20	15
2,001	3,000	-	1	-	-	-	-	-	-	1	2	1	-	5	25	27
3,001	4,000	-	-	1	-	-	-	-	1	1	-	1	3	7	32	52
4,001	5,000	-	-	-	1	1	-	1	1	-	-	-	-	4	36	70
5,001	6,000	-	-	1	-	-	1	-	-	-	1	-	-	3	39	86
6,001	7,000	-	-	-	-	-	-	1	-	-	-	-	1	2	41	99
7,001	8,000	-	-	-	-	-	-	1	-	1	-	-	-	2	43	114
8,001	9,000	1	-	1	1	1	1	-	-	-	-	1	-	6	49	165
9,001	10,000	-	2	-	-	-	-	-	-	-	-	-	-	2	51	184
10,001	11,000	1	1	-	-	-	-	-	-	-	-	-	-	2	53	205
11,001	12,000	-	1	-	1	-	-	-	-	-	-	-	-	2	55	228
12,001	13,000	1	-	-	-	-	1	-	-	-	-	-	-	2	57	253
13,001	14,000	-	-	2	-	-	-	-	1	-	-	-	-	3	60	294
14,001	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60	294
15,001	16,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60	294
16,001	17,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60	294
17,001	18,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60	294
18,001	19,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60	294
19,001	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60	294
20,001	21,000	-	-	-	-	-	-	-	-	-	-	1	-	1	61	314
21,001	22,000	-	-	-	-	-	-	1	-	-	-	-	-	1	62	336
22,001	23,000	-	-	-	-	-	-	-	-	-	-	-	-	-	62	336
23,001	24,000	-	-	-	-	1	-	-	-	-	-	-	1	2	64	383
24,001	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	64	383
25,001	26,000	-	-	-	-	-	-	-	-	-	-	-	-	-	64	383
26,001	27,000	-	-	-	-	-	-	-	-	-	-	-	-	-	64	383
27,001	28,000	-	-	-	-	-	-	-	-	-	-	-	-	-	64	383
28,001	29,000	-	-	-	-	-	1	-	-	-	-	-	-	1	65	411
29,001	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65	411
30,001	31,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65	411
31,001	32,000	-	-	-	1	-	-	-	-	-	-	-	-	1	66	443
32,001	33,000	-	-	-	-	1	-	-	-	-	-	-	-	1	67	475
33,001	34,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67	475
34,001	35,000	-	-	-	1	-	-	-	-	-	1	-	-	2	69	544
35,001	36,000	-	-	-	-	-	-	-	-	-	-	-	-	-	69	544
36,001	37,000	-	-	-	-	-	-	-	-	-	-	-	-	-	69	544
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	69	544

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 1 Inch Residential

Exhibit
Schedule H-5
Page 3
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	69	544
39,001	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	69	544
40,001	41,000	-	-	-	-	1	-	-	-	-	-	-	-	1	70	585
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	70	585
42,001	43,000	-	-	-	-	-	1	-	-	-	-	-	-	1	71	627
43,001	44,000	-	-	-	-	-	-	-	-	1	-	-	-	1	72	671
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	671
45,001	46,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	671
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	671
47,001	48,000	-	-	-	-	-	-	-	1	-	-	-	-	1	73	718
48,001	49,000	-	-	-	-	-	-	1	-	-	-	-	-	1	74	767
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 1 Inch Residential

Exhibit
Schedule H-5
Page 3
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74	767
118,000	118,000	-	-	-	-	-	-	1	-	-	-	-	-	1	75	885
	-													-	75	885
Totals		6	6	6	6	6	7	7	6	6	6	6	7	75		

Average Usage	11,794
Median Usage	5,500
Average # Customers	6
Change in Number of Customers	1

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 5/8 Inch Commercial

Exhibit
Schedule H-5
Page 4
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	21	20	16	17	15	12	14	17	17	22	16	19	206	206	-
1	1,000	101	94	102	98	93	88	82	87	94	96	99	104	1,138	1,344	570
1,001	2,000	50	49	52	48	63	47	36	55	60	64	58	72	654	1,998	1,551
2,001	3,000	26	30	34	33	21	28	36	27	27	25	31	27	345	2,343	2,414
3,001	4,000	15	20	13	15	17	16	21	26	19	17	18	19	216	2,559	3,170
4,001	5,000	27	19	16	19	17	24	27	13	13	10	16	7	208	2,767	4,106
5,001	6,000	15	16	16	14	16	17	10	5	12	15	12	10	158	2,925	4,975
6,001	7,000	6	12	14	15	11	12	13	16	15	16	11	10	151	3,076	5,956
7,001	8,000	6	5	11	4	6	5	14	9	5	7	17	11	100	3,176	6,706
8,001	9,000	5	6	8	6	7	8	6	6	5	11	3	12	83	3,259	7,412
9,001	10,000	4	6	7	7	5	4	4	13	10	6	6	5	77	3,336	8,144
10,001	11,000	4	5	2	5	9	9	5	3	3	9	5	3	62	3,398	8,795
11,001	12,000	3	3	5	3	3	4	5	2	6	2	4	4	44	3,442	9,301
12,001	13,000	4	5	6	6	7	3	4	6	8	4	4	2	59	3,501	10,038
13,001	14,000	6	5	2	4	2	7	2	1	5	2	4	2	42	3,543	10,605
14,001	15,000	7	3	1	5	4	5	7	2	1	1	1	3	40	3,583	11,185
15,001	16,000	1	4	3	3	5	4	7	8	4	1	3	4	47	3,630	11,914
16,001	17,000	-	3	2	2	1	5	4	5	6	-	4	2	34	3,664	12,475
17,001	18,000	3	1	2	2	-	3	4	2	-	5	-	2	24	3,688	12,895
18,001	19,000	3	3	1	1	3	1	1	2	-	2	2	1	20	3,708	13,265
19,001	20,000	2	3	3	1	-	1	4	2	2	2	1	2	23	3,731	13,713
20,001	21,000	3	3	-	2	1	4	1	1	2	2	4	2	25	3,756	14,226
21,001	22,000	1	3	-	1	3	1	-	1	1	3	1	2	17	3,773	14,591
22,001	23,000	1	-	2	2	-	3	2	1	3	1	3	1	19	3,792	15,019
23,001	24,000	1	-	2	2	-	2	2	1	-	1	2	-	13	3,805	15,324
24,001	25,000	1	2	1	-	3	-	3	-	2	1	-	1	14	3,819	15,667
25,001	26,000	2	-	-	1	4	2	-	3	2	-	2	2	18	3,837	16,126
26,001	27,000	2	-	1	1	-	2	1	3	1	2	-	2	15	3,852	16,524
27,001	28,000	-	1	1	1	1	-	1	-	-	-	1	-	6	3,858	16,689
28,001	29,000	-	-	1	1	-	-	2	1	1	-	1	-	7	3,865	16,888
29,001	30,000	1	-	1	-	2	1	2	-	1	1	-	-	9	3,874	17,154
30,001	31,000	1	-	-	1	2	1	-	4	1	-	1	-	11	3,885	17,489
31,001	32,000	-	1	-	1	-	-	1	-	-	1	-	-	4	3,889	17,615
32,001	33,000	-	-	-	1	-	2	1	1	1	1	1	1	9	3,898	17,908
33,001	34,000	-	1	-	1	1	-	3	-	-	1	1	2	10	3,908	18,243
34,001	35,000	1	1	2	-	-	1	-	-	-	1	1	-	7	3,915	18,484
35,001	36,000	-	2	-	1	-	-	2	2	1	-	-	-	8	3,923	18,768
36,001	37,000	2	-	1	-	2	1	2	1	-	-	-	1	10	3,933	19,133
37,001	38,000	-	1	-	-	-	1	-	-	-	-	-	-	2	3,935	19,208

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 5/8 Inch Commercial

Exhibit
Schedule H-5
Page 4
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
38,001	39,000	1	-	-	2	-	1	-	2	1	1	1	-	9	3,944	19,555
39,001	40,000	1	-	1	-	1	2	1	-	1	2	-	-	9	3,953	19,910
40,001	41,000	-	-	-	-	-	1	-	1	-	-	-	-	2	3,955	19,991
41,001	42,000	2	-	-	1	2	-	-	-	-	-	1	-	6	3,961	20,240
42,001	43,000	-	-	-	1	-	1	1	-	1	-	-	1	5	3,966	20,453
43,001	44,000	-	2	-	-	-	-	-	1	1	-	1	-	5	3,971	20,670
44,001	45,000	-	-	-	1	-	-	-	-	1	1	-	-	3	3,974	20,804
45,001	46,000	-	1	-	-	-	2	-	-	-	-	1	-	4	3,978	20,986
46,001	47,000	-	-	1	-	-	-	1	-	-	-	-	1	3	3,981	21,125
47,001	48,000	-	-	-	-	1	-	-	-	-	1	-	-	2	3,983	21,220
48,001	49,000	1	-	-	-	2	-	-	-	-	-	-	-	3	3,986	21,366
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3,986	21,366
50,001	51,000	-	-	-	-	-	-	-	1	-	-	-	-	1	3,987	21,416
51,001	52,000	-	-	-	1	1	-	-	-	-	-	-	-	2	3,989	21,519
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3,989	21,519
53,001	54,000	-	-	-	-	-	-	-	-	-	-	1	-	1	3,990	21,573
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3,990	21,573
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	1	1	3,991	21,628
56,001	57,000	-	-	-	-	-	-	1	-	-	-	-	-	1	3,992	21,685
57,001	58,000	-	-	-	-	-	-	-	-	-	1	-	-	1	3,993	21,742
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3,993	21,742
59,001	60,000	-	-	-	-	-	-	-	2	-	-	-	-	2	3,995	21,861
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	1	1	3,996	21,922
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3,996	21,922
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3,996	21,922
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3,996	21,922
64,001	65,000	-	-	-	-	1	-	-	-	-	-	-	-	1	3,997	21,986
65,001	66,000	-	-	-	-	1	-	-	-	-	-	-	-	1	3,998	22,052
66,001	67,000	-	-	-	-	-	-	-	1	1	-	1	-	3	4,001	22,251
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,001	22,251
68,001	69,000	-	-	-	-	-	-	-	-	-	-	1	1	2	4,003	22,388
69,001	70,000	-	-	-	-	-	-	1	-	-	-	1	-	2	4,005	22,527
70,001	71,000	-	-	-	-	-	-	-	-	-	-	1	-	1	4,006	22,598
71,001	72,000	-	-	-	-	-	-	-	1	-	-	-	-	1	4,007	22,669
72,001	73,000	-	-	-	1	-	-	-	-	-	-	-	-	1	4,008	22,742
73,001	74,000	-	1	-	-	-	-	-	-	-	-	-	-	1	4,009	22,815
74,001	75,000	-	-	-	-	-	1	-	-	-	-	-	-	1	4,010	22,890
75,001	76,000	-	-	-	-	-	-	-	-	1	-	-	-	1	4,011	22,965
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,011	22,965

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 5/8 Inch Commercial

Exhibit
Schedule H-5
Page 4
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
77,001	78,000	-	-	-	-	-	-	1	-	-	-	-	-	1	4,012	23,043
78,001	79,000	-	-	-	-	1	-	-	1	-	-	-	-	2	4,014	23,200
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,014	23,200
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,014	23,200
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,014	23,200
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,014	23,200
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,014	23,200
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,014	23,200
85,001	86,000	1	-	-	-	-	-	-	-	-	-	-	-	1	4,015	23,285
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,015	23,285
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,015	23,285
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,015	23,285
89,001	90,000	-	-	1	-	-	-	-	-	-	-	-	-	1	4,016	23,375
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,016	23,375
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,016	23,375
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,016	23,375
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,016	23,375
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,016	23,375
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,016	23,375
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,016	23,375
97,001	98,000	-	-	-	-	-	1	-	-	-	-	-	-	1	4,017	23,472
98,001	99,000	-	-	-	-	-	-	-	-	-	1	-	-	1	4,018	23,571
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,018	23,571
169,180	169,180	1	-	-	-	-	-	-	-	-	-	-	-	1	4,019	23,740
108,470	108,470	-	-	1	-	-	-	-	-	-	-	-	-	1	4,020	23,849
112,700	112,700	-	-	-	-	-	-	1	-	-	-	-	-	1	4,021	23,961
117,400	117,400	-	-	-	-	-	-	-	-	1	-	-	-	1	4,022	24,079
146,500	146,500	-	-	-	-	-	-	-	-	-	1	-	-	1	4,023	24,225
135,400	135,400	-	-	-	-	-	-	-	-	-	-	1	-	1	4,024	24,361
120,800	120,800	-	-	-	-	-	-	-	-	-	-	-	1	1	4,025	24,481
-														-	4,025	24,481
Totals		332	331	332	331	334	333	336	336	336	340	343	341	4,025		

Average Usage	6,082
Median Usage	2,500
Average # Customers	335
Change in Number of Customers	9

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 3/4 Inch Commercial

Exhibit
Schedule H-5
Page 5
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	1	1	1	1	1	1	1	1	1	1	1	1	12	12	-
1	1,000	-	-	2	2	-	1	-	1	3	4	4	4	21	33	11
1,001	2,000	3	3	2	2	4	2	3	3	1	-	-	-	23	56	45
2,001	3,000	-	-	-	-	-	1	1	-	-	-	-	-	2	58	50
3,001	4,000	-	-	1	-	-	-	-	-	-	-	-	1	2	60	57
4,001	5,000	2	1	-	1	1	1	-	-	1	1	1	-	9	69	98
5,001	6,000	-	1	-	-	-	-	-	-	-	-	-	-	1	70	103
6,001	7,000	-	-	-	-	-	-	-	1	-	-	-	-	1	71	110
7,001	8,000	-	-	-	-	-	-	-	-	-	-	-	-	-	71	110
8,001	9,000	-	-	-	-	-	-	1	-	-	-	-	-	1	72	118
9,001	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
10,001	11,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
11,001	12,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
12,001	13,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
13,001	14,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
14,001	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
15,001	16,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
16,001	17,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
17,001	18,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
18,001	19,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
19,001	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
20,001	21,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
21,001	22,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
22,001	23,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
23,001	24,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
24,001	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
25,001	26,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
26,001	27,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
27,001	28,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
28,001	29,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
29,001	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
30,001	31,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
31,001	32,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
32,001	33,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
33,001	34,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
34,001	35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
35,001	36,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
36,001	37,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 3/4 Inch Commercial

Exhibit
Schedule H-5
Page 5
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
39,001	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
40,001	41,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
42,001	43,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
43,001	44,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
45,001	46,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
47,001	48,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
48,001	49,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 3/4 Inch Commercial

Exhibit
Schedule H-5
Page 5
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	72	118
	-													-	72	118
Totals		6	6	6	6	6	6	6	6	6	6	6	6	72		

Average Usage	1,639
Median Usage	1,500
Average # Customers	6
Change in Number of Customers	-

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 1 Inch Commercial

Exhibit
Schedule H-5
Page 6
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	16	16	15	9	8	7	4	6	6	11	8	12	118	118	-
1	1,000	13	22	17	17	14	15	14	15	19	20	25	26	217	335	109
1,001	2,000	13	14	13	20	15	9	13	16	17	16	13	13	172	507	367
2,001	3,000	12	5	9	6	8	9	8	6	10	11	10	12	106	613	632
3,001	4,000	8	8	7	6	9	8	5	14	10	10	8	8	101	714	985
4,001	5,000	5	5	9	8	6	5	6	5	10	5	5	6	75	789	1,323
5,001	6,000	3	6	5	5	7	8	8	7	5	7	8	10	79	868	1,757
6,001	7,000	5	9	7	5	6	3	4	6	2	5	9	3	64	932	2,173
7,001	8,000	7	5	8	9	3	5	4	3	8	4	3	9	68	1,000	2,683
8,001	9,000	6	3	6	5	8	3	7	1	1	3	4	6	53	1,053	3,134
9,001	10,000	9	7	2	4	9	8	2	6	4	4	3	2	60	1,113	3,704
10,001	11,000	5	6	7	5	2	2	6	4	6	5	5	5	58	1,171	4,313
11,001	12,000	6	1	5	2	3	4	4	6	5	2	2	3	43	1,214	4,808
12,001	13,000	5	6	4	8	7	5	3	2	-	5	3	2	50	1,264	5,433
13,001	14,000	5	6	3	3	3	1	4	3	1	3	6	5	43	1,307	6,013
14,001	15,000	1	2	3	3	5	1	2	5	7	1	2	2	34	1,341	6,506
15,001	16,000	3	-	4	3	3	5	1	2	1	3	4	3	32	1,373	7,002
16,001	17,000	-	3	2	3	1	6	2	5	3	3	1	4	33	1,406	7,547
17,001	18,000	1	3	3	3	-	4	5	2	2	3	1	1	28	1,434	8,037
18,001	19,000	1	1	1	2	2	2	3	3	2	1	1	1	20	1,454	8,407
19,001	20,000	2	1	1	-	1	4	2	1	2	3	6	4	27	1,481	8,933
20,001	21,000	2	3	1	-	1	3	4	3	1	3	1	1	23	1,504	9,405
21,001	22,000	1	1	-	-	3	-	1	2	1	1	1	-	11	1,515	9,641
22,001	23,000	-	-	3	-	2	1	3	4	4	3	3	2	25	1,540	10,204
23,001	24,000	1	1	2	2	3	3	1	1	2	1	2	1	20	1,560	10,674
24,001	25,000	3	1	-	2	3	5	-	2	3	-	-	1	20	1,580	11,164
25,001	26,000	1	1	1	3	-	1	5	2	1	-	-	-	15	1,595	11,546
26,001	27,000	-	-	1	-	1	-	1	2	3	1	-	-	9	1,604	11,785
27,001	28,000	-	-	1	1	-	1	1	-	2	-	2	-	8	1,612	12,005
28,001	29,000	-	1	-	-	-	-	2	-	-	-	1	2	6	1,618	12,176
29,001	30,000	-	1	-	-	-	-	-	-	2	-	-	1	4	1,622	12,294
30,001	31,000	-	1	-	-	-	-	-	-	-	-	-	-	1	1,623	12,324
31,001	32,000	1	-	-	2	-	-	2	-	1	1	-	-	7	1,630	12,545
32,001	33,000	1	-	1	-	-	1	-	-	-	-	1	-	4	1,634	12,675
33,001	34,000	1	-	1	1	1	-	1	-	-	1	-	-	6	1,640	12,876
34,001	35,000	2	1	-	1	-	1	1	-	-	-	1	-	7	1,647	13,117
35,001	36,000	-	1	-	-	1	-	-	-	-	1	1	-	4	1,651	13,259
36,001	37,000	-	-	1	-	-	-	-	2	-	1	-	-	4	1,655	13,405
37,001	38,000	1	-	-	1	-	-	-	1	1	1	-	1	6	1,661	13,630

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 1 Inch Commercial

Exhibit
Schedule H-5
Page 6
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's
38,001	39,000	-	-	-	-	-	-	1	-	-	-	-	1	2	1,663	13,707
39,001	40,000	1	2	1	2	-	-	1	-	-	-	-	-	7	1,670	13,984
40,001	41,000	1	1	-	-	-	1	-	-	-	-	-	-	3	1,673	14,105
41,001	42,000	-	-	-	1	-	-	-	-	-	-	-	-	1	1,674	14,147
42,001	43,000	1	-	-	1	1	-	1	-	-	1	1	-	6	1,680	14,402
43,001	44,000	-	-	-	-	1	-	-	-	-	1	1	-	3	1,683	14,532
44,001	45,000	-	-	1	-	1	-	-	-	-	-	1	-	3	1,686	14,666
45,001	46,000	-	-	-	-	1	-	1	-	-	-	-	-	2	1,688	14,757
46,001	47,000	-	-	-	-	1	1	-	-	-	-	-	-	2	1,690	14,850
47,001	48,000	-	-	-	-	1	-	1	2	2	-	-	-	6	1,696	15,135
48,001	49,000	-	-	-	1	-	-	1	1	1	-	-	-	4	1,700	15,329
49,001	50,000	-	-	-	-	-	-	-	1	-	-	-	1	2	1,702	15,428
50,001	51,000	-	-	-	-	-	-	1	-	-	-	-	-	1	1,703	15,478
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,703	15,478
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,703	15,478
53,001	54,000	-	-	-	1	-	1	-	-	-	-	-	-	2	1,705	15,585
54,001	55,000	-	-	-	-	-	-	-	-	-	-	1	-	1	1,706	15,640
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,706	15,640
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,706	15,640
57,001	58,000	-	-	-	-	-	3	-	-	-	-	-	-	3	1,709	15,812
58,001	59,000	-	-	-	-	-	-	1	-	-	1	-	-	2	1,711	15,929
59,001	60,000	-	-	1	-	-	1	2	1	-	-	-	-	5	1,716	16,227
60,001	61,000	-	-	-	-	-	-	-	-	1	-	1	-	2	1,718	16,348
61,001	62,000	-	-	-	-	1	-	-	1	-	-	-	-	2	1,720	16,471
62,001	63,000	-	1	-	1	-	1	-	-	-	-	-	-	3	1,723	16,658
63,001	64,000	-	-	-	-	1	-	-	-	-	-	1	-	2	1,725	16,785
64,001	65,000	-	-	-	-	-	-	-	1	-	-	-	-	1	1,726	16,850
65,001	66,000	-	-	-	-	-	-	-	-	-	-	1	-	1	1,727	16,915
66,001	67,000	-	-	-	-	-	-	1	-	1	-	-	-	2	1,729	17,048
67,001	68,000	-	-	-	-	1	-	1	1	-	-	-	-	3	1,732	17,251
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,732	17,251
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,732	17,251
70,001	71,000	-	1	-	-	-	1	-	-	1	-	-	1	4	1,736	17,533
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,736	17,533
72,001	73,000	-	-	-	-	-	-	-	-	1	-	-	-	1	1,737	17,605
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,737	17,605
74,001	75,000	-	-	-	-	-	2	-	-	-	-	-	-	2	1,739	17,754
75,001	76,000	-	-	-	-	1	-	1	-	-	-	-	-	2	1,741	17,905
76,001	77,000	-	-	-	-	-	-	-	-	1	-	-	-	1	1,742	17,982

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 1 Inch Commercial

Exhibit
Schedule H-5
Page 6
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,742	17,982
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,742	17,982
79,001	80,000	-	-	-	-	-	1	-	-	-	-	-	-	1	1,743	18,061
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,743	18,061
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,743	18,061
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,743	18,061
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,743	18,061
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,743	18,061
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	1	1	1,744	18,147
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,744	18,147
87,001	88,000	-	-	-	-	-	-	1	1	1	-	-	-	3	1,747	18,409
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,747	18,409
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,747	18,409
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,747	18,409
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,747	18,409
92,001	93,000	-	-	-	-	-	-	-	-	-	1	-	-	1	1,748	18,502
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,748	18,502
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,748	18,502
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,748	18,502
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,748	18,502
97,001	98,000	-	-	-	-	-	-	-	-	-	1	-	-	1	1,749	18,599
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,749	18,599
99,001	100,000	-	-	-	-	-	-	-	1	-	-	-	-	1	1,750	18,699
102,760	102,760	1	-	-	-	-	-	-	-	-	-	-	-	1	1,751	18,802
155,500	155,500	1	-	-	-	-	-	-	-	-	-	-	-	1	1,752	18,957
107,862	107,862	1	-	-	-	-	-	-	-	-	-	-	-	1	1,753	19,065
157,500	157,500	-	1	-	-	-	-	-	-	-	-	-	-	1	1,754	19,222
108,833	108,833	-	1	-	-	-	-	-	-	-	-	-	-	1	1,755	19,331
152,500	152,500	-	-	1	-	-	-	-	-	-	-	-	-	1	1,756	19,484
100,360	100,360	-	-	1	-	-	-	-	-	-	-	-	-	1	1,757	19,584
148,000	148,000	-	-	-	1	-	-	-	-	-	-	-	-	1	1,758	19,732
108,388	108,388	-	-	-	1	-	-	-	-	-	-	-	-	1	1,759	19,841
191,450	191,450	-	-	-	-	1	-	-	-	-	-	-	-	1	1,760	20,032
218,870	218,870	-	-	-	-	1	-	-	-	-	-	-	-	1	1,761	20,251
133,700	133,700	-	-	-	-	1	-	-	-	-	-	-	-	1	1,762	20,385
105,065	105,065	-	-	-	-	1	-	-	-	-	-	-	-	1	1,763	20,490
180,570	180,570	-	-	-	-	-	1	-	-	-	-	-	-	1	1,764	20,670
206,950	206,950	-	-	-	-	-	1	-	-	-	-	-	-	1	1,765	20,877
144,100	144,100	-	-	-	-	-	1	-	-	-	-	-	-	1	1,766	21,021

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 1 Inch Commercial

Exhibit
Schedule H-5
Page 6
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
156,640	156,640	-	-	-	-	-	1	-	-	-	-	-	-	1	1,767	21,178
111,234	111,234	-	-	-	-	-	1	-	-	-	-	-	-	1	1,768	21,289
252,560	252,560	-	-	-	-	-	-	1	-	-	-	-	-	1	1,769	21,542
287,250	287,250	-	-	-	-	-	-	1	-	-	-	-	-	1	1,770	21,829
135,200	135,200	-	-	-	-	-	-	1	-	-	-	-	-	1	1,771	21,964
176,140	176,140	-	-	-	-	-	-	1	-	-	-	-	-	1	1,772	22,140
117,423	117,423	-	-	-	-	-	-	1	-	-	-	-	-	1	1,773	22,258
130,400	130,400	-	-	-	-	-	-	-	1	-	-	-	-	1	1,774	22,388
106,302	106,302	-	-	-	-	-	-	-	1	-	-	-	-	1	1,775	22,494
135,000	135,000	-	-	-	-	-	-	-	-	1	-	-	-	1	1,776	22,629
117,579	117,579	-	-	-	-	-	-	-	-	1	-	-	-	1	1,777	22,747
107,290	107,290	-	-	-	-	-	-	-	-	-	1	-	-	1	1,778	22,854
104,270	104,270	-	-	-	-	-	-	-	-	-	1	-	-	1	1,779	22,959
136,201	136,201	-	-	-	-	-	-	-	-	-	-	1	-	1	1,780	23,095
162,480	162,480	-	-	-	-	-	-	-	-	-	-	1	-	1	1,781	23,257
144,000	144,000	-	-	-	-	-	-	-	-	-	-	1	-	1	1,782	23,401
121,600	121,600	-	-	-	-	-	-	-	-	-	-	-	1	1	1,783	23,523
	-													-	1,783	23,523
	-													-	1,783	23,523
	-													-	1,783	23,523
Totals		146	148	148	148	149	147	148	149	153	146	150	151	1,783		

Average Usage	13,193
Median Usage	6,500
Average # Customers	149
Change in Number of Customers	5

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 1 1/2 Inch Commercial

Exhibit
Schedule H-5
Page 7
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	3	9	12	11	9	8	6	8	8	6	4	5	89	89	-
1	1,000	12	8	5	3	6	3	8	5	7	7	9	9	82	171	41
1,001	2,000	7	3	7	8	4	3	3	5	6	8	3	7	64	235	137
2,001	3,000	5	9	6	3	8	9	7	8	5	7	7	8	82	317	342
3,001	4,000	4	5	2	4	1	5	3	4	5	2	6	2	43	360	493
4,001	5,000	3	4	2	2	5	2	3	3	2	4	3	3	36	396	655
5,001	6,000	3	1	3	8	1	1	2	4	5	4	2	2	36	432	853
6,001	7,000	3	3	2	1	3	2	2	-	2	1	3	2	24	456	1,009
7,001	8,000	-	1	1	-	1	-	4	1	5	-	-	1	14	470	1,114
8,001	9,000	2	1	2	1	1	1	1	-	-	-	2	-	11	481	1,207
9,001	10,000	2	1	1	2	3	3	-	1	2	2	-	1	18	499	1,378
10,001	11,000	2	1	-	1	-	1	-	3	3	2	2	5	20	519	1,588
11,001	12,000	-	2	1	1	1	1	-	1	-	2	1	-	10	529	1,703
12,001	13,000	2	1	1	1	1	2	2	2	-	4	2	-	18	547	1,928
13,001	14,000	-	2	1	-	1	2	1	1	2	1	-	1	12	559	2,090
14,001	15,000	-	1	1	1	1	1	1	1	2	2	1	2	14	573	2,293
15,001	16,000	-	-	2	2	1	-	1	1	1	-	-	-	8	581	2,417
16,001	17,000	2	-	-	1	-	1	2	2	1	1	-	1	11	592	2,599
17,001	18,000	2	1	4	2	3	2	-	-	-	1	1	-	16	608	2,879
18,001	19,000	-	1	-	2	-	1	2	2	1	3	2	2	16	624	3,175
19,001	20,000	2	-	2	2	1	4	1	2	1	2	2	2	21	645	3,584
20,001	21,000	3	1	2	3	1	1	1	3	2	2	3	3	25	670	4,097
21,001	22,000	1	3	3	1	1	2	2	1	1	-	1	-	16	686	4,441
22,001	23,000	2	4	2	1	4	-	2	2	1	2	1	2	23	709	4,958
23,001	24,000	4	3	3	3	4	1	2	2	1	2	2	1	28	737	5,616
24,001	25,000	1	1	4	2	1	-	1	5	3	2	1	1	22	759	6,155
25,001	26,000	2	2	-	3	2	3	1	2	-	2	-	1	18	777	6,614
26,001	27,000	2	4	2	2	1	3	2	1	2	1	2	1	23	800	7,224
27,001	28,000	1	4	2	-	3	1	-	-	4	1	2	2	20	820	7,774
28,001	29,000	1	-	1	-	2	1	3	2	3	2	-	1	16	836	8,230
29,001	30,000	4	-	1	2	3	-	4	-	-	3	1	1	19	855	8,790
30,001	31,000	2	-	1	1	-	1	1	1	-	1	1	2	11	866	9,126
31,001	32,000	1	1	1	2	1	4	1	1	2	2	4	3	23	889	9,850
32,001	33,000	-	-	-	1	-	1	1	1	-	2	-	1	7	896	10,078
33,001	34,000	-	1	-	1	-	1	3	2	-	-	4	2	14	910	10,547
34,001	35,000	-	1	3	1	-	-	-	2	3	-	2	-	12	922	10,961
35,001	36,000	-	-	-	-	2	-	1	3	1	2	-	-	9	931	11,280
36,001	37,000	1	1	-	2	-	1	-	1	2	-	1	-	9	940	11,609

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 1 1/2 Inch Commercial

Exhibit
Schedule H-5
Page 7
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
37,001	38,000	-	2	-	-	1	2	2	-	1	-	-	2	10	950	11,984
38,001	39,000	1	1	3	-	-	2	1	-	1	2	1	-	12	962	12,446
39,001	40,000	1	-	2	-	2	1	3	3	-	-	-	1	13	975	12,959
40,001	41,000	1	-	1	2	4	-	-	1	1	2	1	2	15	990	13,567
41,001	42,000	2	1	-	-	1	1	1	-	1	-	1	2	10	1,000	13,982
42,001	43,000	-	1	2	-	1	1	2	-	1	-	1	-	9	1,009	14,364
43,001	44,000	1	1	-	3	-	3	1	-	1	-	3	-	13	1,022	14,930
44,001	45,000	3	2	-	-	2	4	-	-	-	1	-	1	13	1,035	15,508
45,001	46,000	-	-	1	-	1	1	-	1	1	1	-	-	6	1,041	15,781
46,001	47,000	1	1	-	-	-	-	-	1	-	-	-	2	5	1,046	16,014
47,001	48,000	-	1	-	1	-	-	1	-	-	1	1	-	5	1,051	16,251
48,001	49,000	-	1	-	1	1	-	1	1	-	3	-	1	9	1,060	16,688
49,001	50,000	-	-	-	-	-	1	1	-	-	-	-	1	3	1,063	16,836
50,001	51,000	1	1	-	1	1	1	-	1	2	-	3	1	12	1,075	17,442
51,001	52,000	-	-	1	-	-	1	-	-	1	1	-	1	5	1,080	17,700
52,001	53,000	-	-	-	-	2	1	-	-	-	-	1	-	4	1,084	17,910
53,001	54,000	-	-	-	1	1	-	-	-	2	1	-	1	6	1,090	18,231
54,001	55,000	1	1	1	-	-	-	1	-	-	-	-	-	4	1,094	18,449
55,001	56,000	1	-	1	1	-	-	-	-	-	-	2	1	6	1,100	18,782
56,001	57,000	-	-	1	1	-	-	1	1	1	1	-	2	8	1,108	19,234
57,001	58,000	-	1	-	-	-	-	1	-	-	-	-	-	2	1,110	19,349
58,001	59,000	-	1	-	1	-	-	-	-	1	-	-	-	3	1,113	19,525
59,001	60,000	-	-	1	-	-	-	-	-	-	-	-	-	1	1,114	19,584
60,001	61,000	-	-	-	-	-	-	-	1	-	1	-	2	4	1,118	19,826
61,001	62,000	-	1	-	-	-	1	1	-	-	-	-	-	3	1,121	20,011
62,001	63,000	-	-	-	1	-	-	1	-	1	-	1	-	4	1,125	20,261
63,001	64,000	-	1	-	1	-	-	-	-	-	-	-	-	2	1,127	20,388
64,001	65,000	1	-	-	-	-	-	-	-	1	1	-	1	4	1,131	20,646
65,001	66,000	1	-	-	-	-	-	1	1	-	-	-	-	3	1,134	20,842
66,001	67,000	-	1	2	-	1	-	-	2	-	-	-	-	6	1,140	21,241
67,001	68,000	1	-	-	-	-	1	-	-	-	-	1	1	4	1,144	21,511
68,001	69,000	1	-	-	-	-	-	-	-	-	-	1	-	2	1,146	21,648
69,001	70,000	-	-	-	-	-	1	1	1	-	-	-	-	3	1,149	21,857
70,001	71,000	1	2	-	-	-	-	-	-	-	-	1	-	4	1,153	22,139
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,153	22,139
72,001	73,000	-	-	1	-	-	-	-	-	-	-	-	-	1	1,154	22,211
73,001	74,000	1	-	-	-	-	-	-	-	-	-	-	-	1	1,155	22,285
74,001	75,000	-	1	-	-	2	-	-	-	-	-	-	1	4	1,159	22,583

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 1 1/2 Inch Commercial

Exhibit
Schedule H-5
Page 7
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
75,001	76,000	-	-	-	-	-	1	1	-	-	-	-	-	2	1,161	22,734
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,161	22,734
77,001	78,000	-	-	1	-	1	-	1	1	-	-	-	-	4	1,165	23,044
78,001	79,000	-	-	-	-	-	-	-	-	-	-	2	-	2	1,167	23,201
79,001	80,000	1	-	-	-	-	-	1	-	1	-	-	-	3	1,170	23,439
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,170	23,439
81,001	82,000	-	-	-	1	-	1	-	-	-	-	1	-	3	1,173	23,684
82,001	83,000	1	-	1	-	-	-	-	-	-	-	-	-	2	1,175	23,849
83,001	84,000	-	-	-	1	-	-	-	-	-	-	-	-	1	1,176	23,932
84,001	85,000	-	-	1	-	-	-	-	-	-	-	-	-	1	1,177	24,017
85,001	86,000	-	-	-	-	-	-	-	-	-	-	1	-	1	1,178	24,102
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,178	24,102
87,001	88,000	-	-	-	-	-	-	-	1	-	1	-	-	2	1,180	24,277
88,001	89,000	-	-	-	-	-	-	-	-	-	2	-	-	2	1,182	24,454
89,001	90,000	-	-	1	-	-	-	-	-	-	-	-	-	1	1,183	24,544
90,001	91,000	-	-	-	1	-	1	-	-	-	-	-	-	2	1,185	24,725
91,001	92,000	-	-	1	-	-	-	-	-	-	-	-	-	1	1,186	24,816
92,001	93,000	-	-	-	-	1	-	-	-	-	-	1	-	2	1,188	25,001
93,001	94,000	-	-	-	-	-	-	1	-	-	-	-	1	2	1,190	25,188
94,001	95,000	-	-	-	-	-	-	-	-	1	-	-	-	1	1,191	25,283
95,001	96,000	-	-	-	-	-	-	-	-	1	1	-	-	2	1,193	25,474
96,001	97,000	-	-	-	-	-	-	-	-	-	1	1	-	2	1,195	25,667
97,001	98,000	-	-	-	-	-	-	1	-	-	-	-	-	1	1,196	25,764
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,196	25,764
99,001	100,000	1	-	-	-	1	-	-	-	-	-	-	-	2	1,198	25,963
125,400	125,400	1	-	-	-	-	-	-	-	-	-	-	-	1	1,199	26,088
238,960	238,960	1	-	-	-	-	-	-	-	-	-	-	-	1	1,200	26,327
101,100	101,100	1	-	-	-	-	-	-	-	-	-	-	-	1	1,201	26,429
238,200	238,200	1	-	-	-	-	-	-	-	-	-	-	-	1	1,202	26,667
162,200	162,200	1	-	-	-	-	-	-	-	-	-	-	-	1	1,203	26,829
108,900	108,900	1	-	-	-	-	-	-	-	-	-	-	-	1	1,204	26,938
132,100	132,100	-	1	-	-	-	-	-	-	-	-	-	-	1	1,205	27,070
214,100	214,100	-	1	-	-	-	-	-	1	-	-	-	-	2	1,207	27,498
110,100	110,100	-	1	-	-	-	-	-	-	-	-	-	-	1	1,208	27,608
191,700	191,700	-	1	-	-	-	-	-	-	-	-	-	-	1	1,209	27,800
144,700	144,700	-	1	-	-	-	-	-	-	-	-	-	-	1	1,210	27,945
170,200	170,200	-	1	-	-	-	-	-	-	-	-	-	-	1	1,211	28,115
106,700	106,700	-	1	-	-	-	-	-	-	-	-	-	-	1	1,212	28,222

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 1 1/2 Inch Commercial

Exhibit
Schedule H-5
Page 7
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
117,000	117,000	-	-	1	-	-	-	-	-	-	-	-	-	1	1,213	28,339
205,600	205,600	-	-	1	-	-	-	-	-	-	-	-	-	1	1,214	28,544
202,770	202,770	-	-	1	-	-	-	-	-	-	-	-	-	1	1,215	28,747
148,000	148,000	-	-	1	-	-	-	-	-	-	-	-	-	1	1,216	28,895
142,800	142,800	-	-	1	-	-	-	-	-	-	-	-	-	1	1,217	29,038
184,700	184,700	-	-	1	-	-	-	-	-	-	-	-	-	1	1,218	29,222
112,700	112,700	-	-	-	1	-	-	-	-	-	-	-	-	1	1,219	29,335
212,770	212,770	-	-	-	1	-	-	-	-	-	-	-	-	1	1,220	29,548
148,900	148,900	-	-	-	1	-	-	-	-	-	-	-	-	1	1,221	29,697
154,500	154,500	-	-	-	1	-	-	-	-	-	-	-	-	1	1,222	29,851
133,600	133,600	-	-	-	1	-	-	-	-	-	-	-	-	1	1,223	29,985
109,300	109,300	-	-	-	1	-	-	-	-	-	-	-	-	1	1,224	30,094
212,500	212,500	-	-	-	1	-	1	-	-	-	-	-	-	2	1,226	30,519
125,200	125,200	-	-	-	1	-	-	-	-	-	-	-	-	1	1,227	30,644
110,400	110,400	-	-	-	1	-	-	-	-	-	-	-	-	1	1,228	30,755
104,300	104,300	-	-	-	-	1	-	-	-	-	-	-	-	1	1,229	30,859
190,370	190,370	-	-	-	-	1	-	-	-	-	-	-	-	1	1,230	31,049
152,200	152,200	-	-	-	-	1	-	-	-	-	-	-	-	1	1,231	31,202
231,700	231,700	-	-	-	-	1	-	-	-	-	-	-	-	1	1,232	31,433
152,700	152,700	-	-	-	-	1	-	-	-	-	-	-	-	1	1,233	31,586
108,800	108,800	-	-	-	-	1	-	-	-	-	-	-	-	1	1,234	31,695
383,400	383,400	-	-	-	-	1	-	-	-	-	-	-	-	1	1,235	32,078
117,900	117,900	-	-	-	-	1	-	-	-	-	-	-	-	1	1,236	32,196
107,700	107,700	-	-	-	-	1	-	-	-	-	-	-	-	1	1,237	32,304
120,800	120,800	-	-	-	-	-	1	-	-	-	-	-	-	1	1,238	32,425
211,310	211,310	-	-	-	-	-	1	-	-	-	-	-	-	1	1,239	32,636
284,500	284,500	-	-	-	-	-	1	-	-	-	-	-	-	1	1,240	32,920
377,900	377,900	-	-	-	-	-	1	-	-	-	-	-	-	1	1,241	33,298
151,900	151,900	-	-	-	-	-	1	-	-	-	-	-	-	1	1,242	33,450
503,800	503,800	-	-	-	-	-	1	-	-	-	-	-	-	1	1,243	33,954
132,800	132,800	-	-	-	-	-	1	-	-	-	-	-	-	1	1,244	34,087
347,100	347,100	-	-	-	-	-	1	-	-	-	-	-	-	1	1,245	34,434
104,834	104,834	-	-	-	-	-	1	-	-	-	-	-	-	1	1,246	34,539
111,800	111,800	-	-	-	-	-	1	-	-	-	-	-	-	1	1,247	34,651
119,301	119,301	-	-	-	-	-	-	1	-	-	-	-	-	1	1,248	34,770
175,100	175,100	-	-	-	-	-	-	1	-	-	-	-	-	1	1,249	34,945
363,400	363,400	-	-	-	-	-	-	1	-	-	-	-	-	1	1,250	35,308
469,100	469,100	-	-	-	-	-	-	1	-	-	-	-	-	1	1,251	35,777

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 1 1/2 Inch Commercial

Exhibit
Schedule H-5
Page 7
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
157,700	157,700	-	-	-	-	-	-	1	-	-	-	-	-	1	1,252	35,935
145,400	145,400	-	-	-	-	-	-	1	-	-	-	-	-	1	1,253	36,081
103,300	103,300	-	-	-	-	-	-	1	-	-	-	-	-	1	1,254	36,184
654,200	654,200	-	-	-	-	-	-	1	-	-	-	-	-	1	1,255	36,838
115,100	115,100	-	-	-	-	-	-	1	-	-	-	-	-	1	1,256	36,953
114,700	114,700	-	-	-	-	-	-	-	1	-	-	-	-	1	1,257	37,068
208,450	208,450	-	-	-	-	-	-	-	1	-	-	-	-	1	1,258	37,276
145,000	145,000	-	-	-	-	-	-	-	1	-	-	-	-	1	1,259	37,421
152,100	152,100	-	-	-	-	-	-	-	1	-	-	-	-	1	1,260	37,573
130,300	130,300	-	-	-	-	-	-	-	1	-	-	-	-	1	1,261	37,704
307,200	307,200	-	-	-	-	-	-	-	1	-	-	-	-	1	1,262	38,011
176,700	176,700	-	-	-	-	-	-	-	1	-	-	-	-	1	1,263	38,188
161,600	161,600	-	-	-	-	-	-	-	1	-	-	-	-	1	1,264	38,349
113,000	113,000	-	-	-	-	-	-	-	-	1	-	-	-	1	1,265	38,462
194,760	194,760	-	-	-	-	-	-	-	-	1	-	-	-	1	1,266	38,657
143,500	143,500	-	-	-	-	-	-	-	-	1	-	-	-	1	1,267	38,800
238,500	238,500	-	-	-	-	-	-	-	-	1	-	-	-	1	1,268	39,039
163,200	163,200	-	-	-	-	-	-	-	-	1	-	-	-	1	1,269	39,202
133,800	133,800	-	-	-	-	-	-	-	-	1	-	-	-	1	1,270	39,336
126,000	126,000	-	-	-	-	-	-	-	-	1	-	-	-	1	1,271	39,462
176,230	176,230	-	-	-	-	-	-	-	-	-	1	-	-	1	1,272	39,638
112,300	112,300	-	-	-	-	-	-	-	-	-	1	-	-	1	1,273	39,751
182,600	182,600	-	-	-	-	-	-	-	-	-	1	-	-	1	1,274	39,933
121,900	121,900	-	-	-	-	-	-	-	-	-	1	-	-	1	1,275	40,055
203,800	203,800	-	-	-	-	-	-	-	-	-	1	-	-	1	1,276	40,259
112,000	112,000	-	-	-	-	-	-	-	-	-	-	1	-	1	1,277	40,371
127,700	127,700	-	-	-	-	-	-	-	-	-	-	1	-	1	1,278	40,499
104,409	104,409	-	-	-	-	-	-	-	-	-	-	1	-	1	1,279	40,603
217,000	217,000	-	-	-	-	-	-	-	-	-	-	1	-	1	1,280	40,820
124,800	124,800	-	-	-	-	-	-	-	-	-	-	1	-	1	1,281	40,945
198,600	198,600	-	-	-	-	-	-	-	-	-	-	1	-	1	1,282	41,143
159,500	159,500	-	-	-	-	-	-	-	-	-	-	1	-	1	1,283	41,303
157,300	157,300	-	-	-	-	-	-	-	-	-	-	1	-	1	1,284	41,460
102,500	102,500	-	-	-	-	-	-	-	-	-	-	-	1	1	1,285	41,563
101,031	101,031	-	-	-	-	-	-	-	-	-	-	-	1	1	1,286	41,664
190,490	190,490	-	-	-	-	-	-	-	-	-	-	-	1	1	1,287	41,854
125,000	125,000	-	-	-	-	-	-	-	-	-	-	-	1	1	1,288	41,979
101,600	101,600	-	-	-	-	-	-	-	-	-	-	-	1	1	1,289	42,081

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014

Meter Size: 1 1/2 Inch Commercial

Exhibit
Schedule H-5
Page 7
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
164,300	164,300	-	-	-	-	-	-	-	-	-	-	-	1	1	1,290	42,245
138,500	138,500	-	-	-	-	-	-	-	-	-	-	-	1	1	1,291	42,384
103,310	103,310	-	-	-	-	-	-	-	-	-	-	-	1	1	1,292	42,487
-														-	1,292	42,487
														-	1,292	
Totals		107	108	108	107	108	108	108	108	109	108	107	106	1,292		

Average Usage	32,885
Median Usage	20,500
Average # Customers	108
Change in Number of Customers	(1)

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 2 Inch Commercial

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	9	15	10	9	10	12	10	10	13	16	12	18	144	144	-
1	1,000	19	17	18	15	17	15	17	17	14	16	20	16	201	345	101
1,001	2,000	12	11	12	13	7	11	7	12	11	9	6	8	119	464	279
2,001	3,000	12	8	8	6	10	6	10	7	9	10	8	8	102	566	534
3,001	4,000	9	8	11	9	6	8	3	7	7	4	6	8	86	652	835
4,001	5,000	2	5	8	4	5	5	6	5	4	6	6	7	63	715	1,119
5,001	6,000	4	6	5	4	3	3	3	3	2	3	4	11	51	766	1,399
6,001	7,000	5	11	5	9	7	3	7	5	3	8	6	9	78	844	1,906
7,001	8,000	7	8	7	4	4	3	3	5	9	8	4	1	63	907	2,379
8,001	9,000	10	2	6	7	9	6	7	10	8	5	8	5	83	990	3,084
9,001	10,000	4	6	3	7	6	7	3	10	9	5	5	4	69	1,059	3,740
10,001	11,000	6	1	3	1	4	3	9	2	5	7	6	6	53	1,112	4,296
11,001	12,000	3	4	6	5	1	4	3	3	3	5	3	5	45	1,157	4,814
12,001	13,000	2	4	2	4	2	6	4	4	5	3	-	5	41	1,198	5,327
13,001	14,000	6	5	7	4	2	6	4	3	1	5	7	6	56	1,254	6,083
14,001	15,000	6	6	3	2	4	2	3	2	4	5	5	2	44	1,298	6,721
15,001	16,000	2	4	1	8	6	4	4	2	5	3	1	5	45	1,343	7,418
16,001	17,000	2	-	3	6	5	2	3	6	3	3	4	2	39	1,382	8,062
17,001	18,000	4	1	5	3	5	3	4	4	2	5	2	4	42	1,424	8,797
18,001	19,000	6	3	2	5	3	5	2	3	3	3	2	3	40	1,464	9,537
19,001	20,000	3	4	5	-	2	2	3	2	2	1	5	6	35	1,499	10,219
20,001	21,000	5	3	5	2	3	-	5	1	1	4	2	2	33	1,532	10,896
21,001	22,000	1	6	2	1	3	2	3	3	4	2	3	2	32	1,564	11,584
22,001	23,000	6	3	2	5	2	4	4	1	1	1	5	5	39	1,603	12,461
23,001	24,000	1	1	4	5	2	8	5	4	4	1	5	2	42	1,645	13,448
24,001	25,000	3	1	2	5	2	-	1	6	1	2	3	4	30	1,675	14,183
25,001	26,000	1	3	1	2	2	3	2	2	2	2	2	2	24	1,699	14,795
26,001	27,000	2	4	1	1	5	4	2	3	3	5	3	1	34	1,733	15,696
27,001	28,000	4	-	3	2	2	2	5	4	6	4	2	2	36	1,769	16,686
28,001	29,000	1	3	4	2	2	-	4	2	1	2	1	1	23	1,792	17,342
29,001	30,000	3	3	2	2	2	3	2	-	2	2	1	1	23	1,815	18,020
30,001	31,000	4	4	5	2	-	2	1	4	4	2	4	4	36	1,851	19,118
31,001	32,000	1	2	3	6	2	4	1	2	2	3	2	3	31	1,882	20,095
32,001	33,000	1	3	4	4	2	3	4	5	-	2	2	2	32	1,914	21,135
33,001	34,000	2	2	1	1	5	2	-	1	1	2	2	1	20	1,934	21,805
34,001	35,000	4	-	4	1	2	2	-	1	2	1	1	4	22	1,956	22,564
35,001	36,000	2	1	1	2	1	1	1	3	1	2	-	1	16	1,972	23,132
36,001	37,000	2	3	2	1	2	2	1	1	1	3	2	1	21	1,993	23,898
37,001	38,000	1	4	4	3	5	1	1	2	2	1	3	2	29	2,022	24,986
38,001	39,000	1	1	-	1	2	4	1	2	3	4	1	2	22	2,044	25,833
39,001	40,000	3	1	4	1	-	1	3	3	1	-	1	1	19	2,063	26,583
40,001	41,000	1	3	-	-	-	2	2	2	1	4	1	2	18	2,081	27,312
41,001	42,000	1	4	3	3	1	-	2	-	2	-	-	4	20	2,101	28,142
42,001	43,000	1	1	3	1	2	4	-	-	5	2	3	-	22	2,123	29,077
43,001	44,000	2	-	1	2	1	-	-	3	1	1	2	1	14	2,137	29,686
44,001	45,000	-	2	-	2	4	1	1	-	1	1	1	2	15	2,152	30,354
45,001	46,000	1	3	-	-	2	1	5	-	1	1	-	-	14	2,166	30,991
46,001	47,000	1	1	1	5	2	2	2	2	5	1	1	-	23	2,189	32,061
47,001	48,000	-	-	1	2	1	-	-	1	2	1	2	5	15	2,204	32,773

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014

Meter Size: 2 Inch Commercial

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
48,001	49,000	2	1	1	1	2	-	2	1	-	2	3	1	16	2,220	33,549
49,001	50,000	2	-	1	1	2	-	3	1	1	2	3	1	17	2,237	34,391
50,001	51,000	-	1	3	2	1	3	3	3	-	2	-	2	20	2,257	35,401
51,001	52,000	1	2	1	2	3	1	2	-	1	1	1	1	16	2,273	36,225
52,001	53,000	2	2	1	-	-	1	2	2	-	-	3	3	16	2,289	37,065
53,001	54,000	1	3	1	1	-	2	-	-	1	1	-	2	12	2,301	37,707
54,001	55,000	-	1	1	1	1	1	2	2	-	1	1	1	12	2,313	38,361
55,001	56,000	4	-	1	2	2	-	4	1	-	2	1	-	17	2,330	39,304
56,001	57,000	1	-	2	-	2	1	-	2	2	1	2	-	13	2,343	40,039
57,001	58,000	5	1	2	-	2	2	-	-	1	1	-	2	16	2,359	40,959
58,001	59,000	1	2	1	1	-	2	-	2	1	2	2	2	16	2,375	41,895
59,001	60,000	1	1	1	2	1	2	2	1	1	2	-	-	14	2,389	42,728
60,001	61,000	1	1	1	3	1	2	-	-	1	1	1	2	14	2,403	43,575
61,001	62,000	2	1	1	2	2	1	1	-	1	1	-	4	16	2,419	44,559
62,001	63,000	2	3	2	-	2	-	-	1	1	1	-	1	13	2,432	45,371
63,001	64,000	2	1	-	-	1	2	-	-	3	3	2	3	17	2,449	46,451
64,001	65,000	1	2	1	-	1	-	1	1	-	-	2	2	11	2,460	47,160
65,001	66,000	1	1	-	2	2	1	1	1	1	1	-	-	11	2,471	47,881
66,001	67,000	1	-	2	-	-	1	-	-	2	2	2	-	10	2,481	48,546
67,001	68,000	2	-	-	1	3	1	2	2	2	3	1	1	18	2,499	49,761
68,001	69,000	2	1	1	-	-	-	1	1	-	-	1	2	9	2,508	50,377
69,001	70,000	1	1	2	2	-	2	-	1	4	1	1	-	15	2,523	51,420
70,001	71,000	-	1	-	-	1	1	-	-	2	-	2	1	8	2,531	51,984
71,001	72,000	-	-	-	-	-	1	2	2	1	2	2	-	10	2,541	52,699
72,001	73,000	-	1	-	-	1	1	1	-	-	-	2	2	8	2,549	53,279
73,001	74,000	-	1	2	-	1	1	-	-	1	1	-	3	10	2,559	54,014
74,001	75,000	-	-	-	-	2	-	-	-	2	-	-	2	6	2,565	54,461
75,001	76,000	2	1	-	-	1	2	2	1	-	1	-	1	11	2,576	55,291
76,001	77,000	1	1	1	2	2	-	1	2	3	1	1	-	15	2,591	56,439
77,001	78,000	-	1	-	1	2	-	-	-	-	1	2	1	8	2,599	57,059
78,001	79,000	-	1	1	-	1	-	-	-	1	3	1	1	9	2,608	57,765
79,001	80,000	1	-	-	-	1	1	2	-	1	1	1	-	8	2,616	58,401
80,001	81,000	1	-	-	-	-	1	-	2	1	2	2	-	9	2,625	59,126
81,001	82,000	1	1	1	1	-	-	1	1	-	1	1	-	8	2,633	59,778
82,001	83,000	-	2	-	2	1	2	-	-	-	1	-	1	9	2,642	60,520
83,001	84,000	1	1	-	1	-	1	-	1	-	1	2	-	8	2,650	61,188
84,001	85,000	1	1	-	-	-	1	1	1	-	1	-	3	9	2,659	61,949
85,001	86,000	-	1	2	-	2	-	2	1	-	-	1	1	10	2,669	62,804
86,001	87,000	1	-	2	-	1	-	-	-	-	1	-	1	6	2,675	63,323
87,001	88,000	1	1	1	3	1	2	1	2	3	2	2	1	20	2,695	65,073
88,001	89,000	-	2	2	-	-	2	-	-	1	-	-	-	7	2,702	65,692
89,001	90,000	-	-	-	-	1	1	-	-	1	-	1	1	5	2,707	66,140
90,001	91,000	-	-	-	-	-	-	-	-	1	2	1	-	4	2,711	66,502
91,001	92,000	1	-	-	-	-	-	1	-	3	1	1	-	7	2,718	67,142
92,001	93,000	-	-	-	1	1	2	-	2	-	1	-	-	7	2,725	67,790
93,001	94,000	-	1	-	-	1	-	1	-	2	-	2	-	7	2,732	68,444
94,001	95,000	1	-	3	-	1	3	1	-	1	-	-	-	10	2,742	69,389
95,001	96,000	-	1	-	2	1	1	-	-	1	-	2	2	10	2,752	70,344
96,001	97,000	1	-	-	1	1	-	1	1	-	2	2	-	9	2,761	71,213

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 2 Inch Commercial

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
97,001	98,000	2	1	-	1	1	-	-	-	1	1	2	1	10	2,771	72,188
98,001	99,000	-	-	3	1	-	1	-	-	-	-	-	-	5	2,776	72,680
99,001	100,000	2	1	2	-	-	-	-	1	-	1	1	1	9	2,785	73,576
180,746	180,746	1	-	-	-	-	-	-	-	-	-	-	-	1	2,786	73,757
229,000	229,000	1	-	-	-	-	-	-	-	-	-	-	-	1	2,787	73,986
220,000	220,000	1	-	-	-	-	-	-	-	1	-	-	-	2	2,789	74,426
163,200	163,200	1	-	-	-	-	-	-	-	-	-	-	-	1	2,790	74,589
453,488	453,488	1	-	-	-	-	-	-	-	-	-	-	-	1	2,791	75,042
141,900	141,900	1	-	-	-	-	-	-	-	-	-	-	-	1	2,792	75,184
136,400	136,400	1	-	-	-	-	1	-	-	-	-	-	-	2	2,794	75,457
182,800	182,800	1	-	-	-	-	-	-	-	-	-	-	-	1	2,795	75,640
147,300	147,300	1	-	-	-	-	-	-	-	-	-	-	-	1	2,796	75,787
106,700	106,700	1	-	-	-	-	-	-	-	-	-	-	1	2	2,798	76,000
135,400	135,400	1	-	-	-	-	-	-	-	-	-	-	-	1	2,799	76,136
289,600	289,600	1	-	-	-	-	-	-	-	-	-	-	-	1	2,800	76,425
146,327	146,327	1	-	-	-	-	-	-	-	-	-	-	-	1	2,801	76,572
129,600	129,600	1	-	-	-	-	-	-	-	-	-	-	-	1	2,802	76,701
362,300	362,300	1	-	-	-	-	-	-	-	-	-	-	-	1	2,803	77,064
501,400	501,400	1	-	-	-	-	-	-	-	-	-	-	-	1	2,804	77,565
102,418	102,418	1	-	-	-	-	-	-	-	-	-	-	-	1	2,805	77,667
137,500	137,500	1	-	-	-	-	-	-	-	-	-	-	-	1	2,806	77,805
176,300	176,300	1	-	-	-	-	-	-	-	-	-	-	-	1	2,807	77,981
327,100	327,100	1	-	-	-	-	-	-	-	-	-	-	-	1	2,808	78,308
182,300	182,300	1	-	-	-	-	-	-	-	-	-	-	-	1	2,809	78,491
115,100	115,100	1	-	-	-	-	-	-	1	-	-	-	-	2	2,811	78,721
210,500	210,500	1	-	-	-	-	-	-	-	-	-	-	-	1	2,812	78,931
130,840	130,840	1	-	-	-	-	-	-	-	-	-	-	-	1	2,813	79,062
133,400	133,400	1	-	-	-	-	-	-	-	-	-	-	-	1	2,814	79,196
109,500	109,500	1	-	-	-	-	-	-	-	-	-	-	-	1	2,815	79,305
210,600	210,600	1	-	-	-	-	-	-	-	-	-	-	-	1	2,816	79,516
192,400	192,400	1	-	-	-	-	-	-	-	-	-	-	-	1	2,817	79,708
208,800	208,800	1	-	-	-	-	-	-	-	-	-	-	-	1	2,818	79,917
480,400	480,400	1	-	-	-	-	-	-	-	-	-	-	-	1	2,819	80,397
122,000	122,000	1	-	-	-	-	-	-	1	-	-	-	-	2	2,821	80,641
105,100	105,100	1	-	-	-	-	-	-	-	-	-	-	-	1	2,822	80,746
543,807	543,807	1	-	-	-	-	-	-	-	-	-	-	-	1	2,823	81,290
725,612	725,612	1	-	-	-	-	-	-	-	-	-	-	-	1	2,824	82,016
166,300	166,300	1	-	-	-	-	-	-	-	-	-	-	-	1	2,825	82,182
113,700	113,700	1	-	-	-	-	-	-	-	-	-	-	-	1	2,826	82,296
107,300	107,300	1	-	-	-	-	-	-	-	-	-	-	-	1	2,827	82,403
101,360	101,360	1	-	-	-	-	-	-	-	-	-	-	-	1	2,828	82,505
144,900	144,900	1	1	-	-	-	-	-	-	-	-	-	-	2	2,830	82,794
213,800	213,800	1	-	-	-	-	-	-	-	-	-	-	-	1	2,831	83,008
115,600	115,600	1	-	-	-	-	-	-	-	-	-	-	-	1	2,832	83,124
100,310	100,310	1	-	-	-	-	-	-	-	-	-	-	-	1	2,833	83,224
103,300	103,300	1	-	1	-	-	-	-	-	-	-	-	-	2	2,835	83,431
123,600	123,600	1	-	-	-	-	-	-	-	-	-	-	-	1	2,836	83,554
640,400	640,400	1	-	-	-	-	-	-	-	-	-	-	-	1	2,837	84,195
188,000	188,000	1	-	-	-	-	-	-	-	-	-	-	-	1	2,838	84,383

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014

Meter Size: 2 Inch Commercial

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
264,800	264,800	1	-	-	-	-	-	-	-	-	-	-	-	1	2,839	84,647
313,800	313,800	1	-	-	-	-	-	-	-	-	-	-	-	1	2,840	84,961
119,400	119,400	1	-	-	1	-	-	-	-	-	-	-	-	2	2,842	85,200
150,302	150,302	1	-	-	-	-	-	-	-	-	-	-	-	1	2,843	85,350
194,012	194,012	-	1	-	-	-	-	-	-	-	-	-	-	1	2,844	85,544
281,300	281,300	-	1	-	-	-	-	-	1	-	-	-	-	2	2,846	86,107
271,500	271,500	-	1	-	-	-	-	-	-	-	-	-	-	1	2,847	86,378
206,200	206,200	-	1	-	-	-	-	-	-	-	-	-	-	1	2,848	86,585
467,348	467,348	-	1	-	-	-	-	-	-	-	-	-	-	1	2,849	87,052
196,100	196,100	-	1	-	-	-	-	-	-	-	-	-	-	1	2,850	87,248
160,000	160,000	-	1	1	-	1	-	-	-	-	-	-	-	3	2,853	87,728
407,500	407,500	-	1	-	-	-	-	-	-	-	-	-	-	1	2,854	88,136
123,400	123,400	-	1	-	-	-	-	-	-	-	-	-	-	1	2,855	88,259
164,500	164,500	-	1	-	-	-	-	1	-	-	-	-	-	2	2,857	88,588
324,900	324,900	-	1	-	-	-	-	-	-	-	-	-	-	1	2,858	88,913
144,024	144,024	-	1	-	-	-	-	-	-	-	-	-	-	1	2,859	89,057
260,100	260,100	-	1	-	-	-	-	-	-	-	-	-	-	1	2,860	89,317
197,600	197,600	-	1	-	-	-	-	-	-	-	-	-	-	1	2,861	89,515
107,100	107,100	-	1	-	-	-	-	-	1	-	-	-	-	2	2,863	89,729
130,500	130,500	-	1	-	-	1	-	-	-	-	-	-	-	2	2,865	89,990
109,000	109,000	-	1	-	-	-	-	-	-	-	-	-	-	1	2,866	90,099
381,700	381,700	-	1	-	1	-	-	-	-	-	-	-	-	2	2,868	90,862
423,100	423,100	-	1	-	-	-	-	-	-	-	-	-	-	1	2,869	91,285
106,965	106,965	-	1	-	-	-	-	-	-	-	-	-	-	1	2,870	91,392
152,800	152,800	-	1	-	-	-	-	-	-	-	-	-	-	1	2,871	91,545
193,600	193,600	-	1	-	-	-	-	-	-	-	-	-	-	1	2,872	91,739
397,000	397,000	-	1	-	-	-	-	-	-	-	-	-	-	1	2,873	92,136
126,100	126,100	-	1	-	-	-	-	-	1	-	-	-	-	2	2,875	92,388
217,200	217,200	-	1	-	-	-	-	-	-	-	-	-	-	1	2,876	92,605
131,520	131,520	-	1	-	-	-	-	-	-	-	-	-	-	1	2,877	92,737
104,000	104,000	-	1	-	-	-	-	-	-	-	-	-	-	1	2,878	92,841
101,100	101,100	-	1	-	-	-	-	-	-	-	-	-	-	1	2,879	92,942
103,800	103,800	-	1	-	-	-	-	-	-	-	-	-	-	1	2,880	93,045
183,800	183,800	-	1	-	-	-	-	-	-	-	-	-	-	1	2,881	93,229
192,200	192,200	-	1	-	-	-	-	1	-	-	-	-	-	2	2,883	93,614
491,100	491,100	-	1	-	-	-	-	-	-	-	-	-	-	1	2,884	94,105
237,400	237,400	-	1	-	-	-	-	-	-	-	-	-	-	1	2,885	94,342
421,800	421,800	-	1	-	-	-	-	-	-	-	-	-	-	1	2,886	94,764
100,400	100,400	-	1	-	-	-	-	-	-	-	-	-	-	1	2,887	94,864
642,419	642,419	-	1	-	-	-	-	-	-	-	-	-	-	1	2,888	95,507
793,880	793,880	-	1	-	-	-	-	-	-	-	-	-	-	1	2,889	96,301
137,800	137,800	-	1	-	-	-	-	-	-	-	-	-	-	1	2,890	96,438
131,100	131,100	-	1	-	-	-	-	-	-	1	-	-	-	2	2,892	96,701
100,500	100,500	-	1	-	-	-	-	-	-	-	-	-	-	1	2,893	96,801
100,370	100,370	-	1	-	-	-	-	-	-	-	-	-	-	1	2,894	96,902
124,400	124,400	-	1	-	-	-	-	-	-	-	-	-	-	1	2,895	97,026
125,200	125,200	-	1	-	-	-	-	-	-	-	-	-	-	1	2,896	97,151
261,600	261,600	-	1	-	-	-	-	-	-	-	-	1	-	2	2,898	97,674
130,100	130,100	-	1	-	1	-	-	-	-	-	-	-	-	2	2,900	97,935

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 2 Inch Commercial

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
233,500	233,500	-	1	-	-	-	-	-	-	-	-	-	-	1	2,901	98,168
113,500	113,500	-	1	-	-	-	-	-	-	-	-	-	-	1	2,902	98,282
919,700	919,700	-	1	-	-	-	-	-	-	-	-	-	-	1	2,903	99,201
181,100	181,100	-	1	-	-	-	-	-	-	-	-	-	-	1	2,904	99,382
303,700	303,700	-	1	-	-	-	-	-	-	-	-	-	-	1	2,905	99,686
364,000	364,000	-	1	-	-	-	-	-	-	-	-	-	-	1	2,906	100,050
125,000	125,000	-	1	-	-	-	-	1	-	-	-	-	-	2	2,908	100,300
145,314	145,314	-	1	-	-	-	-	-	-	-	-	-	-	1	2,909	100,445
131,720	131,720	-	-	1	-	-	-	-	-	-	-	-	-	1	2,910	100,577
131,905	131,905	-	-	1	-	-	-	-	-	-	-	-	-	1	2,911	100,709
219,900	219,900	-	-	1	-	-	-	-	-	-	-	-	-	1	2,912	100,929
211,800	211,800	-	-	1	-	-	-	-	-	-	-	-	-	1	2,913	101,141
162,400	162,400	-	-	1	1	-	-	-	-	-	-	-	-	2	2,915	101,466
340,308	340,308	-	-	1	-	-	-	-	-	-	-	-	-	1	2,916	101,806
127,900	127,900	-	-	1	1	-	-	-	1	-	-	-	-	3	2,919	102,190
138,300	138,300	-	-	1	-	-	-	-	-	-	-	-	-	1	2,920	102,328
218,400	218,400	-	-	1	-	-	-	-	-	-	-	-	-	1	2,921	102,546
141,800	141,800	-	-	1	-	-	-	-	-	-	-	-	-	1	2,922	102,688
171,300	171,300	-	-	1	-	-	-	-	-	-	-	-	-	1	2,923	102,859
158,400	158,400	-	-	1	-	-	-	-	-	-	-	-	-	1	2,924	103,018
303,800	303,800	-	-	1	-	-	-	-	-	-	-	-	-	1	2,925	103,322
131,394	131,394	-	-	1	-	-	-	-	-	-	-	-	-	1	2,926	103,453
107,900	107,900	-	-	1	-	-	-	-	-	-	-	-	-	1	2,927	103,561
109,100	109,100	-	-	1	-	2	-	-	-	-	-	-	-	3	2,930	103,888
357,200	357,200	-	-	1	-	-	-	-	-	-	-	-	-	1	2,931	104,245
121,300	121,300	-	-	1	-	-	-	-	-	-	-	-	-	1	2,932	104,367
164,200	164,200	-	-	1	-	-	-	-	-	-	-	-	-	1	2,933	104,531
348,900	348,900	-	-	1	-	-	-	-	-	-	-	-	-	1	2,934	104,880
369,500	369,500	-	-	1	-	-	-	-	-	-	-	-	-	1	2,935	105,249
101,176	101,176	-	-	1	-	-	-	-	-	-	-	-	-	1	2,936	105,350
113,100	113,100	-	-	1	-	-	-	-	-	-	-	-	-	1	2,937	105,463
190,000	190,000	-	-	1	-	-	-	-	-	-	-	-	-	1	2,938	105,653
262,400	262,400	-	-	1	-	-	-	-	-	-	-	-	-	1	2,939	105,916
104,100	104,100	-	-	1	-	-	-	-	-	-	-	1	-	2	2,941	106,124
217,800	217,800	-	-	1	-	-	-	-	-	-	-	-	-	1	2,942	106,342
147,610	147,610	-	-	1	-	-	-	-	-	-	-	-	-	1	2,943	106,489
108,900	108,900	-	-	1	-	-	-	-	-	-	-	-	-	1	2,944	106,598
196,700	196,700	-	-	1	-	-	-	-	-	-	-	-	-	1	2,945	106,795
208,100	208,100	-	-	1	-	-	-	-	-	-	-	-	-	1	2,946	107,003
254,400	254,400	-	-	1	-	-	-	-	-	-	-	-	-	1	2,947	107,258
211,000	211,000	-	-	1	-	-	-	-	-	1	-	-	-	2	2,949	107,680
379,500	379,500	-	-	1	-	-	-	-	-	-	-	-	-	1	2,950	108,059
549,121	549,121	-	-	1	-	-	-	-	-	-	-	-	-	1	2,951	108,608
672,370	672,370	-	-	1	-	-	-	-	-	-	-	-	-	1	2,952	109,281
119,600	119,600	-	-	1	-	-	-	-	-	-	-	-	-	1	2,953	109,400
111,100	111,100	-	-	1	1	-	-	-	-	-	-	-	-	2	2,955	109,622
176,800	176,800	-	-	1	-	-	-	-	-	-	-	-	-	1	2,956	109,799
171,100	171,100	-	-	1	-	-	1	-	-	-	-	-	-	2	2,958	110,141
110,700	110,700	-	-	1	-	-	-	-	-	-	-	-	-	1	2,959	110,252

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014

Meter Size: 2 Inch Commercial

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
108,100	108,100	-	-	1	-	-	-	-	-	-	-	-	-	1	2,960	110,360
792,700	792,700	-	-	1	-	-	-	-	-	-	-	-	-	1	2,961	111,153
207,900	207,900	-	-	1	-	-	-	-	-	-	-	-	-	1	2,962	111,361
310,900	310,900	-	-	1	-	-	-	-	-	-	-	-	-	1	2,963	111,672
390,100	390,100	-	-	1	-	-	-	-	-	-	-	-	-	1	2,964	112,062
117,600	117,600	-	-	1	-	-	-	-	-	-	-	-	-	1	2,965	112,179
126,890	126,890	-	-	1	-	-	-	-	-	-	-	-	-	1	2,966	112,306
190,320	190,320	-	-	-	1	-	-	-	-	-	-	-	-	1	2,967	112,497
224,600	224,600	-	-	-	1	-	-	-	-	-	-	-	-	1	2,968	112,721
216,200	216,200	-	-	-	1	-	-	-	-	-	-	-	-	1	2,969	112,937
167,700	167,700	-	-	-	1	-	-	-	-	-	-	-	-	1	2,970	113,105
346,228	346,228	-	-	-	1	-	-	-	-	-	-	-	-	1	2,971	113,451
145,700	145,700	-	-	-	1	-	-	-	-	-	-	-	-	1	2,972	113,597
196,000	196,000	-	-	-	1	-	-	-	-	-	-	-	-	1	2,973	113,793
102,200	102,200	-	-	-	1	-	-	-	-	-	-	-	-	1	2,974	113,895
210,200	210,200	-	-	-	1	-	-	-	-	-	-	-	-	1	2,975	114,105
102,000	102,000	-	-	-	1	-	-	-	-	-	-	-	-	1	2,976	114,207
166,100	166,100	-	-	-	1	-	-	-	-	-	-	-	-	1	2,977	114,374
317,000	317,000	-	-	-	1	-	-	-	-	-	-	-	-	1	2,978	114,691
128,958	128,958	-	-	-	1	-	-	-	-	-	-	-	-	1	2,979	114,819
110,400	110,400	-	-	-	1	-	-	-	1	-	-	-	-	2	2,981	115,040
147,400	147,400	-	-	-	1	-	1	-	-	-	1	-	-	3	2,984	115,482
288,100	288,100	-	-	-	1	-	-	-	-	-	-	-	-	1	2,985	115,771
364,300	364,300	-	-	-	1	-	-	-	-	-	-	-	-	1	2,986	116,135
344,900	344,900	-	-	-	1	-	-	-	-	-	-	-	-	1	2,987	116,480
124,153	124,153	-	-	-	1	-	-	-	-	-	-	-	-	1	2,988	116,604
205,600	205,600	-	-	-	1	-	-	-	-	-	-	-	-	1	2,989	116,810
329,900	329,900	-	-	-	1	-	-	-	-	-	-	-	-	1	2,990	117,139
120,500	120,500	-	-	-	1	-	-	-	-	-	-	-	-	1	2,991	117,260
205,200	205,200	-	-	-	1	-	-	-	-	-	-	-	-	1	2,992	117,465
105,060	105,060	-	-	-	1	-	-	-	-	-	-	-	-	1	2,993	117,570
142,700	142,700	-	-	-	1	-	-	-	-	-	-	-	-	1	2,994	117,713
126,900	126,900	-	-	-	1	-	-	-	-	-	-	-	-	1	2,995	117,840
142,200	142,200	-	-	-	1	-	-	-	-	-	-	-	-	1	2,996	117,982
127,600	127,600	-	-	-	1	-	-	-	-	-	-	-	-	1	2,997	118,110
224,400	224,400	-	-	-	1	-	-	-	-	-	-	-	-	1	2,998	118,334
114,900	114,900	-	-	-	1	-	-	-	-	-	-	-	-	1	2,999	118,449
219,500	219,500	-	-	-	1	-	-	-	-	-	-	-	-	1	3,000	118,668
242,600	242,600	-	-	-	1	-	-	-	-	-	-	-	-	1	3,001	118,911
201,900	201,900	-	-	-	1	-	-	-	-	-	-	-	-	1	3,002	119,113
441,300	441,300	-	-	-	1	-	-	-	-	-	-	-	-	1	3,003	119,554
112,900	112,900	-	-	-	1	-	-	-	-	-	-	-	-	1	3,004	119,667
102,600	102,600	-	-	-	1	-	-	1	-	-	-	-	-	2	3,006	119,872
696,031	696,031	-	-	-	1	-	-	-	-	-	-	-	-	1	3,007	120,568
802,825	802,825	-	-	-	1	-	-	-	-	-	-	-	-	1	3,008	121,371
132,800	132,800	-	-	-	1	-	-	-	-	-	-	-	-	1	3,009	121,504
367,700	367,700	-	-	-	1	-	-	-	-	-	-	-	-	1	3,010	121,872
108,600	108,600	-	-	-	1	-	-	-	-	-	-	-	-	1	3,011	121,980
138,400	138,400	-	-	-	2	-	-	-	-	-	-	-	-	2	3,013	122,257

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 2 Inch Commercial

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
203,200	203,200	-	-	-	1	-	-	-	-	-	-	-	-	1	3,014	122,460
131,660	131,660	-	-	-	1	-	-	-	-	-	-	-	-	1	3,015	122,592
140,900	140,900	-	-	-	1	-	-	-	-	-	-	-	-	1	3,016	122,733
100,900	100,900	-	-	-	1	-	-	-	-	-	-	-	-	1	3,017	122,834
674,900	674,900	-	-	-	1	-	-	-	-	-	-	-	-	1	3,018	123,509
220,300	220,300	-	-	-	1	-	-	-	-	-	-	-	-	1	3,019	123,729
106,092	106,092	-	-	-	1	-	-	-	-	-	-	-	-	1	3,020	123,835
118,400	118,400	-	-	-	1	-	-	-	-	-	-	-	-	1	3,021	123,953
337,600	337,600	-	-	-	1	-	-	-	-	-	-	-	-	1	3,022	124,291
463,800	463,800	-	-	-	1	-	-	-	-	-	-	-	-	1	3,023	124,755
131,280	131,280	-	-	-	1	-	-	-	-	-	-	-	-	1	3,024	124,886
166,000	166,000	-	-	-	1	-	-	-	-	-	-	-	-	1	3,025	125,052
261,000	261,000	-	-	-	-	1	-	-	-	-	-	-	-	1	3,026	125,313
252,100	252,100	-	-	-	-	1	-	-	-	-	-	-	-	1	3,027	125,565
199,600	199,600	-	-	-	-	1	-	-	-	-	-	-	-	1	3,028	125,765
416,031	416,031	-	-	-	-	1	-	-	-	-	-	-	-	1	3,029	126,181
129,400	129,400	-	-	-	-	1	-	-	-	-	-	-	-	1	3,030	126,310
173,100	173,100	-	-	-	-	1	-	-	-	-	-	1	-	2	3,032	126,656
184,500	184,500	-	-	-	-	1	-	-	-	-	-	-	-	1	3,033	126,841
250,400	250,400	-	-	-	-	1	-	-	-	-	-	-	-	1	3,034	127,091
128,800	128,800	-	-	-	-	1	-	-	-	-	-	-	-	1	3,035	127,220
112,200	112,200	-	-	-	-	1	-	-	-	-	-	-	-	1	3,036	127,332
124,100	124,100	-	-	-	-	1	-	-	-	-	-	-	-	1	3,037	127,456
287,800	287,800	-	-	-	-	1	-	-	-	-	-	-	-	1	3,038	127,744
137,577	137,577	-	-	-	-	1	-	-	-	-	-	-	-	1	3,039	127,882
141,500	141,500	-	-	-	-	1	-	-	-	-	-	-	-	1	3,040	128,023
543,400	543,400	-	-	-	-	1	-	-	-	-	-	-	-	1	3,041	128,567
365,300	365,300	-	-	-	-	1	-	-	-	-	-	-	-	1	3,042	128,932
104,400	104,400	-	-	-	-	1	-	-	-	-	-	-	-	1	3,043	129,036
398,900	398,900	-	-	-	-	1	-	-	-	-	-	-	-	1	3,044	129,435
622,500	622,500	-	-	-	-	1	-	-	-	-	-	-	-	1	3,045	130,058
118,538	118,538	-	-	-	-	1	-	-	-	-	-	-	-	1	3,046	130,176
155,000	155,000	-	-	-	-	1	-	-	-	-	-	-	-	1	3,047	130,331
238,400	238,400	-	-	-	-	1	-	-	-	-	-	-	-	1	3,048	130,570
437,300	437,300	-	-	-	-	1	-	-	-	-	-	-	-	1	3,049	131,007
363,700	363,700	-	-	-	-	1	-	-	-	-	-	-	-	1	3,050	131,371
371,500	371,500	-	-	-	-	1	-	-	-	-	-	-	-	1	3,051	131,742
175,700	175,700	-	-	-	-	1	-	-	-	1	-	-	-	2	3,053	132,094
125,570	125,570	-	-	-	-	1	-	-	-	-	-	-	-	1	3,054	132,219
649,900	649,900	-	-	-	-	1	-	-	-	-	-	-	-	1	3,055	132,869
139,100	139,100	-	-	-	-	1	-	-	-	-	-	-	-	1	3,056	133,008
155,400	155,400	-	-	-	-	1	-	-	-	-	-	-	-	1	3,057	133,164
118,200	118,200	-	-	-	-	1	-	-	-	-	-	-	-	1	3,058	133,282
212,400	212,400	-	-	-	-	1	-	-	-	-	-	-	-	1	3,059	133,494
141,100	141,100	-	-	-	-	2	1	-	-	-	-	-	-	3	3,062	133,917
227,000	227,000	-	-	-	-	1	-	-	-	-	-	-	-	1	3,063	134,144
239,700	239,700	-	-	-	-	1	-	-	-	-	-	-	-	1	3,064	134,384
198,300	198,300	-	-	-	-	1	-	-	-	-	-	-	-	1	3,065	134,582
725,700	725,700	-	-	-	-	1	-	-	-	-	-	-	-	1	3,066	135,308

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 2 Inch Commercial

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
772,144	772,144	-	-	-	-	1	-	-	-	-	-	-	-	1	3,067	136,080
874,638	874,638	-	-	-	-	1	-	-	-	-	-	-	-	1	3,068	136,955
129,000	129,000	-	-	-	-	1	-	-	-	-	-	-	-	1	3,069	137,084
123,200	123,200	-	-	-	-	1	-	-	-	-	-	-	-	1	3,070	137,207
401,900	401,900	-	-	-	-	1	-	-	-	-	-	-	-	1	3,071	137,609
181,700	181,700	-	-	-	-	1	-	-	-	-	-	-	-	1	3,072	137,791
112,500	112,500	-	-	-	-	1	-	-	-	-	-	-	-	1	3,073	137,903
179,200	179,200	-	-	-	-	1	-	-	-	-	-	-	-	1	3,074	138,082
333,000	333,000	-	-	-	-	1	-	-	-	-	-	-	-	1	3,075	138,415
142,150	142,150	-	-	-	-	1	-	-	-	-	-	-	-	1	3,076	138,558
143,200	143,200	-	-	-	-	1	-	-	-	-	-	-	-	1	3,077	138,701
134,400	134,400	-	-	-	-	1	-	-	-	-	-	-	-	1	3,078	138,835
639,500	639,500	-	-	-	-	1	-	-	-	-	-	-	-	1	3,079	139,475
168,700	168,700	-	-	-	-	1	-	-	-	-	1	-	-	2	3,081	139,812
287,600	287,600	-	-	-	-	1	-	-	-	-	-	-	-	1	3,082	140,100
524,600	524,600	-	-	-	-	1	-	-	-	-	-	-	-	1	3,083	140,624
144,400	144,400	-	-	-	-	1	-	-	-	-	-	-	-	1	3,084	140,769
141,357	141,357	-	-	-	-	1	-	-	-	-	-	-	-	1	3,085	140,910
275,300	275,300	-	-	-	-	-	1	-	-	-	-	-	-	1	3,086	141,185
266,200	266,200	-	-	-	-	-	1	-	-	-	-	-	-	1	3,087	141,452
212,100	212,100	-	-	-	-	-	1	-	-	-	-	-	-	1	3,088	141,664
464,788	464,788	-	-	-	-	-	1	-	-	-	-	-	-	1	3,089	142,128
137,700	137,700	-	-	-	-	-	1	-	-	-	-	-	-	1	3,090	142,266
183,600	183,600	-	-	-	-	-	1	-	-	-	-	-	-	1	3,091	142,450
232,300	232,300	-	-	-	-	-	1	-	-	-	-	-	-	1	3,092	142,682
160,600	160,600	-	-	-	-	-	1	-	-	-	-	-	-	1	3,093	142,843
175,900	175,900	-	-	-	-	-	1	-	-	-	-	-	-	1	3,094	143,019
109,800	109,800	-	-	-	-	-	1	-	-	-	-	-	-	1	3,095	143,128
183,300	183,300	-	-	-	-	-	1	-	-	1	-	-	-	2	3,097	143,495
351,700	351,700	-	-	-	-	-	1	-	-	-	-	-	-	1	3,098	143,847
106,200	106,200	-	-	-	-	-	1	-	-	-	-	-	-	1	3,099	143,953
149,139	149,139	-	-	-	-	-	1	-	-	-	-	-	-	1	3,100	144,102
135,200	135,200	-	-	-	-	-	1	-	-	-	-	-	-	1	3,101	144,237
236,900	236,900	-	-	-	-	-	1	-	-	-	-	-	-	1	3,102	144,474
752,400	752,400	-	-	-	-	-	1	-	-	-	-	-	-	1	3,103	145,227
659,100	659,100	-	-	-	-	-	1	-	-	-	-	-	-	1	3,104	145,886
238,700	238,700	-	-	-	-	-	1	-	1	-	-	-	-	2	3,106	146,363
536,400	536,400	-	-	-	-	-	1	-	-	-	-	-	-	1	3,107	146,899
1,008,300	1,008,300	-	-	-	-	-	1	-	-	-	-	-	-	1	3,108	147,908
139,114	139,114	-	-	-	-	-	1	-	-	-	-	-	-	1	3,109	148,047
108,490	108,490	-	-	-	-	-	1	-	-	-	-	-	-	1	3,110	148,155
201,500	201,500	-	-	-	-	-	1	-	-	-	-	-	-	1	3,111	148,357
278,900	278,900	-	-	-	-	-	1	-	-	-	-	-	-	1	3,112	148,636
108,070	108,070	-	-	-	-	-	1	-	-	-	-	-	-	1	3,113	148,744
637,800	637,800	-	-	-	-	-	1	-	-	-	-	-	-	1	3,114	149,382
482,300	482,300	-	-	-	-	-	1	-	-	-	-	-	-	1	3,115	149,864
354,200	354,200	-	-	-	-	-	1	-	-	-	-	-	-	1	3,116	150,218
179,600	179,600	-	-	-	-	-	1	-	-	-	1	-	-	2	3,118	150,577
155,860	155,860	-	-	-	-	-	1	-	-	-	-	-	-	1	3,119	150,733

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014

Meter Size: 2 Inch Commercial

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumulative Billing	Cumulative Gallons (in 1,000's)
493,500	493,500	-	-	-	-	-	1	-	-	-	-	-	-	1	3,120	151,227
168,400	168,400	-	-	-	-	-	1	1	-	-	-	-	-	2	3,122	151,563
120,300	120,300	-	-	-	-	-	1	-	-	-	-	-	-	1	3,123	151,684
221,200	221,200	-	-	-	-	-	1	-	-	-	-	-	-	1	3,124	151,905
153,700	153,700	-	-	-	-	-	1	-	-	-	-	-	2	3	3,127	152,366
277,900	277,900	-	-	-	-	-	1	-	-	-	-	-	-	1	3,128	152,644
269,800	269,800	-	-	-	-	-	1	-	-	-	-	-	-	1	3,129	152,914
224,700	224,700	-	-	-	-	-	1	-	-	-	-	-	-	1	3,130	153,138
1,224,700	1,224,700	-	-	-	-	-	1	-	-	-	-	-	-	1	3,131	154,363
101,200	101,200	-	-	-	-	-	1	-	-	-	-	-	-	1	3,132	154,464
974,803	974,803	-	-	-	-	-	1	-	-	-	-	-	-	1	3,133	155,439
1,074,882	1,074,882	-	-	-	-	-	1	-	-	-	-	-	-	1	3,134	156,514
148,200	148,200	-	-	-	-	-	1	-	1	-	-	-	-	2	3,136	156,810
377,400	377,400	-	-	-	-	-	1	-	-	-	-	-	-	1	3,137	157,188
115,200	115,200	-	-	-	-	-	1	-	-	-	-	-	-	1	3,138	157,303
134,300	134,300	-	-	-	-	-	1	-	-	-	-	-	-	1	3,139	157,437
129,100	129,100	-	-	-	-	-	1	-	-	-	-	-	-	1	3,140	157,566
167,600	167,600	-	-	-	-	-	1	-	-	-	-	-	-	1	3,141	157,734
345,600	345,600	-	-	-	-	-	1	-	-	-	-	-	-	1	3,142	158,080
205,580	205,580	-	-	-	-	-	1	-	-	-	-	-	-	1	3,143	158,285
144,500	144,500	-	-	-	-	-	1	-	-	-	1	-	-	2	3,145	158,574
113,200	113,200	-	-	-	-	-	1	-	-	-	-	-	-	1	3,146	158,687
113,636	113,636	-	-	-	-	-	1	-	-	-	-	-	-	1	3,147	158,801
100,800	100,800	-	-	-	-	-	1	-	-	-	-	-	-	1	3,148	158,902
583,000	583,000	-	-	-	-	-	1	-	-	-	-	-	-	1	3,149	159,485
189,000	189,000	-	-	-	-	-	1	-	-	-	-	-	-	1	3,150	159,674
306,600	306,600	-	-	-	-	-	1	1	-	-	-	-	-	2	3,152	160,287
551,400	551,400	-	-	-	-	-	1	-	-	-	-	-	-	1	3,153	160,838
236,400	236,400	-	-	-	-	-	1	-	-	-	-	-	-	1	3,154	161,075
152,566	152,566	-	-	-	-	-	1	-	-	-	-	-	-	1	3,155	161,227
163,400	163,400	-	-	-	-	-	1	-	1	-	-	-	-	2	3,157	161,554
129,610	129,610	-	-	-	-	-	-	1	-	-	-	-	-	1	3,158	161,684
115,922	115,922	-	-	-	-	-	-	1	-	-	-	-	-	1	3,159	161,800
268,900	268,900	-	-	-	-	-	-	1	-	-	-	-	-	1	3,160	162,069
260,500	260,500	-	-	-	-	-	-	1	-	-	-	-	-	1	3,161	162,329
208,500	208,500	-	-	-	-	-	-	1	-	-	-	-	-	1	3,162	162,538
650,303	650,303	-	-	-	-	-	-	1	-	-	-	-	-	1	3,163	163,188
156,200	156,200	-	-	-	-	-	-	1	-	-	-	-	-	1	3,164	163,344
132,400	132,400	-	-	-	-	-	-	1	-	-	-	-	-	1	3,165	163,477
227,200	227,200	-	-	-	-	-	-	1	-	-	-	-	-	1	3,166	163,704
174,900	174,900	-	-	-	-	-	-	1	-	-	-	-	-	1	3,167	163,879
156,400	156,400	-	-	-	-	-	-	1	-	1	-	-	-	2	3,169	164,191
102,300	102,300	-	-	-	-	-	-	1	-	-	-	-	-	1	3,170	164,294
112,097	112,097	-	-	-	-	-	-	1	-	-	-	-	-	1	3,171	164,406
226,200	226,200	-	-	-	-	-	-	1	-	-	-	-	-	1	3,172	164,632
371,600	371,600	-	-	-	-	-	-	1	-	-	-	-	-	1	3,173	165,004
128,500	128,500	-	-	-	-	-	-	1	-	-	-	-	-	1	3,174	165,132
142,524	142,524	-	-	-	-	-	-	1	-	-	-	-	-	1	3,175	165,275
140,200	140,200	-	-	-	-	-	-	1	-	-	-	-	-	1	3,176	165,415

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 2 Inch Commercial

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
250,900	250,900	-	-	-	-	-	-	1	-	-	-	-	-	1	3,177	165,666
1,463,300	1,463,300	-	-	-	-	-	-	1	-	-	-	-	-	1	3,178	167,129
104,200	104,200	-	-	-	-	-	-	1	-	1	-	-	-	2	3,180	167,337
288,700	288,700	-	-	-	-	-	-	1	-	-	-	-	-	1	3,181	167,626
652,300	652,300	-	-	-	-	-	-	1	-	-	-	-	-	1	3,182	168,278
964,500	964,500	-	-	-	-	-	-	1	-	-	-	-	-	1	3,183	169,243
135,238	135,238	-	-	-	-	-	-	1	-	-	-	-	-	1	3,184	169,378
102,530	102,530	-	-	-	-	-	-	1	-	-	-	-	-	1	3,185	169,481
204,400	204,400	-	-	-	-	-	-	1	-	-	-	-	-	1	3,186	169,685
263,300	263,300	-	-	-	-	-	-	1	-	1	-	-	-	2	3,188	170,212
205,500	205,500	-	-	-	-	-	-	1	-	-	-	-	-	1	3,189	170,417
117,130	117,130	-	-	-	-	-	-	1	-	-	-	-	-	1	3,190	170,534
590,800	590,800	-	-	-	-	-	-	1	-	-	-	-	-	1	3,191	171,125
465,700	465,700	-	-	-	-	-	-	1	-	-	-	-	-	1	3,192	171,591
519,300	519,300	-	-	-	-	-	-	1	-	-	-	-	-	1	3,193	172,110
160,500	160,500	-	-	-	-	-	-	1	-	-	-	-	-	1	3,194	172,271
210,700	210,700	-	-	-	-	-	-	1	-	-	-	-	-	1	3,195	172,481
232,490	232,490	-	-	-	-	-	-	1	-	-	-	-	-	1	3,196	172,714
525,800	525,800	-	-	-	-	-	-	1	-	-	-	-	-	1	3,197	173,240
244,400	244,400	-	-	-	-	-	-	1	-	-	-	-	-	1	3,198	173,484
217,900	217,900	-	-	-	-	-	-	1	-	-	-	-	-	1	3,199	173,702
138,800	138,800	-	-	-	-	-	-	1	-	-	-	-	-	1	3,200	173,841
250,100	250,100	-	-	-	-	-	-	1	-	-	-	-	-	1	3,201	174,091
281,400	281,400	-	-	-	-	-	-	1	-	-	-	-	-	1	3,202	174,372
234,400	234,400	-	-	-	-	-	-	1	-	-	-	-	-	1	3,203	174,607
1,192,100	1,192,100	-	-	-	-	-	-	1	-	-	-	-	-	1	3,204	175,799
949,777	949,777	-	-	-	-	-	-	1	-	-	-	-	-	1	3,205	176,749
1,031,122	1,031,122	-	-	-	-	-	-	1	-	-	-	-	-	1	3,206	177,780
123,800	123,800	-	-	-	-	-	-	1	-	-	-	-	1	2	3,208	178,027
122,800	122,800	-	-	-	-	-	-	1	-	-	-	-	-	1	3,209	178,150
361,500	361,500	-	-	-	-	-	-	1	-	-	-	-	-	1	3,210	178,512
120,600	120,600	-	-	-	-	-	-	1	-	-	-	-	-	1	3,211	178,632
146,500	146,500	-	-	-	-	-	-	1	-	-	-	-	-	1	3,212	178,779
119,300	119,300	-	-	-	-	-	-	1	-	-	-	-	-	1	3,213	178,898
176,100	176,100	-	-	-	-	-	-	1	-	-	-	-	-	1	3,214	179,074
415,800	415,800	-	-	-	-	-	-	1	-	-	-	-	-	1	3,215	179,490
240,750	240,750	-	-	-	-	-	-	1	-	-	-	-	-	1	3,216	179,731
163,000	163,000	-	-	-	-	-	-	1	-	-	-	-	-	1	3,217	179,894
118,500	118,500	-	-	-	-	-	-	1	-	-	-	-	-	1	3,218	180,012
114,500	114,500	-	-	-	-	-	-	1	-	-	-	-	-	1	3,219	180,127
107,000	107,000	-	-	-	-	-	-	1	-	-	-	-	-	1	3,220	180,234
668,700	668,700	-	-	-	-	-	-	1	-	-	-	-	-	1	3,221	180,902
181,600	181,600	-	-	-	-	-	-	1	-	-	-	-	-	1	3,222	181,084
108,035	108,035	-	-	-	-	-	-	1	-	-	-	-	-	1	3,223	181,192
298,400	298,400	-	-	-	-	-	-	1	-	-	-	-	-	1	3,224	181,490
533,200	533,200	-	-	-	-	-	-	1	-	-	-	-	-	1	3,225	182,024
136,200	136,200	-	-	-	-	-	-	1	-	-	-	-	-	1	3,226	182,160
141,958	141,958	-	-	-	-	-	-	1	-	-	-	-	-	1	3,227	182,302
324,300	324,300	-	-	-	-	-	-	1	-	-	-	-	-	1	3,228	182,626

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 2 Inch Commercial

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
125,844	125,844	-	-	-	-	-	-	-	1	-	-	-	-	1	3,229	182,752
262,500	262,500	-	-	-	-	-	-	-	1	-	-	-	-	1	3,230	183,014
254,700	254,700	-	-	-	-	-	-	-	1	-	-	-	-	1	3,231	183,269
200,700	200,700	-	-	-	-	-	-	-	1	-	-	-	-	1	3,232	183,470
767,412	767,412	-	-	-	-	-	-	-	1	-	-	-	-	1	3,233	184,237
136,700	136,700	-	-	-	-	-	-	-	1	-	-	-	-	1	3,234	184,374
128,600	128,600	-	-	-	-	-	-	-	1	-	-	-	-	1	3,235	184,502
223,200	223,200	-	-	-	-	-	-	-	1	-	-	-	-	1	3,236	184,726
167,500	167,500	-	-	-	-	-	-	-	1	-	-	-	-	1	3,237	184,893
178,600	178,600	-	-	-	-	-	-	-	1	-	-	-	-	1	3,238	185,072
237,600	237,600	-	-	-	-	-	-	-	1	-	-	-	-	1	3,239	185,309
397,400	397,400	-	-	-	-	-	-	-	1	-	-	-	-	1	3,240	185,707
127,700	127,700	-	-	-	-	-	-	-	1	-	-	-	-	1	3,241	185,834
143,504	143,504	-	-	-	-	-	-	-	1	-	-	-	-	1	3,242	185,978
139,700	139,700	-	-	-	-	-	-	-	1	-	-	-	-	1	3,243	186,118
232,800	232,800	-	-	-	-	-	-	-	1	-	-	-	-	1	3,244	186,350
133,900	133,900	-	-	-	-	-	-	-	1	-	-	-	-	1	3,245	186,484
522,600	522,600	-	-	-	-	-	-	-	1	-	-	-	-	1	3,246	187,007
105,700	105,700	-	-	-	-	-	-	-	1	-	-	-	-	1	3,247	187,113
176,200	176,200	-	-	-	-	-	-	-	1	-	1	-	-	2	3,249	187,465
602,100	602,100	-	-	-	-	-	-	-	1	-	-	-	-	1	3,250	188,067
271,600	271,600	-	-	-	-	-	-	-	1	-	-	-	-	1	3,251	188,339
149,118	149,118	-	-	-	-	-	-	-	1	-	-	-	-	1	3,252	188,488
114,840	114,840	-	-	-	-	-	-	-	1	-	-	-	-	1	3,253	188,603
233,800	233,800	-	-	-	-	-	-	-	1	-	-	-	-	1	3,254	188,837
274,400	274,400	-	-	-	-	-	-	-	1	-	-	-	-	1	3,255	189,111
202,500	202,500	-	-	-	-	-	-	-	1	-	-	-	-	1	3,256	189,313
114,520	114,520	-	-	-	-	-	-	-	1	-	-	-	-	1	3,257	189,428
549,600	549,600	-	-	-	-	-	-	-	1	-	-	-	-	1	3,258	189,978
136,300	136,300	-	-	-	-	-	-	-	1	-	-	-	-	1	3,259	190,114
106,900	106,900	-	-	-	-	-	-	-	1	-	-	-	-	1	3,260	190,221
183,200	183,200	-	-	-	-	-	-	-	1	-	-	-	-	1	3,261	190,404
162,300	162,300	-	-	-	-	-	-	-	1	-	-	-	-	1	3,262	190,566
201,600	201,600	-	-	-	-	-	-	-	1	-	-	-	-	1	3,263	190,768
184,700	184,700	-	-	-	-	-	-	-	1	-	-	-	1	2	3,265	191,137
126,800	126,800	-	-	-	-	-	-	-	1	-	-	-	-	1	3,266	191,264
193,500	193,500	-	-	-	-	-	-	-	1	-	-	1	-	2	3,268	191,651
217,100	217,100	-	-	-	-	-	-	-	1	-	-	1	-	2	3,270	192,085
205,400	205,400	-	-	-	-	-	-	-	1	-	-	-	-	1	3,271	192,291
169,700	169,700	-	-	-	-	-	-	-	1	-	-	-	-	1	3,272	192,460
669,400	669,400	-	-	-	-	-	-	-	1	-	-	-	-	1	3,273	193,130
102,900	102,900	-	-	-	-	-	-	-	1	-	-	-	-	1	3,274	193,233
762,566	762,566	-	-	-	-	-	-	-	1	-	-	-	-	1	3,275	193,995
867,631	867,631	-	-	-	-	-	-	-	1	-	-	-	-	1	3,276	194,863
137,600	137,600	-	-	-	-	-	-	-	1	-	-	-	-	1	3,277	195,000
360,500	360,500	-	-	-	-	-	-	-	1	-	-	-	-	1	3,278	195,361
133,800	133,800	-	-	-	-	-	-	-	1	-	-	-	-	1	3,279	195,495
146,000	146,000	-	-	-	-	-	-	-	1	-	-	-	-	1	3,280	195,641
114,700	114,700	-	-	-	-	-	-	-	1	-	-	-	-	1	3,281	195,755

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 2 Inch Commercial

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
310,070	310,070	-	-	-	-	-	-	-	1	-	-	-	-	1	3,282	196,066
129,500	129,500	-	-	-	-	-	-	-	1	1	1	-	-	3	3,285	196,454
166,700	166,700	-	-	-	-	-	-	-	1	-	-	-	1	2	3,287	196,787
710,600	710,600	-	-	-	-	-	-	-	1	-	-	-	-	1	3,288	197,498
173,500	173,500	-	-	-	-	-	-	-	1	-	-	-	-	1	3,289	197,672
284,800	284,800	-	-	-	-	-	-	-	1	-	-	-	-	1	3,290	197,956
121,700	121,700	-	-	-	-	-	-	-	1	-	-	-	-	1	3,291	198,078
142,212	142,212	-	-	-	-	-	-	-	1	-	-	-	-	1	3,292	198,220
327,600	327,600	-	-	-	-	-	-	-	1	-	-	-	-	1	3,293	198,548
124,067	124,067	-	-	-	-	-	-	-	-	1	-	-	-	1	3,294	198,672
256,100	256,100	-	-	-	-	-	-	-	-	1	-	-	-	1	3,295	198,928
245,900	245,900	-	-	-	-	-	-	-	-	1	-	-	-	1	3,296	199,174
189,100	189,100	-	-	-	-	-	-	-	-	1	-	-	-	1	3,297	199,363
715,064	715,064	-	-	-	-	-	-	-	-	1	-	-	-	1	3,298	200,078
149,800	149,800	-	-	-	-	-	-	-	-	1	-	-	-	1	3,299	200,228
194,600	194,600	-	-	-	-	-	-	-	-	1	-	-	-	1	3,300	200,422
171,000	171,000	-	-	-	-	-	-	-	-	1	-	-	-	1	3,301	200,593
126,400	126,400	-	-	-	-	-	-	-	-	1	-	-	-	1	3,302	200,720
205,900	205,900	-	-	-	-	-	-	-	-	1	-	-	-	1	3,303	200,926
131,200	131,200	-	-	-	-	-	-	-	-	1	-	-	-	1	3,304	201,057
207,700	207,700	-	-	-	-	-	-	-	-	1	-	-	-	1	3,305	201,265
117,700	117,700	-	-	-	-	-	-	-	-	1	-	-	-	1	3,306	201,382
109,700	109,700	-	-	-	-	-	-	-	-	1	-	-	1	2	3,308	201,602
108,800	108,800	-	-	-	-	-	-	-	-	1	-	-	-	1	3,309	201,711
147,586	147,586	-	-	-	-	-	-	-	-	1	-	-	-	1	3,310	201,858
162,200	162,200	-	-	-	-	-	-	-	-	1	-	-	-	1	3,311	202,020
358,700	358,700	-	-	-	-	-	-	-	-	1	-	-	-	1	3,312	202,379
413,600	413,600	-	-	-	-	-	-	-	-	1	-	-	-	1	3,313	202,793
130,600	130,600	-	-	-	-	-	-	-	-	1	-	-	-	1	3,314	202,923
138,513	138,513	-	-	-	-	-	-	-	-	1	-	-	-	1	3,315	203,062
102,440	102,440	-	-	-	-	-	-	-	-	1	-	-	-	1	3,316	203,164
222,700	222,700	-	-	-	-	-	-	-	-	1	-	-	-	1	3,317	203,387
253,200	253,200	-	-	-	-	-	-	-	-	1	-	-	-	1	3,318	203,640
385,300	385,300	-	-	-	-	-	-	-	-	1	-	-	-	1	3,319	204,025
135,700	135,700	-	-	-	-	-	-	-	-	1	-	-	-	1	3,320	204,161
142,725	142,725	-	-	-	-	-	-	-	-	1	-	-	-	1	3,321	204,304
140,500	140,500	-	-	-	-	-	-	-	-	1	-	-	-	1	3,322	204,444
166,860	166,860	-	-	-	-	-	-	-	-	1	-	-	-	1	3,323	204,611
130,800	130,800	-	-	-	-	-	-	-	-	1	-	-	-	1	3,324	204,742
242,200	242,200	-	-	-	-	-	-	-	-	1	-	-	-	1	3,325	204,984
258,100	258,100	-	-	-	-	-	-	-	-	1	-	-	-	1	3,326	205,242
242,400	242,400	-	-	-	-	-	-	-	-	1	-	-	-	1	3,327	205,485
150,700	150,700	-	-	-	-	-	-	-	-	1	-	-	-	1	3,328	205,635
402,400	402,400	-	-	-	-	-	-	-	-	1	-	-	-	1	3,329	206,038
671,024	671,024	-	-	-	-	-	-	-	-	1	-	-	-	1	3,330	206,709
790,302	790,302	-	-	-	-	-	-	-	-	1	-	-	-	1	3,331	207,499
129,900	129,900	-	-	-	-	-	-	-	-	1	-	-	-	1	3,332	207,629
459,100	459,100	-	-	-	-	-	-	-	-	1	-	-	-	1	3,333	208,088
106,800	106,800	-	-	-	-	-	-	-	-	1	-	-	-	1	3,334	208,195

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 2 Inch Commercial

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
152,600	152,600	-	-	-	-	-	-	-	-	1	-	-	-	1	3,335	208,348
189,140	189,140	-	-	-	-	-	-	-	-	1	-	-	-	1	3,336	208,537
145,400	145,400	-	-	-	-	-	-	-	-	1	-	1	-	2	3,338	208,827
125,300	125,300	-	-	-	-	-	-	-	-	1	-	-	-	1	3,339	208,953
562,400	562,400	-	-	-	-	-	-	-	-	1	-	-	-	1	3,340	209,515
186,500	186,500	-	-	-	-	-	-	-	-	1	-	-	-	1	3,341	209,702
295,300	295,300	-	-	-	-	-	-	-	-	1	-	-	-	1	3,342	209,997
148,000	148,000	-	-	-	-	-	-	-	-	1	-	-	-	1	3,343	210,145
101,290	101,290	-	-	-	-	-	-	-	-	1	-	-	-	1	3,344	210,246
130,700	130,700	-	-	-	-	-	-	-	-	1	-	-	-	1	3,345	210,377
148,300	148,300	-	-	-	-	-	-	-	-	1	-	-	-	1	3,346	210,525
227,100	227,100	-	-	-	-	-	-	-	-	-	1	-	-	1	3,347	210,752
~~218,600~~	218,600	-	-	-	-	-	-	-	-	-	1	-	1	2	3,349	211,190
165,800	165,800	-	-	-	-	-	-	-	-	-	1	-	-	1	3,350	211,355
353,398	353,398	-	-	-	-	-	-	-	-	-	1	-	-	1	3,351	211,709
193,100	193,100	-	-	-	-	-	-	-	-	-	1	-	-	1	3,352	211,902
148,500	148,500	-	-	-	-	-	-	-	-	-	1	-	-	1	3,353	212,050
135,077	135,077	-	-	-	-	-	-	-	-	-	1	-	-	1	3,354	212,185
101,500	101,500	-	-	-	-	-	-	-	-	-	1	-	-	1	3,355	212,287
382,600	382,600	-	-	-	-	-	-	-	-	-	1	-	-	1	3,356	212,670
159,300	159,300	-	-	-	-	-	-	-	-	-	1	-	-	1	3,357	212,829
126,700	126,700	-	-	-	-	-	-	-	-	-	1	-	-	1	3,358	212,956
187,800	187,800	-	-	-	-	-	-	-	-	-	1	-	-	1	3,359	213,143
321,100	321,100	-	-	-	-	-	-	-	-	-	1	-	-	1	3,360	213,464
124,500	124,500	-	-	-	-	-	-	-	-	-	1	-	-	1	3,361	213,589
124,900	124,900	-	-	-	-	-	-	-	-	-	1	-	-	1	3,362	213,714
162,360	162,360	-	-	-	-	-	-	-	-	-	1	-	-	1	3,363	213,876
180,800	180,800	-	-	-	-	-	-	-	-	-	1	-	-	1	3,364	214,057
277,800	277,800	-	-	-	-	-	-	-	-	-	1	-	-	1	3,365	214,335
251,400	251,400	-	-	-	-	-	-	-	-	-	1	-	-	1	3,366	214,586
183,900	183,900	-	-	-	-	-	-	-	-	-	1	-	-	1	3,367	214,770
143,800	143,800	-	-	-	-	-	-	-	-	-	1	-	-	1	3,368	214,914
349,600	349,600	-	-	-	-	-	-	-	-	-	1	-	-	1	3,369	215,263
542,500	542,500	-	-	-	-	-	-	-	-	-	1	-	-	1	3,370	215,806
659,835	659,835	-	-	-	-	-	-	-	-	-	1	-	-	1	3,371	216,466
137,000	137,000	-	-	-	-	-	-	-	-	-	1	-	-	1	3,372	216,603
151,500	151,500	-	-	-	-	-	-	-	-	-	1	-	-	1	3,373	216,754
341,300	341,300	-	-	-	-	-	-	-	-	-	1	-	-	1	3,374	217,096
165,300	165,300	-	-	-	-	-	-	-	-	-	1	-	-	1	3,375	217,261
132,000	132,000	-	-	-	-	-	-	-	-	-	1	-	1	2	3,377	217,525
155,300	155,300	-	-	-	-	-	-	-	-	-	1	-	-	1	3,378	217,680
255,700	255,700	-	-	-	-	-	-	-	-	-	1	-	-	1	3,379	217,936
312,100	312,100	-	-	-	-	-	-	-	-	-	1	-	-	1	3,380	218,248
130,000	130,000	-	-	-	-	-	-	-	-	-	1	-	-	1	3,381	218,378
106,300	106,300	-	-	-	-	-	-	-	-	-	-	1	-	1	3,382	218,484
286,400	286,400	-	-	-	-	-	-	-	-	-	-	1	-	1	3,383	218,771
277,500	277,500	-	-	-	-	-	-	-	-	-	-	1	-	1	3,384	219,048
212,000	212,000	-	-	-	-	-	-	-	-	-	-	1	-	1	3,385	219,260
537,888	537,888	-	-	-	-	-	-	-	-	-	-	1	-	1	3,386	219,798

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 2 Inch Commercial

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
146,400	146,400	-	-	-	-	-	-	-	-	-	-	1	-	1	3,387	219,944
185,800	185,800	-	-	-	-	-	-	-	-	-	-	1	-	1	3,388	220,130
150,400	150,400	-	-	-	-	-	-	-	-	-	-	1	-	1	3,389	220,281
212,300	212,300	-	-	-	-	-	-	-	-	-	-	1	-	1	3,390	220,493
135,500	135,500	-	-	-	-	-	-	-	-	-	-	1	-	1	3,391	220,628
155,856	155,856	-	-	-	-	-	-	-	-	-	-	1	-	1	3,392	220,784
162,000	162,000	-	-	-	-	-	-	-	-	-	-	1	-	1	3,393	220,946
164,400	164,400	-	-	-	-	-	-	-	-	-	-	1	-	1	3,394	221,111
(100)	(100)	-	-	-	-	-	-	-	-	-	-	1	-	1	3,395	221,111
511,900	511,900	-	-	-	-	-	-	-	-	-	-	1	-	1	3,396	221,623
530,800	530,800	-	-	-	-	-	-	-	-	-	-	1	-	1	3,397	222,153
451,900	451,900	-	-	-	-	-	-	-	-	-	-	1	-	1	3,398	222,605
129,202	129,202	-	-	-	-	-	-	-	-	-	-	1	-	1	3,399	222,734
199,800	199,800	-	-	-	-	-	-	-	-	-	-	1	-	1	3,400	222,934
260,700	260,700	-	-	-	-	-	-	-	-	-	-	1	-	1	3,401	223,195
365,800	365,800	-	-	-	-	-	-	-	-	-	-	1	-	1	3,402	223,561
236,300	236,300	-	-	-	-	-	-	-	-	-	-	1	-	1	3,403	223,797
120,800	120,800	-	-	-	-	-	-	-	-	-	-	1	-	1	3,404	223,918
112,400	112,400	-	-	-	-	-	-	-	-	-	-	1	-	1	3,405	224,030
122,100	122,100	-	-	-	-	-	-	-	-	-	-	1	-	1	3,406	224,152
296,300	296,300	-	-	-	-	-	-	-	-	-	-	1	-	1	3,407	224,449
351,100	351,100	-	-	-	-	-	-	-	-	-	-	1	-	1	3,408	224,800
227,900	227,900	-	-	-	-	-	-	-	-	-	-	1	-	1	3,409	225,028
560,000	560,000	-	-	-	-	-	-	-	-	-	-	1	-	1	3,410	225,588
115,000	115,000	-	-	-	-	-	-	-	-	-	-	1	1	2	3,412	225,818
659,660	659,660	-	-	-	-	-	-	-	-	-	-	1	-	1	3,413	226,477
795,438	795,438	-	-	-	-	-	-	-	-	-	-	1	-	1	3,414	227,273
165,700	165,700	-	-	-	-	-	-	-	-	-	-	1	-	1	3,415	227,438
127,800	127,800	-	-	-	-	-	-	-	-	-	-	1	-	1	3,416	227,566
182,000	182,000	-	-	-	-	-	-	-	-	-	-	1	-	1	3,417	227,748
106,100	106,100	-	-	-	-	-	-	-	-	-	-	2	-	2	3,419	227,960
244,500	244,500	-	-	-	-	-	-	-	-	-	-	1	-	1	3,420	228,205
270,900	270,900	-	-	-	-	-	-	-	-	-	-	1	-	1	3,421	228,476
170,900	170,900	-	-	-	-	-	-	-	-	-	-	1	-	1	3,422	228,647
143,700	143,700	-	-	-	-	-	-	-	-	-	-	1	-	1	3,423	228,790
335,200	335,200	-	-	-	-	-	-	-	-	-	-	1	-	1	3,424	229,126
101,506	101,506	-	-	-	-	-	-	-	-	-	-	1	-	1	3,425	229,227
260,000	260,000	-	-	-	-	-	-	-	-	-	-	1	-	1	3,426	229,487
386,600	386,600	-	-	-	-	-	-	-	-	-	-	1	-	1	3,427	229,874
158,900	158,900	-	-	-	-	-	-	-	-	-	-	1	-	1	3,428	230,033
180,000	180,000	-	-	-	-	-	-	-	-	-	-	1	-	1	3,429	230,213
186,600	186,600	-	-	-	-	-	-	-	-	-	-	1	-	1	3,430	230,399
125,500	125,500	-	-	-	-	-	-	-	-	-	-	1	-	1	3,431	230,525
159,700	159,700	-	-	-	-	-	-	-	-	-	-	1	-	1	3,432	230,684
248,700	248,700	-	-	-	-	-	-	-	-	-	-	-	1	1	3,433	230,933
246,100	246,100	-	-	-	-	-	-	-	-	-	-	-	1	1	3,434	231,179
312,767	312,767	-	-	-	-	-	-	-	-	-	-	-	1	1	3,435	231,492
162,500	162,500	-	-	-	-	-	-	-	-	-	-	-	1	1	3,436	231,655
104,500	104,500	-	-	-	-	-	-	-	-	-	-	-	1	1	3,437	231,759

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 2 Inch Commercial

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
223,900	223,900	-	-	-	-	-	-	-	-	-	-	-	1	1	3,438	231,983
197,200	197,200	-	-	-	-	-	-	-	-	-	-	-	1	1	3,439	232,180
105,500	105,500	-	-	-	-	-	-	-	-	-	-	-	1	1	3,440	232,286
130,825	130,825	-	-	-	-	-	-	-	-	-	-	-	1	1	3,441	232,416
465,100	465,100	-	-	-	-	-	-	-	-	-	-	-	1	1	3,442	232,882
342,800	342,800	-	-	-	-	-	-	-	-	-	-	-	1	1	3,443	233,224
270,700	270,700	-	-	-	-	-	-	-	-	-	-	-	1	1	3,444	233,495
113,227	113,227	-	-	-	-	-	-	-	-	-	-	-	1	1	3,445	233,608
204,800	204,800	-	-	-	-	-	-	-	-	-	-	-	1	1	3,446	233,813
249,400	249,400	-	-	-	-	-	-	-	-	-	-	-	1	1	3,447	234,062
128,000	128,000	-	-	-	-	-	-	-	-	-	-	-	1	1	3,448	234,190
318,600	318,600	-	-	-	-	-	-	-	-	-	-	-	1	1	3,449	234,509
282,800	282,800	-	-	-	-	-	-	-	-	-	-	-	1	1	3,450	234,792
150500	150,500	-	-	-	-	-	-	-	-	-	-	-	1	1	3,451	234,942
127000	127,000	-	-	-	-	-	-	-	-	-	-	-	1	1	3,452	235,069
322200	322,200	-	-	-	-	-	-	-	-	-	-	-	1	1	3,453	235,392
494093	494,093	-	-	-	-	-	-	-	-	-	-	-	1	1	3,454	235,886
622873	622,873	-	-	-	-	-	-	-	-	-	-	-	1	1	3,455	236,509
107600	107,600	-	-	-	-	-	-	-	-	-	-	-	1	1	3,456	236,616
256000	256,000	-	-	-	-	-	-	-	-	-	-	-	1	1	3,457	236,872
154600	154,600	-	-	-	-	-	-	-	-	-	-	-	1	1	3,458	237,027
140800	140,800	-	-	-	-	-	-	-	-	-	-	-	1	1	3,459	237,168
140000	140,000	-	-	-	-	-	-	-	-	-	-	-	1	1	3,460	237,308
374200	374,200	-	-	-	-	-	-	-	-	-	-	-	1	1	3,461	237,682
269300	269,300	-	-	-	-	-	-	-	-	-	-	-	1	1	3,462	237,951
398300	398,300	-	-	-	-	-	-	-	-	-	-	-	1	1	3,463	238,349
115700	115,700	-	-	-	-	-	-	-	-	-	-	-	1	1	3,464	238,465
212500	212,500	-	-	-	-	-	-	-	-	-	-	-	1	1	3,465	238,678
187400	187,400	-	-	-	-	-	-	-	-	-	-	-	1	1	3,466	238,865
120100	120,100	-	-	-	-	-	-	-	-	-	-	-	1	1	3,467	238,985
106500	106,500	-	-	-	-	-	-	-	-	-	-	-	1	1	3,468	239,092
														-	3,468	239,092
Totals		290	290	289	289	289	289	289	287	291	283	287	295	3,468		

Average Usage	68,942
Median Usage	27,500
Average # Customers	289
Change in Number of Customers	5

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 3 Inch Commercial

Exhibit
Schedule H-5
Page 9
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	-	-	-	-	-	-	1	-	-	-	-	1	2	2	-
1	1,000	1	-	2	-	1	1	1	2	3	3	3	1	18	20	9
1,001	2,000	-	1	-	1	1	1	-	-	-	-	-	2	6	26	18
2,001	3,000	-	-	-	2	-	-	1	1	1	-	1	-	6	32	33
3,001	4,000	-	1	-	-	-	-	-	-	-	-	1	-	2	34	40
4,001	5,000	-	-	-	-	-	-	-	1	-	1	-	1	3	37	54
5,001	6,000	-	-	-	-	-	1	-	-	1	1	-	-	3	40	70
6,001	7,000	-	-	-	-	-	-	-	-	-	-	-	-	-	40	70
7,001	8,000	-	-	1	-	-	1	1	-	-	-	-	-	3	43	93
8,001	9,000	-	-	-	-	-	-	-	-	-	-	-	1	1	44	101
9,001	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	44	101
10,001	11,000	-	-	-	1	-	-	-	-	-	-	-	1	2	46	122
11,001	12,000	1	-	-	-	1	-	-	-	-	-	-	-	2	48	145
12,001	13,000	1	1	1	-	-	-	-	-	-	2	-	-	5	53	208
13,001	14,000	-	-	-	-	1	1	-	-	1	-	1	-	4	57	262
14,001	15,000	1	1	-	-	1	-	-	-	-	-	-	-	3	60	305
15,001	16,000	-	-	-	-	-	-	-	-	1	-	-	-	1	61	321
16,001	17,000	2	-	-	-	-	-	-	-	1	1	-	-	4	65	387
17,001	18,000	-	-	-	-	-	-	-	1	-	-	-	-	1	66	404
18,001	19,000	-	-	-	1	1	-	-	-	-	-	-	-	2	68	441
19,001	20,000	-	-	1	-	-	-	1	-	-	-	1	-	3	71	500
20,001	21,000	-	-	-	-	-	-	-	-	-	-	-	-	-	71	500
21,001	22,000	-	1	-	-	1	1	1	-	1	1	-	-	6	77	629
22,001	23,000	1	-	-	-	-	-	-	-	-	-	-	-	1	78	651
23,001	24,000	1	-	1	1	-	1	1	-	-	-	-	-	5	83	769
24,001	25,000	-	-	-	-	-	-	-	-	-	-	-	1	1	84	793
25,001	26,000	-	-	1	-	-	-	-	1	-	-	-	-	2	86	844
26,001	27,000	-	-	-	-	-	-	-	1	-	-	-	-	1	87	871
27,001	28,000	-	-	1	-	-	-	-	-	-	-	-	-	1	88	898
28,001	29,000	-	-	-	-	-	-	-	1	-	-	1	-	2	90	955
29,001	30,000	-	1	-	-	-	-	-	-	-	-	-	-	1	91	985
30,001	31,000	1	-	-	1	-	-	-	-	-	-	-	-	2	93	1,046
31,001	32,000	-	-	-	-	-	-	-	-	-	-	-	-	-	93	1,046
32,001	33,000	-	-	-	-	1	-	-	-	-	-	-	1	2	95	1,111
33,001	34,000	-	-	1	-	-	-	1	-	-	-	-	-	2	97	1,178
34,001	35,000	-	-	-	1	-	-	-	-	-	-	-	-	1	98	1,212
35,001	36,000	-	-	-	-	-	-	-	-	1	-	-	-	1	99	1,248
36,001	37,000	-	-	-	-	-	-	-	-	-	1	-	-	1	100	1,284
37,001	38,000	-	2	-	-	-	-	1	-	-	-	1	-	4	104	1,434

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 3 Inch Commercial

Exhibit
Schedule H-5
Page 9
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
38,001	39,000	-	-	-	-	-	-	-	-	1	-	1	-	2	106	1,511
39,001	40,000	-	1	-	-	-	-	-	-	-	-	-	1	2	108	1,590
40,001	41,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	1,590
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	108	1,590
42,001	43,000	-	-	1	-	-	-	-	-	-	-	-	-	1	109	1,633
43,001	44,000	-	-	-	-	-	-	-	-	-	-	-	-	-	109	1,633
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	109	1,633
45,001	46,000	-	-	-	-	-	-	-	-	-	-	-	-	-	109	1,633
46,001	47,000	-	-	-	-	-	1	-	-	-	-	-	-	1	110	1,679
47,001	48,000	-	-	-	-	-	-	-	-	-	-	-	-	-	110	1,679
48,001	49,000	-	1	-	-	1	-	-	-	-	-	-	-	2	112	1,776
49,001	50,000	1	-	-	-	-	-	-	-	-	-	-	-	1	113	1,826
50,001	51,000	-	-	1	-	-	-	-	-	-	-	-	-	1	114	1,876
51,001	52,000	1	-	-	1	-	1	-	-	-	-	-	-	3	117	2,031
52,001	53,000	-	-	-	-	-	1	-	-	-	-	-	-	1	118	2,083
53,001	54,000	-	-	-	-	1	-	-	-	-	-	-	-	1	119	2,137
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	119	2,137
55,001	56,000	-	1	-	-	-	-	-	-	-	-	-	-	1	120	2,192
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	120	2,192
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	120	2,192
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	120	2,192
59,001	60,000	-	-	-	-	-	-	-	-	1	-	-	-	1	121	2,252
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	121	2,252
61,001	62,000	-	-	-	-	-	-	-	1	-	-	-	-	1	122	2,313
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	122	2,313
63,001	64,000	-	-	-	-	-	-	1	-	-	-	-	-	1	123	2,377
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	123	2,377
65,001	66,000	-	-	-	-	-	-	-	1	-	-	-	-	1	124	2,442
66,001	67,000	-	-	-	1	-	-	-	-	-	-	-	-	1	125	2,509
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	125	2,509
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	125	2,509
69,001	70,000	-	-	1	-	-	-	-	-	-	-	-	-	1	126	2,578
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	126	2,578
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	126	2,578
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	126	2,578
73,001	74,000	-	-	-	-	-	-	-	-	-	-	1	-	1	127	2,652
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	127	2,652
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	1	1	128	2,727
76,001	77,000	1	-	-	-	-	-	-	-	-	-	-	-	1	129	2,804

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 3 Inch Commercial

Exhibit
Schedule H-5
Page 9
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
77,001	78,000	-	1	-	-	-	-	-	-	-	-	-	1	2	131	2,959
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	131	2,959
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	131	2,959
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	131	2,959
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	131	2,959
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	1	1	132	3,041
83,001	84,000	-	-	-	-	-	-	-	-	-	1	-	-	1	133	3,125
84,001	85,000	-	-	-	-	-	-	-	-	1	-	-	-	1	134	3,209
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	134	3,209
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	134	3,209
87,001	88,000	-	-	-	1	-	-	-	-	-	-	-	-	1	135	3,297
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	135	3,297
89,001	90,000	-	-	1	1	1	-	-	-	-	-	-	-	3	138	3,565
90,001	91,000	-	-	-	-	-	-	-	-	-	1	-	-	1	139	3,656
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	139	3,656
92,001	93,000	-	-	-	-	-	1	-	-	-	-	-	-	1	140	3,748
93,001	94,000	-	-	-	1	-	-	-	-	-	-	-	1	2	142	3,935
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	142	3,935
95,001	96,000	-	-	-	-	-	-	-	-	1	-	-	1	2	144	4,126
96,001	97,000	-	-	-	-	-	-	1	-	-	-	-	1	2	146	4,319
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	146	4,319
98,001	99,000	-	-	-	-	-	-	-	-	-	1	-	1	2	148	4,516
99,001	100,000	-	-	-	-	-	-	-	1	-	-	-	-	1	149	4,616
100,047	100,047	-	-	-	-	-	1	-	-	-	-	-	-	1	150	4,716
100,149	100,149	-	-	-	-	-	-	-	-	-	1	-	-	1	151	4,816
101,085	101,085	-	-	-	-	-	-	-	1	-	-	-	-	1	152	4,917
101,800	101,800	-	-	-	-	-	-	-	-	-	-	1	-	1	153	5,019
103,100	103,100	-	-	-	-	-	-	-	-	-	-	1	-	1	154	5,122
107,892	107,892	-	-	-	-	-	-	-	1	-	-	-	-	1	155	5,230
108,900	108,900	-	-	-	-	-	-	-	-	-	1	-	-	1	156	5,339
114,671	114,671	-	-	1	-	-	-	-	-	-	-	-	-	1	157	5,453
115,000	115,000	-	-	-	-	-	-	-	-	-	1	-	-	1	158	5,568
116,846	116,846	-	-	-	-	-	-	-	1	-	-	-	-	1	159	5,685
117,252	117,252	-	-	-	-	1	-	-	-	-	-	-	-	1	160	5,802
120,500	120,500	-	-	-	-	-	-	-	-	1	-	-	-	1	161	5,923
121,400	121,400	-	-	-	-	-	-	-	-	-	1	-	-	1	162	6,044
123,300	123,300	-	-	1	-	-	-	-	-	-	-	-	-	1	163	6,168
123,700	123,700	-	1	-	-	-	-	-	-	-	-	-	-	1	164	6,291
124,100	124,100	-	-	-	-	-	-	-	-	1	-	-	-	1	165	6,415

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 3 Inch Commercial

Exhibit
Schedule H-5
Page 9
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
125,600	125,600	1	-	-	-	-	-	-	-	-	-	-	-	1	166	6,541
127,700	127,700	-	-	-	-	-	-	-	-	-	-	-	1	1	167	6,669
127,900	127,900	-	-	-	1	-	-	-	-	-	-	-	-	1	168	6,797
129,300	129,300	-	-	-	-	-	-	-	1	-	-	-	-	1	169	6,926
129,329	129,329	-	-	-	-	-	-	1	-	-	-	-	-	1	170	7,055
131,000	131,000	-	-	-	-	-	-	-	-	-	-	1	-	1	171	7,186
131,100	131,100	-	1	-	-	-	-	-	-	-	-	-	-	1	172	7,317
132,300	132,300	-	-	-	-	1	-	-	-	-	-	-	-	1	173	7,450
133,000	133,000	-	-	-	-	1	-	-	-	-	-	1	-	2	175	7,716
133,400	133,400	-	-	-	1	-	-	-	-	-	-	-	-	1	176	7,849
133,471	133,471	-	-	-	1	-	-	-	-	-	-	-	-	1	177	7,982
134,800	134,800	-	-	-	-	-	-	-	1	-	1	-	-	2	179	8,252
135,641	135,641	1	-	-	-	-	-	-	-	-	-	-	-	1	180	8,388
136,361	136,361	-	-	-	-	-	-	-	1	-	-	-	-	1	181	8,524
136,600	136,600	-	-	1	-	-	-	-	-	-	-	-	-	1	182	8,661
137,500	137,500	-	1	-	-	-	-	-	-	-	-	-	-	1	183	8,798
140,800	140,800	-	-	-	-	-	1	-	1	-	-	-	-	2	185	9,080
141,300	141,300	-	-	1	-	-	-	-	-	-	-	-	-	1	186	9,221
143,500	143,500	-	-	-	-	-	-	-	-	-	-	-	1	1	187	9,365
143,700	143,700	1	-	-	-	-	-	-	-	-	-	-	-	1	188	9,508
143,900	143,900	-	-	-	1	-	-	-	-	-	-	-	-	1	189	9,652
144,847	144,847	-	-	-	-	1	-	-	-	-	-	-	-	1	190	9,797
145,300	145,300	-	-	-	-	1	-	-	-	-	-	-	-	1	191	9,942
145,400	145,400	-	-	-	-	1	-	-	-	-	-	-	-	1	192	10,088
147,800	147,800	-	-	-	-	-	-	-	-	-	-	-	1	1	193	10,235
148,000	148,000	-	-	1	-	-	-	-	-	-	-	-	-	1	194	10,383
152,700	152,700	-	-	-	-	-	-	-	-	1	-	-	-	1	195	10,536
153,710	153,710	-	-	-	-	-	-	-	-	1	-	-	-	1	196	10,690
155,400	155,400	1	-	-	-	-	-	-	-	-	-	-	-	1	197	10,845
156,600	156,600	1	-	-	-	-	-	-	-	-	-	-	-	1	198	11,002
157,100	157,100	-	-	-	-	-	-	-	-	-	-	-	1	1	199	11,159
158,959	158,959	-	-	-	-	1	-	-	-	-	-	-	-	1	200	11,318
160,400	160,400	-	-	-	-	-	-	1	-	-	-	-	-	1	201	11,478
160,500	160,500	-	-	1	-	-	-	-	-	-	-	-	-	1	202	11,639
160,503	160,503	-	-	-	-	-	-	-	-	1	-	-	-	1	203	11,799
161,000	161,000	-	-	-	-	-	1	-	-	1	-	-	-	2	205	12,121
161,900	161,900	-	-	-	-	-	-	-	-	-	1	-	-	1	206	12,283
162,000	162,000	-	-	-	1	-	-	-	-	-	-	-	-	1	207	12,445
165,200	165,200	-	-	-	-	-	-	-	-	-	-	1	-	1	208	12,610

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 3 Inch Commercial

Exhibit
Schedule H-5
Page 9
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
167,944	167,944	-	-	-	-	-	1	-	-	-	-	-	-	1	209	12,778
170,000	170,000	-	-	-	1	-	-	-	-	-	-	-	-	1	210	12,948
172,700	172,700	-	-	1	-	-	-	-	-	-	-	-	-	1	211	13,121
173,866	173,866	-	-	-	-	-	-	-	-	-	1	-	-	1	212	13,295
177,300	177,300	-	-	-	-	-	-	1	-	-	-	-	-	1	213	13,472
178,400	178,400	-	1	-	-	-	-	-	-	-	-	-	-	1	214	13,651
180,295	180,295	1	-	-	-	-	-	-	-	-	-	-	-	1	215	13,831
181,129	181,129	-	1	-	-	-	-	-	-	-	-	-	-	1	216	14,012
184,000	184,000	-	1	-	-	-	-	-	-	-	-	-	-	1	217	14,196
185,900	185,900	-	1	-	-	-	-	-	-	-	-	-	-	1	218	14,382
188,000	188,000	1	-	-	-	-	-	-	-	-	-	-	-	1	219	14,570
188,642	188,642	-	-	-	-	-	-	-	-	-	-	-	1	1	220	14,759
191,500	191,500	-	-	-	-	-	-	-	-	-	1	-	-	1	221	14,950
193,574	193,574	-	-	-	-	-	-	-	-	-	-	1	-	1	222	15,144
196,200	196,200	-	-	-	-	-	-	-	-	1	-	-	-	1	223	15,340
197,600	197,600	-	-	-	-	-	1	-	-	-	-	-	-	1	224	15,537
200,000	200,000	-	-	-	-	-	-	1	-	-	-	-	-	1	225	15,737
200,602	200,602	-	-	-	1	-	-	-	-	-	-	-	-	1	226	15,938
202,700	202,700	-	-	-	-	1	-	-	-	-	-	-	-	1	227	16,141
203,900	203,900	-	-	-	-	1	-	-	-	-	-	-	-	1	228	16,345
206,100	206,100	-	-	-	1	-	-	-	-	-	-	-	-	1	229	16,551
208,000	208,000	-	-	-	-	-	-	1	-	-	-	-	-	1	230	16,759
208,329	208,329	-	-	-	-	-	1	-	-	-	-	-	-	1	231	16,967
210,191	210,191	-	-	-	-	-	-	-	-	-	-	1	-	1	232	17,177
210,300	210,300	1	-	-	-	-	-	-	-	-	-	-	-	1	233	17,388
210,461	210,461	-	-	-	-	-	-	1	-	-	-	-	-	1	234	17,598
211,300	211,300	-	-	-	-	-	1	-	-	-	-	-	-	1	235	17,809
214,000	214,000	-	1	-	-	-	-	-	-	-	-	-	-	1	236	18,023
214,200	214,200	-	-	-	-	-	-	-	-	-	-	-	1	1	237	18,238
214,400	214,400	-	-	1	-	-	-	-	-	-	-	-	-	1	238	18,452
221,400	221,400	-	-	-	-	-	-	-	1	-	-	-	-	1	239	18,673
222,464	222,464	-	-	-	-	-	-	-	-	-	-	1	-	1	240	18,896
223,318	223,318	-	-	1	-	-	-	-	-	-	-	-	-	1	241	19,119
224,000	224,000	-	1	-	-	-	-	-	-	-	-	1	-	2	243	19,567
225,700	225,700	-	-	-	-	-	-	1	-	-	-	-	-	1	244	19,793
225,890	225,890	-	-	-	-	-	-	-	-	-	-	-	1	1	245	20,019
229,115	229,115	-	-	1	-	-	-	-	-	-	-	-	-	1	246	20,248
230,400	230,400	-	-	-	-	-	-	-	1	-	-	-	-	1	247	20,478
232,100	232,100	-	-	-	-	-	-	-	-	1	-	-	-	1	248	20,710

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 3 Inch Commercial

Exhibit
Schedule H-5
Page 9
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
235,471	235,471	-	-	-	-	-	-	-	-	-	1	-	-	1	249	20,946
235,960	235,960	-	-	-	-	-	-	-	1	-	-	-	-	1	250	21,182
239,400	239,400	-	-	-	-	-	-	-	-	-	-	1	-	1	251	21,421
240,452	240,452	-	-	-	-	1	-	-	-	-	-	-	-	1	252	21,662
240,951	240,951	-	-	-	-	-	-	-	-	1	-	-	-	1	253	21,903
243,900	243,900	-	-	-	-	-	-	-	1	-	-	-	-	1	254	22,146
244,800	244,800	-	-	-	-	-	-	1	-	-	-	-	-	1	255	22,391
245,300	245,300	-	-	-	-	-	-	-	-	-	1	-	-	1	256	22,637
248,400	248,400	-	-	-	-	-	1	-	-	-	-	-	-	1	257	22,885
251,800	251,800	-	-	-	1	-	-	-	-	-	-	-	-	1	258	23,137
251,852	251,852	1	-	-	-	-	-	-	-	-	-	-	-	1	259	23,389
252,700	252,700	-	-	-	-	1	-	-	-	-	-	-	-	1	260	23,641
253,600	253,600	-	-	-	-	-	1	-	-	-	-	-	-	1	261	23,895
260,600	260,600	-	-	-	-	-	-	-	-	-	1	-	-	1	262	24,156
266,400	266,400	-	-	-	-	-	1	-	-	-	-	-	-	1	263	24,422
271,000	271,000	-	-	-	-	-	-	-	-	-	-	1	-	1	264	24,693
273,320	273,320	1	-	-	-	-	-	-	-	-	-	-	-	1	265	24,966
275,488	275,488	-	-	-	-	-	-	-	-	-	-	1	-	1	266	25,242
277,000	277,000	-	-	-	-	-	1	-	-	-	-	-	-	1	267	25,519
278,000	278,000	-	-	-	-	1	-	-	-	-	-	-	-	1	268	25,797
278,300	278,300	-	-	-	-	-	1	-	-	-	-	-	-	1	269	26,075
279,400	279,400	-	-	-	-	-	-	-	-	-	-	-	1	1	270	26,354
284,200	284,200	-	-	1	-	-	-	-	-	-	-	-	-	1	271	26,639
284,800	284,800	-	-	-	-	-	-	1	-	-	-	-	-	1	272	26,923
285,847	285,847	-	1	-	-	-	-	-	-	-	-	-	-	1	273	27,209
292,300	292,300	-	-	-	-	-	-	1	-	-	-	-	-	1	274	27,502
292,400	292,400	1	-	-	-	-	-	-	-	-	-	-	-	1	275	27,794
299,400	299,400	-	-	-	-	-	-	-	1	-	-	-	-	1	276	28,093
299,848	299,848	-	1	-	-	-	-	-	-	-	-	-	-	1	277	28,393
301,300	301,300	-	-	-	1	-	-	-	-	-	-	-	-	1	278	28,695
318,200	318,200	-	-	-	-	-	-	-	-	-	-	1	-	1	279	29,013
319,314	319,314	-	-	-	-	-	1	-	-	-	-	-	-	1	280	29,332
321,500	321,500	-	1	-	-	-	-	-	-	-	-	-	-	1	281	29,654
321,986	321,986	-	-	-	-	-	-	1	-	-	-	-	-	1	282	29,976
334,500	334,500	-	-	-	-	-	-	-	-	1	-	-	-	1	283	30,310
337,128	337,128	-	-	-	-	-	-	1	-	-	-	-	-	1	284	30,647
337,900	337,900	-	-	-	-	1	-	-	-	-	-	-	-	1	285	30,985
339,300	339,300	1	-	-	-	-	-	-	-	-	-	-	-	1	286	31,324
341,800	341,800	-	-	-	-	-	1	-	-	-	-	-	-	1	287	31,666

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 3 Inch Commercial

Exhibit
Schedule H-5
Page 9
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
352,100	352,100	-	-	-	1	-	-	-	-	-	-	-	-	1	288	32,018
357,500	357,500	-	-	-	-	-	-	1	-	-	-	-	-	1	289	32,376
357,900	357,900	-	-	1	-	-	-	-	-	-	-	-	-	1	290	32,734
369,300	369,300	-	-	-	-	-	-	-	1	-	-	-	-	1	291	33,103
380,300	380,300	-	-	-	-	-	-	-	-	-	1	-	-	1	292	33,483
389,200	389,200	-	-	-	1	-	-	-	-	-	-	-	-	1	293	33,872
396,400	396,400	-	-	-	-	-	-	1	-	-	-	-	-	1	294	34,269
411,700	411,700	-	-	-	-	-	-	-	-	-	-	-	1	1	295	34,681
424,300	424,300	-	-	-	-	1	-	-	-	-	-	-	-	1	296	35,105
430,000	430,000	1	-	-	-	-	-	-	-	-	-	-	-	1	297	35,535
440,400	440,400	-	1	-	-	-	-	-	-	-	-	-	-	1	298	35,975
447,900	447,900	-	-	-	-	-	-	-	-	1	-	-	-	1	299	36,423
460,400	460,400	-	-	-	-	-	-	-	-	-	-	1	-	1	300	36,884
470,000	470,000	-	-	-	-	-	-	1	1	-	-	-	-	2	302	37,824
520,000	520,000	-	-	-	-	-	-	-	-	-	-	-	1	1	303	38,344
584,200	584,200	-	-	-	-	-	-	-	-	-	1	-	-	1	304	38,928
590,000	590,000	-	-	1	-	-	-	-	-	-	-	-	-	1	305	39,518
600,000	600,000	-	1	-	1	-	1	-	-	-	-	-	-	3	308	41,318
720,000	720,000	-	-	-	-	1	-	-	-	-	-	-	-	1	309	42,038
820,000	820,000	-	-	-	-	-	-	-	-	-	-	1	-	1	310	42,858
905,810	905,810	-	-	-	-	-	-	-	1	-	-	-	-	1	311	43,764
975,800	975,800	-	-	-	-	-	-	-	-	1	-	-	-	1	312	44,739
	-													-	312	44,739
	-															44,739
Totals		25	26	26	26	26	26	26	26	26	26	26	27	312		

Average Usage	143,395
Median Usage	111,786
Average # Customers	26
Change in Number of Customers	2

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014

Meter Size: 4 Inch Commercial

Exhibit
Schedule H-5
Page 10
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1,001	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2,001	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3,001	4,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4,001	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5,001	6,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6,001	7,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7,001	8,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8,001	9,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9,001	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10,001	11,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11,001	12,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12,001	13,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13,001	14,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14,001	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15,001	16,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16,001	17,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17,001	18,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18,001	19,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19,001	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20,001	21,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21,001	22,000	-	-	-	-	-	-	-	-	-	-	-	1	1	1	22
22,001	23,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1	22
23,001	24,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1	22
24,001	25,000	-	-	-	-	-	-	-	1	-	-	-	-	1	2	46
25,001	26,000	-	-	-	-	-	-	-	-	-	-	-	-	-	2	46
26,001	27,000	-	-	-	-	-	-	-	-	-	-	-	-	-	2	46
27,001	28,000	-	-	-	-	-	-	-	-	-	-	-	-	-	2	46
28,001	29,000	-	-	-	-	-	-	-	-	-	-	-	-	-	2	46
29,001	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	2	46
30,001	31,000	-	-	-	-	-	-	-	-	1	-	-	-	1	3	77
31,001	32,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3	77
32,001	33,000	-	-	-	-	-	-	-	-	-	1	-	-	1	4	109
33,001	34,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4	109
34,001	35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4	109
35,001	36,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4	109
36,001	37,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4	109
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4	109
38,001	39,000	-	-	-	-	1	-	-	-	-	-	1	-	2	6	186
39,001	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	186

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 4 Inch Commercial

Exhibit
Schedule H-5
Page 10
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
40,001	41,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	186
41,001	42,000	-	1	-	1	-	-	-	-	-	-	-	-	2	8	269
42,001	43,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	269
43,001	44,000	1	-	-	-	-	-	-	-	-	-	-	-	1	9	313
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	313
45,001	46,000	-	-	-	-	-	-	1	-	-	-	-	-	1	10	358
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	358
47,001	48,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	358
48,001	49,000	-	-	-	-	-	1	-	-	-	-	-	-	1	11	407
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 4 Inch Commercial

Exhibit
Schedule H-5
Page 10
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	407
92,001	93,000	-	-	1	-	-	-	-	-	-	-	-	-	1	12	499
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	499
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	499
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	499
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	499
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	499
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	499
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	499
108,590	108,590	-	-	-	-	-	-	-	-	-	-	-	1	1	13	608
124,000	124,000	-	-	1	-	-	-	-	-	-	-	-	-	1	14	732
138,000	138,000	1	-	-	-	-	-	-	-	-	-	-	-	1	15	870
144,000	144,000	-	1	-	-	-	-	-	-	-	-	-	-	1	16	1,014
150,400	150,400	-	-	-	-	-	-	-	-	1	-	-	-	1	17	1,164
154,750	154,750	-	-	1	-	-	-	-	-	-	-	-	-	1	18	1,319
155,870	155,870	-	1	-	-	-	-	-	-	-	-	-	-	1	19	1,475
157,000	157,000	-	-	-	1	-	-	-	-	-	-	-	-	1	20	1,632
159,000	159,000	-	-	-	-	-	-	-	-	-	1	-	-	1	21	1,791
166,130	166,130	-	-	-	-	-	-	-	-	-	1	-	-	1	22	1,957
168,000	168,000	-	-	-	-	1	-	-	-	-	-	-	-	1	23	2,125
168,040	168,040	1	-	-	-	-	-	-	-	-	-	-	-	1	24	2,293
169,100	169,100	-	-	-	-	-	-	-	-	-	1	-	-	1	25	2,462
174,440	174,440	-	-	-	-	-	-	-	-	-	-	-	1	1	26	2,636
177,470	177,470	-	-	-	-	-	-	-	1	-	-	-	-	1	27	2,814
177,730	177,730	-	-	-	-	-	1	-	-	-	-	-	-	1	28	2,992
189,390	189,390	-	-	-	-	1	-	-	-	-	-	-	-	1	29	3,181
192,510	192,510	-	-	-	1	-	-	-	-	-	-	-	-	1	30	3,373
199,800	199,800	-	-	-	-	-	-	-	-	1	-	-	-	1	31	3,573
201,200	201,200	-	-	-	-	-	-	1	-	-	-	-	-	1	32	3,774
205,370	205,370	-	-	-	-	-	-	-	-	-	1	-	-	1	33	3,980
208,440	208,440	-	-	-	-	-	-	-	-	-	-	1	-	1	34	4,188

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 4 Inch Commercial

Exhibit
Schedule H-5
Page 10
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
211,880	211,880	-	-	-	-	-	-	-	-	-	-	1	-	1	35	4,400
213,380	213,380	-	-	-	-	-	-	-	-	-	-	-	1	1	36	4,613
223,960	223,960	1	-	-	-	-	-	-	-	-	-	-	-	1	37	4,837
231,000	231,000	-	-	1	-	-	-	-	-	-	-	-	-	1	38	5,068
239,000	239,000	-	-	-	1	-	-	-	-	-	-	-	-	1	39	5,307
241,380	241,380	-	-	1	-	-	-	-	-	-	-	-	-	1	40	5,549
247,770	247,770	-	-	-	-	-	-	-	-	-	-	1	-	1	41	5,797
249,180	249,180	-	-	-	-	-	-	-	1	-	-	-	-	1	42	6,046
253,190	253,190	-	-	-	-	-	1	-	-	-	-	-	-	1	43	6,299
260,010	260,010	-	1	-	-	-	-	-	-	-	-	-	-	1	44	6,559
261,460	261,460	-	-	-	-	1	-	-	-	-	-	-	-	1	45	6,820
275,150	275,150	-	-	-	-	-	-	1	-	-	-	-	-	1	46	7,096
278,260	278,260	-	-	-	1	-	-	-	-	-	-	-	-	1	47	7,374
279,530	279,530	-	-	-	-	-	-	-	-	1	-	-	-	1	48	7,653
293,000	293,000	-	-	-	-	-	1	-	-	-	-	-	-	1	49	7,946
299,000	299,000	-	1	-	-	-	-	-	-	-	-	-	-	1	50	8,245
310,000	310,000	-	-	-	-	-	-	-	-	1	-	-	-	1	51	8,555
312,000	312,000	1	-	-	-	-	-	-	-	-	-	-	-	1	52	8,867
321,000	321,000	-	-	-	-	-	-	-	-	-	-	-	1	1	53	9,188
354,000	354,000	-	-	-	-	-	-	-	1	-	-	-	-	1	54	9,542
383,000	383,000	-	-	-	-	-	-	1	-	-	-	-	-	1	55	9,925
410,000	410,000	-	-	-	1	-	-	-	-	-	-	-	-	1	56	10,335
419,000	419,000	-	-	-	-	-	-	-	1	-	-	-	-	1	57	10,754
446,000	446,000	-	-	1	-	-	-	-	-	-	-	-	-	1	58	11,200
458,000	458,000	-	1	-	-	-	-	-	-	-	-	-	-	1	59	11,658
460,000	460,000	-	-	-	-	-	-	-	-	-	1	-	-	1	60	12,118
482,000	482,000	-	-	-	-	1	-	-	-	-	-	-	-	1	61	12,600
500,000	500,000	1	-	-	-	-	-	-	-	-	-	-	-	1	62	13,100
514,000	514,000	-	-	-	-	-	-	-	-	-	-	1	-	1	63	13,614
535,000	535,000	-	-	-	-	-	-	-	-	1	-	-	-	1	64	14,149
579,000	579,000	-	-	-	-	-	1	-	-	-	-	-	-	1	65	14,728
611,000	611,000	-	-	-	-	-	-	-	-	-	-	-	1	1	66	15,339
630,000	630,000	-	-	-	-	-	-	-	1	-	-	-	-	1	67	15,969
655,000	655,000	-	-	-	-	-	-	1	-	-	-	-	-	1	68	16,624
736,000	736,000	-	-	-	-	1	-	-	-	-	-	-	-	1	69	17,360
750,000	750,000	-	-	-	-	-	-	-	-	-	-	1	-	1	70	18,110
1,036,000	1,036,000	-	-	-	-	-	1	-	-	-	-	-	-	1	71	19,146
1,431,000	1,431,000	-	-	-	-	-	-	1	-	-	-	-	-	1	72	20,577
-														-	72	20,577
Totals		6	6	6	6	6	6	6	6	6	6	6	6	72		

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014

Meter Size: 4 Inch Commercial

Exhibit
Schedule H-5
Page 10
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
										Average Usage				285,797		
										Median Usage				218,670		
										Average # Customers				6		
										Change in Number of Customers				-		

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 6 Inch Commercial

Exhibit
Schedule H-5
Page 11
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1,001	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2,001	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3,001	4,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4,001	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5,001	6,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6,001	7,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7,001	8,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8,001	9,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9,001	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10,001	11,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11,001	12,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12,001	13,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13,001	14,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14,001	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15,001	16,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16,001	17,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17,001	18,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18,001	19,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19,001	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20,001	21,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21,001	22,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22,001	23,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23,001	24,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24,001	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25,001	26,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26,001	27,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27,001	28,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28,001	29,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29,001	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30,001	31,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31,001	32,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32,001	33,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33,001	34,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34,001	35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35,001	36,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36,001	37,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39,001	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 6 Inch Commercial

Exhibit
Schedule H-5
Page 11
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
40,001	41,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42,001	43,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43,001	44,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45,001	46,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47,001	48,000	-	1	-	-	-	-	-	-	-	-	-	-	1	1	48
48,001	49,000	-	-	1	-	-	-	-	-	-	-	-	1	2	3	145
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3	145
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3	145
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3	145
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3	145
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3	145
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3	145
55,001	56,000	-	-	-	-	-	-	-	-	-	-	1	-	1	4	200
56,001	57,000	-	-	-	-	-	-	-	1	-	-	-	-	1	5	257
57,001	58,000	-	-	-	1	-	-	-	-	-	-	-	-	1	6	314
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	314
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	314
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	314
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	314
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	314
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	314
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	314
65,001	66,000	1	-	-	-	-	-	-	-	-	-	-	-	1	7	380
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	7	380
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	7	380
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	7	380
69,001	70,000	-	-	-	-	-	-	-	-	1	-	-	-	1	8	449
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014

Meter Size: 6 Inch Commercial

Exhibit
Schedule H-5
Page 11
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	449
98,001	99,000	-	-	-	-	1	-	-	-	-	-	-	-	1	9	548
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	548
137,000	137,000	-	-	-	-	-	1	-	-	-	-	-	-	1	10	685
146,000	146,000	-	-	-	-	-	-	1	-	-	-	-	-	1	11	831
105,000	105,000	-	-	-	-	-	-	-	-	-	1	-	-	1	12	936
	-													-	12	936
Totals		1	1	1	1	1	1	1	1	1	1	1	1	12		

Average Usage	77,959
Median Usage	71,500
Average # Customers	1
Change in Number of Customers	-

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 8 Inch Commercial

Exhibit
Schedule H-5
Page 12
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	-	1	-	-	-	-	-	-	-	-	-	-	1	1	-
1	1,000	1	-	1	1	-	-	-	-	-	-	-	-	3	4	2
1,001	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4	2
2,001	3,000	-	-	-	-	-	-	-	-	1	-	-	1	2	6	7
3,001	4,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	7
4,001	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	7
5,001	6,000	-	-	-	-	-	-	1	1	-	-	-	-	2	8	18
6,001	7,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	18
7,001	8,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	18
8,001	9,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	18
9,001	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	18
10,001	11,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	18
11,001	12,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	18
12,001	13,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	18
13,001	14,000	-	-	-	-	-	-	-	-	-	1	-	-	1	9	31
14,001	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	31
15,001	16,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	31
16,001	17,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	31
17,001	18,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	31
18,001	19,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	31
19,001	20,000	-	-	-	-	-	-	-	-	-	-	1	-	1	10	51
20,001	21,000	-	-	-	-	1	-	-	-	-	-	-	-	1	11	71
21,001	22,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
22,001	23,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
23,001	24,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
24,001	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
25,001	26,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
26,001	27,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
27,001	28,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
28,001	29,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
29,001	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
30,001	31,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
31,001	32,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
32,001	33,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
33,001	34,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
34,001	35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
35,001	36,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
36,001	37,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
39,001	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 8 Inch Commercial

Exhibit
Schedule H-5
Page 12
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
40,001	41,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
42,001	43,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
43,001	44,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
45,001	46,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
47,001	48,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
48,001	49,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11	71
66,001	67,000	-	-	-	-	-	1	-	-	-	-	-	-	1	12	138
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014

Meter Size: 8 Inch Commercial

Exhibit
Schedule H-5
Page 12
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	138
	-													-	12	138
Totals		1	1	1	1	1	1	1	1	1	1	1	1	12		

Average Usage	11,459
Median Usage	4,000
Average # Customers	1
Change in Number of Customers	-

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: Fire Lines 4 Inch

Exhibit
Schedule H-5
Page 13
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	133	134	133	134	136	134	135	135	134	134	135	133	1,610	1,610	-
1	1,000													-	1,610	-
1,001	2,000													-	1,610	-
2,001	3,000													-	1,610	-
3,001	4,000													-	1,610	-
4,001	5,000													-	1,610	-
5,001	6,000													-	1,610	-
6,001	7,000													-	1,610	-
7,001	8,000													-	1,610	-
8,001	9,000													-	1,610	-
9,001	10,000													-	1,610	-
10,001	11,000													-	1,610	-
11,001	12,000													-	1,610	-
12,001	13,000													-	1,610	-
13,001	14,000													-	1,610	-
14,001	15,000													-	1,610	-
15,001	16,000													-	1,610	-
16,001	17,000													-	1,610	-
17,001	18,000													-	1,610	-
18,001	19,000													-	1,610	-
19,001	20,000													-	1,610	-
20,001	21,000													-	1,610	-
21,001	22,000													-	1,610	-
22,001	23,000													-	1,610	-
23,001	24,000													-	1,610	-
24,001	25,000													-	1,610	-
25,001	26,000													-	1,610	-
26,001	27,000													-	1,610	-
27,001	28,000													-	1,610	-
28,001	29,000													-	1,610	-
29,001	30,000													-	1,610	-
30,001	31,000													-	1,610	-
31,001	32,000													-	1,610	-
32,001	33,000													-	1,610	-
33,001	34,000													-	1,610	-
34,001	35,000													-	1,610	-
35,001	36,000													-	1,610	-
36,001	37,000													-	1,610	-
37,001	38,000													-	1,610	-

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014

Meter Size: Fire Lines 4 Inch

Exhibit
Schedule H-5
Page 13
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
38,001	39,000													-	1,610	-
39,001	40,000													-	1,610	-
40,001	41,000													-	1,610	-
41,001	42,000													-	1,610	-
42,001	43,000													-	1,610	-
43,001	44,000													-	1,610	-
44,001	45,000													-	1,610	-
45,001	46,000													-	1,610	-
46,001	47,000													-	1,610	-
47,001	48,000													-	1,610	-
48,001	49,000													-	1,610	-
49,001	50,000													-	1,610	-
50,001	51,000													-	1,610	-
51,001	52,000													-	1,610	-
52,001	53,000													-	1,610	-
53,001	54,000													-	1,610	-
54,001	55,000													-	1,610	-
55,001	56,000													-	1,610	-
56,001	57,000													-	1,610	-
57,001	58,000													-	1,610	-
58,001	59,000													-	1,610	-
59,001	60,000													-	1,610	-
60,001	61,000													-	1,610	-
61,001	62,000													-	1,610	-
62,001	63,000													-	1,610	-
63,001	64,000													-	1,610	-
64,001	65,000													-	1,610	-
65,001	66,000													-	1,610	-
66,001	67,000													-	1,610	-
67,001	68,000													-	1,610	-
68,001	69,000													-	1,610	-
69,001	70,000													-	1,610	-
70,001	71,000													-	1,610	-
71,001	72,000													-	1,610	-
72,001	73,000													-	1,610	-
73,001	74,000													-	1,610	-
74,001	75,000													-	1,610	-
75,001	76,000													-	1,610	-
76,001	77,000													-	1,610	-

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: Fire Lines 4 Inch

Exhibit
Schedule H-5
Page 13
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
77,001	78,000													-	1,610	-
78,001	79,000													-	1,610	-
79,001	80,000													-	1,610	-
80,001	81,000													-	1,610	-
81,001	82,000													-	1,610	-
82,001	83,000													-	1,610	-
83,001	84,000													-	1,610	-
84,001	85,000													-	1,610	-
85,001	86,000													-	1,610	-
86,001	87,000													-	1,610	-
87,001	88,000													-	1,610	-
88,001	89,000													-	1,610	-
89,001	90,000													-	1,610	-
90,001	91,000													-	1,610	-
91,001	92,000													-	1,610	-
92,001	93,000													-	1,610	-
93,001	94,000													-	1,610	-
94,001	95,000													-	1,610	-
95,001	96,000													-	1,610	-
96,001	97,000													-	1,610	-
97,001	98,000													-	1,610	-
98,001	99,000													-	1,610	-
99,001	100,000													-	1,610	-
	-													-	1,610	-
	-													-	1,610	-
	-													-	1,610	-
														-	1,610	-
Totals		133	134	133	134	136	134	135	135	134	134	135	133	1,610		

Average Usage	-
Median Usage	-
Average # Customers	134
Change in Number of Customers	-

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: Fire Lines 6 Inch

Exhibit
Schedule H-5
Page 14
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	35	35	35	35	35	35	35	35	35	36	36	34	421	421	-
1	1,000													-	421	-
1,001	2,000													-	421	-
2,001	3,000													-	421	-
3,001	4,000													-	421	-
4,001	5,000													-	421	-
5,001	6,000													-	421	-
6,001	7,000													-	421	-
7,001	8,000													-	421	-
8,001	9,000													-	421	-
9,001	10,000													-	421	-
10,001	11,000													-	421	-
11,001	12,000													-	421	-
12,001	13,000													-	421	-
13,001	14,000													-	421	-
14,001	15,000													-	421	-
15,001	16,000													-	421	-
16,001	17,000													-	421	-
17,001	18,000													-	421	-
18,001	19,000													-	421	-
19,001	20,000													-	421	-
20,001	21,000													-	421	-
21,001	22,000													-	421	-
22,001	23,000													-	421	-
23,001	24,000													-	421	-
24,001	25,000													-	421	-
25,001	26,000													-	421	-
26,001	27,000													-	421	-
27,001	28,000													-	421	-
28,001	29,000													-	421	-
29,001	30,000													-	421	-
30,001	31,000													-	421	-
31,001	32,000													-	421	-
32,001	33,000													-	421	-
33,001	34,000													-	421	-
34,001	35,000													-	421	-
35,001	36,000													-	421	-
36,001	37,000													-	421	-
37,001	38,000													-	421	-

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: Fire Lines 6 Inch

Exhibit
Schedule H-5
Page 14
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
38,001	39,000													-	421	-
39,001	40,000													-	421	-
40,001	41,000													-	421	-
41,001	42,000													-	421	-
42,001	43,000													-	421	-
43,001	44,000													-	421	-
44,001	45,000													-	421	-
45,001	46,000													-	421	-
46,001	47,000													-	421	-
47,001	48,000													-	421	-
48,001	49,000													-	421	-
49,001	50,000													-	421	-
50,001	51,000													-	421	-
51,001	52,000													-	421	-
52,001	53,000													-	421	-
53,001	54,000													-	421	-
54,001	55,000													-	421	-
55,001	56,000													-	421	-
56,001	57,000													-	421	-
57,001	58,000													-	421	-
58,001	59,000													-	421	-
59,001	60,000													-	421	-
60,001	61,000													-	421	-
61,001	62,000													-	421	-
62,001	63,000													-	421	-
63,001	64,000													-	421	-
64,001	65,000													-	421	-
65,001	66,000													-	421	-
66,001	67,000													-	421	-
67,001	68,000													-	421	-
68,001	69,000													-	421	-
69,001	70,000													-	421	-
70,001	71,000													-	421	-
71,001	72,000													-	421	-
72,001	73,000													-	421	-
73,001	74,000													-	421	-
74,001	75,000													-	421	-
75,001	76,000													-	421	-
76,001	77,000													-	421	-

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: Fire Lines 6 Inch

Exhibit
Schedule H-5
Page 14
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
77,001	78,000													-	421	-
78,001	79,000													-	421	-
79,001	80,000													-	421	-
80,001	81,000													-	421	-
81,001	82,000													-	421	-
82,001	83,000													-	421	-
83,001	84,000													-	421	-
84,001	85,000													-	421	-
85,001	86,000													-	421	-
86,001	87,000													-	421	-
87,001	88,000													-	421	-
88,001	89,000													-	421	-
89,001	90,000													-	421	-
90,001	91,000													-	421	-
91,001	92,000													-	421	-
92,001	93,000													-	421	-
93,001	94,000													-	421	-
94,001	95,000													-	421	-
95,001	96,000													-	421	-
96,001	97,000													-	421	-
97,001	98,000													-	421	-
98,001	99,000													-	421	-
99,001	100,000													-	421	-
	-													-	421	-
	-													-	421	-
	-													-	421	-
														-	421	-
Totals		35	35	35	35	35	35	35	35	35	36	36	34	421		

Average Usage	-
Median Usage	-
Average # Customers	35
Change in Number of Customers	(1)

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: Fire Lines 8 Inch

Exhibit
Schedule H-5
Page 15
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	7	7	7	7	7	7	7	7	7	7	7	7	84	84	-
1	1,000													-	84	-
1,001	2,000													-	84	-
2,001	3,000													-	84	-
3,001	4,000													-	84	-
4,001	5,000													-	84	-
5,001	6,000													-	84	-
6,001	7,000													-	84	-
7,001	8,000													-	84	-
8,001	9,000													-	84	-
9,001	10,000													-	84	-
10,001	11,000													-	84	-
11,001	12,000													-	84	-
12,001	13,000													-	84	-
13,001	14,000													-	84	-
14,001	15,000													-	84	-
15,001	16,000													-	84	-
16,001	17,000													-	84	-
17,001	18,000													-	84	-
18,001	19,000													-	84	-
19,001	20,000													-	84	-
20,001	21,000													-	84	-
21,001	22,000													-	84	-
22,001	23,000													-	84	-
23,001	24,000													-	84	-
24,001	25,000													-	84	-
25,001	26,000													-	84	-
26,001	27,000													-	84	-
27,001	28,000													-	84	-
28,001	29,000													-	84	-
29,001	30,000													-	84	-
30,001	31,000													-	84	-
31,001	32,000													-	84	-
32,001	33,000													-	84	-
33,001	34,000													-	84	-
34,001	35,000													-	84	-
35,001	36,000													-	84	-
36,001	37,000													-	84	-
37,001	38,000													-	84	-

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: Fire Lines 8 Inch

Exhibit
Schedule H-5
Page 15
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
38,001	39,000													-	84	-
39,001	40,000													-	84	-
40,001	41,000													-	84	-
41,001	42,000													-	84	-
42,001	43,000													-	84	-
43,001	44,000													-	84	-
44,001	45,000													-	84	-
45,001	46,000													-	84	-
46,001	47,000													-	84	-
47,001	48,000													-	84	-
48,001	49,000													-	84	-
49,001	50,000													-	84	-
50,001	51,000													-	84	-
51,001	52,000													-	84	-
52,001	53,000													-	84	-
53,001	54,000													-	84	-
54,001	55,000													-	84	-
55,001	56,000													-	84	-
56,001	57,000													-	84	-
57,001	58,000													-	84	-
58,001	59,000													-	84	-
59,001	60,000													-	84	-
60,001	61,000													-	84	-
61,001	62,000													-	84	-
62,001	63,000													-	84	-
63,001	64,000													-	84	-
64,001	65,000													-	84	-
65,001	66,000													-	84	-
66,001	67,000													-	84	-
67,001	68,000													-	84	-
68,001	69,000													-	84	-
69,001	70,000													-	84	-
70,001	71,000													-	84	-
71,001	72,000													-	84	-
72,001	73,000													-	84	-
73,001	74,000													-	84	-
74,001	75,000													-	84	-
75,001	76,000													-	84	-
76,001	77,000													-	84	-

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: Fire Lines 8 Inch

Exhibit
Schedule H-5
Page 15
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
77,001	78,000													-	84	-
78,001	79,000													-	84	-
79,001	80,000													-	84	-
80,001	81,000													-	84	-
81,001	82,000													-	84	-
82,001	83,000													-	84	-
83,001	84,000													-	84	-
84,001	85,000													-	84	-
85,001	86,000													-	84	-
86,001	87,000													-	84	-
87,001	88,000													-	84	-
88,001	89,000													-	84	-
89,001	90,000													-	84	-
90,001	91,000													-	84	-
91,001	92,000													-	84	-
92,001	93,000													-	84	-
93,001	94,000													-	84	-
94,001	95,000													-	84	-
95,001	96,000													-	84	-
96,001	97,000													-	84	-
97,001	98,000													-	84	-
98,001	99,000													-	84	-
99,001	100,000													-	84	-
	-													-	84	-
	-													-	84	-
	-													-	84	-
														-	84	-
Totals		7	7	7	7	7	7	7	7	7	7	7	7	84		

Average Usage	-
Median Usage	-
Average # Customers	7
Change in Number of Customers	-

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 3 Inch Hydrant

Exhibit
Schedule H-5
Page 16
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1	1,000	-	-	-	-	1	-	-	-	1	-	-	-	2	2	1
1,001	2,000	-	-	1	1	-	1	-	-	1	-	1	2	7	9	12
2,001	3,000	1	-	-	1	-	-	-	-	1	-	-	-	3	12	19
3,001	4,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	19
4,001	5,000	-	1	-	-	1	-	-	-	-	-	1	1	4	16	37
5,001	6,000	-	-	-	-	-	-	-	-	-	-	-	-	-	16	37
6,001	7,000	-	-	-	-	-	1	-	-	-	-	-	1	2	18	50
7,001	8,000	-	-	-	-	-	-	-	1	-	-	-	-	1	19	58
8,001	9,000	-	-	-	-	1	-	-	-	-	-	-	-	1	20	66
9,001	10,000	-	1	-	-	-	-	-	-	-	-	-	-	1	21	76
10,001	11,000	-	1	-	-	-	-	-	-	-	-	1	-	2	23	97
11,001	12,000	1	-	-	-	-	-	-	-	-	-	-	-	1	24	108
12,001	13,000	1	1	-	-	1	-	-	-	-	-	-	-	3	27	146
13,001	14,000	-	-	1	-	-	-	1	-	-	1	-	-	3	30	186
14,001	15,000	-	1	-	-	-	-	-	1	-	1	-	-	3	33	230
15,001	16,000	-	1	-	-	-	1	-	1	-	-	1	-	4	37	292
16,001	17,000	-	-	-	-	1	-	-	-	-	-	-	-	1	38	308
17,001	18,000	-	-	-	-	-	-	-	-	-	-	-	-	-	38	308
18,001	19,000	-	-	-	-	-	-	-	-	-	-	-	-	-	38	308
19,001	20,000	-	-	-	-	-	-	-	1	1	-	-	-	2	40	347
20,001	21,000	-	-	1	-	1	-	-	-	-	-	-	-	2	42	388
21,001	22,000	-	-	-	-	-	-	-	-	-	-	-	-	-	42	388
22,001	23,000	-	-	-	-	-	-	-	-	-	-	-	-	-	42	388
23,001	24,000	-	-	-	-	-	-	-	-	-	-	-	-	-	42	388
24,001	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	42	388
25,001	26,000	-	-	-	-	-	-	-	-	-	-	-	-	-	42	388
26,001	27,000	1	-	-	-	-	-	-	-	-	-	-	-	1	43	415
27,001	28,000	-	-	-	-	-	-	-	-	-	-	-	-	-	43	415
28,001	29,000	-	1	-	1	-	-	-	-	-	-	-	-	2	45	472
29,001	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	45	472
30,001	31,000	-	-	-	-	-	-	-	-	-	-	-	-	-	45	472
31,001	32,000	-	-	-	-	-	-	-	-	-	-	-	1	1	46	503
32,001	33,000	-	-	-	-	-	-	2	-	-	-	-	-	2	48	568
33,001	34,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	568
34,001	35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	568
35,001	36,000	-	-	-	-	-	-	-	-	-	1	-	-	1	49	604
36,001	37,000	-	1	-	-	-	-	-	-	-	-	-	-	1	50	640
37,001	38,000	-	-	-	-	-	-	1	-	-	-	-	-	1	51	678
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	51	678
39,001	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	51	678

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 3 Inch Hydrant

Exhibit
Schedule H-5
Page 16
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
40,001	41,000	-	-	1	-	-	-	-	-	-	-	-	-	1	52	718
41,001	42,000	-	-	-	-	-	-	-	-	-	1	-	-	1	53	760
42,001	43,000	-	-	-	-	-	-	-	-	-	-	-	-	-	53	760
43,001	44,000	1	-	-	-	-	-	-	-	-	-	-	-	1	54	803
44,001	45,000	-	-	-	-	-	1	-	-	1	-	-	-	2	56	892
45,001	46,000	-	-	-	-	-	-	-	-	-	-	-	-	-	56	892
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	56	892
47,001	48,000	-	-	-	-	-	-	-	1	-	-	-	-	1	57	940
48,001	49,000	-	-	2	-	-	-	-	-	-	-	-	-	2	59	1,037
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	59	1,037
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	59	1,037
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	59	1,037
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	59	1,037
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	59	1,037
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	59	1,037
55,001	56,000	-	1	-	-	-	-	-	-	-	-	1	-	2	61	1,148
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	61	1,148
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	61	1,148
58,001	59,000	-	-	-	1	-	-	-	-	-	-	-	-	1	62	1,206
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	62	1,206
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	62	1,206
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	62	1,206
62,001	63,000	1	-	-	-	-	-	-	-	-	-	-	-	1	63	1,269
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	63	1,269
64,001	65,000	-	-	-	-	1	-	-	-	-	-	-	-	1	64	1,333
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	64	1,333
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	64	1,333
67,001	68,000	-	-	1	-	-	-	-	-	-	-	-	-	1	65	1,401
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65	1,401
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65	1,401
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65	1,401
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65	1,401
72,001	73,000	-	-	-	-	-	-	1	-	-	-	-	-	1	66	1,473
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	66	1,473
74,001	75,000	-	-	-	1	-	-	-	-	-	-	-	-	1	67	1,548
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67	1,548
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67	1,548
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67	1,548
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67	1,548
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67	1,548
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67	1,548

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Meter Size: 3 Inch Hydrant

Exhibit
Schedule H-5
Page 16
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67	1,548
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67	1,548
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67	1,548
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67	1,548
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67	1,548
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67	1,548
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67	1,548
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67	1,548
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67	1,548
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67	1,548
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67	1,548
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67	1,548
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67	1,548
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67	1,548
95,001	96,000	-	1	-	-	-	-	-	-	-	-	-	-	1	68	1,643
96,001	97,000	-	-	-	1	-	-	-	-	-	-	-	-	1	69	1,740
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	69	1,740
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	69	1,740
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	69	1,740
1,332,100	1,332,100	1	-	-	-	-	-	-	-	-	-	-	-	1	70	3,072
979,100	979,100	1	-	-	-	-	-	-	-	-	-	-	-	1	71	4,051
439,600	439,600	-	1	-	-	-	-	-	-	-	-	-	-	1	72	4,490
102,800	102,800	-	1	-	-	-	-	-	-	-	-	-	-	1	73	4,593
102,300	102,300	-	-	1	-	-	-	-	-	-	-	-	-	1	74	4,695
1,101,100	1,101,100	-	-	-	1	-	-	-	-	-	-	-	-	1	75	5,797
741,500	741,500	-	-	-	-	1	-	-	-	-	-	-	-	1	76	6,538
105,600	105,600	-	-	-	-	1	-	-	-	-	-	-	-	1	77	6,644
178,300	178,300	-	-	-	-	-	1	-	-	-	-	-	-	1	78	6,822
198,700	198,700	-	-	-	-	-	1	-	-	-	-	-	-	1	79	7,021
129,000	129,000	-	-	-	-	-	1	-	-	-	-	-	-	1	80	7,150
337,600	337,600	-	-	-	-	-	1	-	-	-	-	-	-	1	81	7,487
190,500	190,500	-	-	-	-	-	-	1	-	-	-	-	-	1	82	7,678
209,900	209,900	-	-	-	-	-	-	1	-	-	-	-	-	1	83	7,888
247,600	247,600	-	-	-	-	-	-	-	1	-	-	-	-	1	84	8,135
129,800	129,800	-	-	-	-	-	-	-	1	-	-	-	-	1	85	8,265
125,500	125,500	-	-	-	-	-	-	-	-	1	-	-	-	1	86	8,391
232,100	232,100	-	-	-	-	-	-	-	-	-	1	-	-	1	87	8,623
351,800	351,800	-	-	-	-	-	-	-	-	-	-	1	-	1	88	8,974
176,300	176,300	-	-	-	-	-	-	-	-	-	-	-	1	1	89	9,151
	-													-	89	9,151
	-													-	89	9,151

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014

Meter Size: 3 Inch Hydrant

Exhibit
Schedule H-5
Page 16
Witness: Bourassa

Usage From:	Usage To:	Month of Jan-14	Month of Feb-14	Month of Mar-14	Month of Apr-14	Month of May-14	Month of Jun-14	Month of Jul-14	Month of Aug-14	Month of Sep-14	Month of Oct-14	Month of Nov-14	Month of Dec-14	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000's)
														-	89	9,151
	Totals	8	12	8	7	9	8	7	7	6	5	6	6	89		

Average Usage	102,817
Median Usage	28,500
Average # Customers	7
Change in Number of Customers	(2)

SHAPIRO LAW FIRM, P.C.
Jay L. Shapiro (No. 014650)
1819 E. Morten Avenue, Suite 280
Phoenix, Arizona 85020
Telephone (602) 559-9575

LIBERTY UTILITIES
Todd C. Wiley (No. 015358)
12725 W. Indian School Road, Suite D-101
Avondale, Arizona 85392

Attorneys for Liberty Utilities (Bella Vista Water) Corp.

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF LIBERTY UTILITIES (BELLA VISTA WATER) CORP., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: W-02465A-15-____

DIRECT TESTIMONY OF

THOMAS J. BOURASSA

COST OF CAPITAL

October 27, 2015

TABLE OF CONTENTS

I. INTRODUCTION 1

II. SUMMARY OF TESTIMONY AND THE PROPOSED COST OF CAPITAL 1

III. OVERVIEW OF THE RELATIONSHIP BETWEEN RISK AND THE EXPECTED RETURN ON INVESTMENT 7

IV. THE MEANING OF "JUST AND REASONABLE" RATE OF RETURN 15

V. THE APPLICANTS' ESTIMATED COSTS OF EQUITY 17

- A. The Publicly Traded Utilities That Comprise the Sample Group Used to Estimate the Cost of Equity 17
- B. Overview of the DCF, RPM, and CAPM Methodologies 30
- C. Explanation of the DCF Model and Its Inputs 31
- D. Explanation of the RPM and Its Inputs 38
- E. Explanation of the CPAM and Its Inputs 40
- F. Financial Risk Adjustment 48
- G. Company Specific Risk Premium 48
- H. Summary and Conslusions 51

I. INTRODUCTION.

Q. PLEASE STATE YOUR NAME AND ADDRESS.

A. My name is Thomas J. Bourassa. My business address is 139 W. Wood Drive, Phoenix, Arizona 85029.

Q. ARE YOU THE SAME THOMAS J. BOURASSA THAT FILED DIRECT TESTIMONY ON RATE BASE, INCOME STATEMENT, REVENUE REQUIREMENT AND RATE DESIGN FOR EACH OF THE APPLICANTS?

A. Yes. I have prepared direct testimony on rate base, income statement, revenue requirement and rate design, along with the A-F and H schedules, for the two Applicants, Liberty Utilities (Bella Vista Water) Corp. ("Liberty Bella Vista") and Liberty Utilities (Rio Rico Water & Sewer) Corp. ("Liberty Rio Rico") (collectively, "Applicants"). Testimony regarding my background and qualifications is contained in that volume of my direct testimony. In this portion of my direct testimony, I address the cost of capital for the Applicants.

II. SUMMARY OF TESTIMONY AND THE PROPOSED COST OF CAPITAL.

Q. WHAT IS THE PURPOSE OF THIS PORTION OF YOUR DIRECT TESTIMONY?

A. I will testify in support of the proposed rates of return for the Applicants. I am sponsoring the Applicants' D Schedules, which are attached to this testimony, along with **Exhibits TJB-COC-DT1, TJB-COC-DT2, and TJB-COC-DT3** discussed herein.

Q. PLEASE SUMMARIZE YOUR COST OF CAPITAL TESTIMONY.

A. I have determined that the cost of equity for the publicly traded water utilities ("water proxy group") falls in the range of 9.6 percent to 10.4 percent with an average of 10.0 percent. After considering the differences in business and financial

risk between each of the Applicants and the publicly traded water utilities, I have found that the cost of equity for Liberty Rio Rico falls in the range of 10.4 percent to 11.2 percent with a mid-point of 10.8 percent; and for Liberty Bell Vista falls in the range of 11.2 percent to 12.0 percent with a mid-point of 11.6 percent. Given the now indisputably unique nature of regulation in Arizona relative to the other states in which the sample companies operate, and the risks such regulation brings, I am recommending a return on equity ("ROE") of no less than 10.8 for Liberty Rio Rico and 11.6 percent for Liberty Bella Vista. Both of these recommendations would be based on a capital structure equal to 70 percent equity and 30 percent debt.

Q. WHAT DO YOU MEAN BY THE "NOW" INDISPUTABLY UNIQUE NATURE OF ARIZONA REGULATION?

A. On or about August 18, 2015, the Arizona Court of Appeals (Division One) issued its decision in *RUCO v. Arizona Corporation Commission* ("SIB Decision"). In the SIB Decision, the court declared the recently approved SIB mechanisms to be contrary to Arizona law.[1] The court further concluded that a fair value finding cannot be made without considering all of the other elements of ratemaking like revenues and expenses.[2] The court's written opinion repeatedly recognizes the unique nature of Arizona's legal framework for utility regulation, and makes it clear that notwithstanding the demands of the public interest, the law trumps all. As the court put it -

> We recognize the Commission's legitimate desire to "initiate innovative procedures in an attempt to deal promptly and equitably with increasingly complex regulatory matters," and its corresponding goal of avoiding "a constant series of extended rate

[1] SIB Decision at 18 ¶¶ 49-50.

[2] SIB Decision at 14-15 ¶¶ 40-42.

> hearings [that] are not necessary to protect the public interest." (citation omitted). But the question before us is not whether the SIB mechanism represents prudent public policy. Our focus is on the propriety of that mechanism given the unique and express provisions of our state constitution.[3]

Even our state courts recognize the unique regulatory risk utilities in Arizona face.

Q. BUT MR. BOURASSA, YOU ARE NOT AN ATTORNEY, HOW CAN YOU OFFER YOUR OPINION ON THIS LEGAL DECISION?

A. I do not have to be an attorney to read the opinion. More importantly, I have nearly 20 years testifying before multiple PUCs as an expert on ratemaking, including cost of capital analysis. In that capacity I believe I am unquestionably qualified to assess the impacts of the court's opinion on the rate setting process. Indeed, the court's opinion echoes what I have claimed for years – which is that the regulatory risks Arizona utilities face are unique. Unfortunately, the court also limits the tools available to the Commission to address regulatory risks.

Q. BUT DON'T ALL ARIZONA UTILITIES FACE THE SAME REGULATORY RISKS?

A. I don't think the *Bluefield* and *Hope* comparable risk standard (discussed below) would allow for such a narrow consideration, but that's not the point. The point is that we use a group of sample utility companies to determine the returns on equity for water and sewer companies in rates cases before the Commission. Those utilities operate in other states – states that do not face the limitations of Arizona's "unique" constitution. Therefore, we have to take those differences into account in determining equity returns.

[3] SIB Decision at 17 ¶ 48.

Q. WHAT ABOUT THE FARE VALUE ARIZONA RATE EVALUATION MODEL, MR. BOURASSA. DOESN'T THAT HAVE AN IMPACT ON RISK?

A. Possibly, someday, in the future, when ratemaking mechanisms like the FARE have been tried, tested and found successful and have become the norm. But this Commission has, for years, resisted using the applicant utility's individual risk profile in the determination of a return on equity. It would be inconsistent, and in my opinion unreasonable, to speculate on the future success of a single pilot program in order to lower the proponents' returns. The FARE is a genuine effort to address long-standing shortcomings in Arizona ratemaking and, as one of the authors, I think it can succeed and have a considerable impact on ratemaking here. And some day, in the future, we should be able to evaluate those impacts, including the impact on risk. But that time is not now in this rate case.

Q. OKAY, THANK YOU MR. BOURASSA. WHAT ARE THE APPLICANTS' CAPITAL STRUCTURES?

A. The actual capital structure for Liberty Rio Rico at the end of the test year (December 31, 2014) was also 100 percent equity and the actual capital structure for Liberty Bella Vista at the end of the test year (December 31, 2014) was approximately 9 percent debt and 91 percent equity. However, both Liberty Rio Rico and Liberty Bella Vista are requesting approval of long-term debt concurrently with their rate application, which will bring the debt-to-equity ratio for both companies to 30 percent debt and 70 percent equity. Therefore, I am assuming a capital structure consisting of 30 percent debt and 70 percent equity for Liberty Bella Vista and Liberty Rio Rico for purposes of my analysis and recommendations.

Q. WHAT COST OF DEBT DID YOU UTILIZE?

A. I used a cost of debt is 3.47 percent. The cost of debt is based upon the August 2015 average 10-year treasury rate of 2.17 percent plus 130 basis points.

Q. WHAT ABOUT THE WEIGHTED AVERAGE COSTS OF CAPITAL?

A. Liberty Rio Rico's weighted cost of capital is 8.60 percent, and Liberty Bella Vista's weighted cost of capital is 9.16 percent.[4]

Q. PLEASE SUMMARIZE THE APPROACH YOU USED TO ESTIMATE THE COST OF EQUITY.

A. The cost of equity for Liberty Rio Rico and Liberty Bella Vista cannot be estimated directly because the equity for each of these utilities is not in the form of a publicly traded security and thus there is no market data for these utilities. Consequently, I applied market based models (Discounted Cash Flow ("DCF"), Risk Premium Model ("RPM"), and the Capital Asset Pricing Model ("CAPM")), using data from a sample of water utilities selected from the *Value Line* Investment Survey and then determined the difference in risk between each of the two Applicants and the publicly traded water utilities. There are seven publicly traded water utilities in my sample: American States Water, Aqua America, California Water, Connecticut Water, Middlesex Water, SJW Corp., and York Water Company. As explained later in my testimony, these companies aren't really comparable to Liberty Rio Rico and Liberty Bella Vista, but the publicly traded utilities are utilities with available market data and they are the same proxies the Commission's Utilities Division Staff has relied on for data on water utilities in a number of recent water and sewer utility rate cases.

[4] Schedule D-1 (Liberty Rio Rico); Schedule D-1 (Liberty Bella Vista).

Consistent with my past practice and the Commission's past practices in prior cases, my specification of the DCF model is based on historical growth and analysts' growth projections, current indicated annual dividends, and actual stock price information. Similarly, my CAPM approach is specified with actual and projected market data with respect to Treasury yields, Beta estimates from *Value Line,*[5] market risk premia data from *Duff & Phelps*[6] and *Value Line*. My RPM approach is based upon comparing historical total market returns obtained from *Value Line* with historical Treasury yields.

In assessing the results of my DCF, CAPM, and RPM analyses, I considered several specific risk trends, including the effect of a potential rise in interest rates. In my view, this approach appropriately balances practical concerns regarding certain underlying assumptions associated with each methodology or approach used to determine a cost of equity.

Q. DID YOU CONSIDER OTHER FACTORS, IN ADDITION TO THE ANALYSES DESCRIBED ABOVE, IN ORDER TO DETERMINE THE APPROPRIATE ROE FOR THESE TWO UTILITIES?

A. Yes, in addition to the three distinct analyses discussed above, I considered the following: (1) the economic conditions expected to prevail during the period in which new rates will be in effect; (2) the financial risks associated with the proposed pro forma capital structures; (3) the incremental business risks associated with the small size; and (4) an assessment of the business risks associated with each of the two utilities relative to the large publicly traded utilities. I considered explicit adjustments to my ROE estimates for these factors and I did take them into

---

[5] *Value Line* Investment Analyzer and/or *Value Line* Investment Survey.

[6] Duff & Phelps, LLC. *2015 Valuation Handbook; Guide to Cost of Capital*. Hoboken, NJ: John Wiley and Sons, 2015 ("*Duff & Phelps*").

consideration when determining where, within a reasonable range of analytical results from the DCF, CAPM and RPM methods, the required ROE for each of the two utilities rightly falls. As explained earlier, I also considered the unique Arizona regulatory environment and the inherent limitations faced by utilities operating in this state.

III. OVERVIEW OF THE RELATIONSHIP BETWEEN RISK AND THE EXPECTED RETURN ON INVESTMENT.

Q. WHAT EXACTLY IS THE COST OF EQUITY?

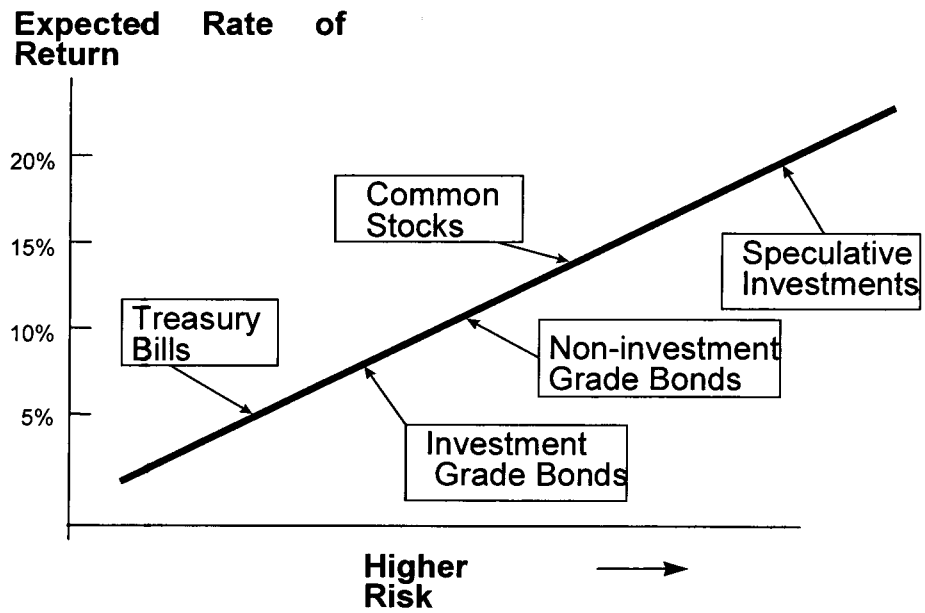
The cost of equity is the rate of return that equity investors expect to receive on their investment. Investors can choose from numerous investment options, not simply publicly traded stock. Investments have varying degrees of risk, ranging from relatively low risk assets such as Treasury securities to somewhat higher risk corporate bonds to even higher risk common stocks. As the level of risk increases, investors require higher returns on their investment. The cost of equity is therefore the expected rate of return that the market requires to attract funds to a particular investment.[7] Finance models that are used to estimate the cost of equity rely on this basic concept.

Q. CAN YOU ILLUSTRATE THE CAPITAL MARKET RISK-RETURN CONCEPT?

A. Yes. The following graph depicts the risk-return relationship that has become widely known as the Capital Market Line ("CML"). The CML illustrates in a general way the risk-return relationship.

[7] Pratt, Shannon P. and Grabowski, Roger J. *Cost of capital: Applications and Examples, Fifth Edition*. Hoboken, NJ: John Wiley and Sons, 2014, p. 2.

The Capital Market Line (CML)



The CML can be viewed as a continuum of the available investment opportunities for investors. Investment risk increases as you move upward and to the right along the CML. Again, the return required by investors increases with the risk.

Q. HOW DOES THE RISK-RETURN TRADE OFF CONCEPT WORK IN THE CAPITAL MARKET?

A. As indicated by the CML, the allocation of capital in a free market economy is based upon the relative risk of, and expected return from, an investment. In general, investors rank investment opportunities in the order of their relative risks. Investment alternatives in which the expected return is commensurate with the perceived risk become viable investment options. If all other factors remain equal, the greater the risk, the higher the rate of return investors will require to compensate them for the possibility of loss of either the principal amount invested

or the expected annual income from such investment.

Short-term Treasury bills provide a high degree of certainty and in nominal terms (after considering inflation) are considered virtually risk free. Long-term bonds and preferred stocks, having priority claims to assets and fixed income payments, are relatively low risk, but are not risk free. The market values of long-term bonds often fluctuate when government policies or other factors cause interest rates to change. Common stocks are higher and farther to the right on the CML continuum because they are exposed to more risk. Common stock risk includes the nature of the underlying business and financial strength of the issuing corporation as well as market-wide factors, such as general changes in capital costs.

The capital markets reflect investor expectations and requirements each day through market prices. Prices for stocks and bonds change to reflect investor expectations and the relative attractiveness of one investment relative to others. While the example provided above seems straightforward, returns on common stocks are not directly observable in advance, in contrast to debt or preferred stocks with fixed payment terms. This means that these returns must be estimated from market data. Estimating the cost of equity capital should be a matter of informed judgment about the relative risk of the investment in question and the expected rate of return characteristics of other alternative investments. It isn't sufficient, in my view, to simply run a financial model and just uncritically accept the results.

The estimation of a utility's cost of equity is complex. It requires an analysis of the factors influencing the cost of various types of capital, such as interest on long-term debt, dividends on preferred stock, and earnings on common equity. The data for such an analysis comes from highly competitive capital markets, where the firm raises funds by issuing common stock, selling bonds, and by borrowing (both long- and short-term) from banks and other financial

institutions. In the capital markets, the cost of capital, whether the capital is in the form of debt or equity, is determined by two important factors: (1) the pure or real rate of interest, often called the risk-free rate of interest; and (2) the uncertainty or risk premium (the compensation the investor requires over and above the real or pure rate of interest for subjecting his capital to additional risk).

Q. PLEASE DISCUSS THESE FACTORS IN GREATER DETAIL.

A. The pure rate of interest essentially reflects both the time preference for and the productivity of capital. From the standpoint of the individual, it is the rate of interest required to induce the individual to forgo present consumption and offer the funds thus saved to others for a specified length of time. Moreover, the pure rate of interest concept is based on the assumption that no uncertainty affects the investment undertaken by the individual, i.e., there is no doubt that the periodic interest payments will be made and the principal returned at the end of the time period. In reality, investments without any risk do not exist. Every commitment of funds involves some degree of uncertainty.

Turning to the second factor affecting the cost of capital, it is generally accepted that the higher the degree of uncertainty, the higher the cost of capital. Investors are regarded as risk averse and require that the rate of return increase as the risk(s) (uncertainty) associated with an investment increase(s).

Q. CAN YOU PROVIDE SOME PERSPECTIVE ON YOUR PREVIOUS DISCUSSION WITH RESPECT TO RETURNS ON COMMON STOCKS?

A. Yes. Conceptually,

[1] Required Return for Common Stocks = Return on a risk-free asset + Risk Premium

where the risk premium investors require for common stocks will be higher than the risk premium they require for investment grade bonds. This relationship is

depicted in the graph of the CML above. As I will discuss later in this testimony, this concept is the basis of risk premium methods, such as the CAPM, that are used to estimate the cost of equity.

Q. PLEASE DISCUSS IN MORE DETAIL THE IMPACT OF RISK ON CAPITAL COSTS.

A. With reference to specific utilities, risk is often discussed as consisting of two separate types of risk: business risk and financial risk.

Business risk, the basic risk associated with any business undertaking, is the uncertainty associated with the enterprise's day-to-day operations. In essence, it is a function of the normal day-to-day business environment, both locally and nationally. Business risks include the condition of the economy and capital markets, the state of labor markets, regional stability, government regulation, technological obsolescence, and other similar factors that may impact demand for the business product and its cost of production. For utilities, business risk also includes the volatility of revenues due to abnormal weather conditions, degree of operational leverage, regulation, and regulatory climate. Regulation, for example, can compound the business risk if it is unpredictable in reacting to cost increases, both in terms of the time lag and magnitude for recovery of such increases. This is a problem in Arizona where regulatory lag is long and makes it difficult for utilities to earn their authorized return, particularly in an inflationary environment and/or when there is significant lag between the timing of investment in capital projects and its recognition in rates. As discussed, not only is Arizona's regulatory environment unique, but there are limits on the Commission's authority to use the many tools available to ameliorate the adverse consequences of regulatory lag. Put simply, the greater the degree of uncertainty regarding these various factors affecting a company's business, the greater the risk of an investment in that

company and the greater the compensation required by the investor.

Financial risk, on the other hand, concerns the distribution of business risk to the various capital investors in the utility. Permanent capital is normally divided into three categories: long-term debt, preferred stock, and common equity. Because common equity owners have only a residual claim on earnings after debt and preferred stockholders are paid, financial risk tends to be concentrated in that element of the firm's capital. Thus, a decision by management to raise additional capital by issuing additional debt concentrates even more of the financial risk of the utility in the common equity owners.

Q. WHAT ARE THE DETERMINANTS OF THE RISK FREE RATE IN EQUATION [1]?

A. The risk-free rate can be disaggregated into a "real" rate of interest and an inflation premium (expected future inflation).

Q. WHAT ARE THE DETERMINANTS OF THE REQUIRED RISK PREMIUM FROM EQUATION [1]?

A. The risk premium can be disaggregated into five general components: (1) Interest Rate Risk; (2) Business Risk; (3) Regulatory Risk; (4) Financial Risk; and (5) Liquidity Risk.[8]

Interest Rate Risk refers to the variability in return caused by subsequent changes in interest rates and stems from the inverse relationship between interest rates and asset prices. For example, bond prices fall when interest rates rise and vice versa.

Business risk, the basic risk associated with any business undertaking, is the uncertainty associated with the enterprise's day-to-day operations. In essence, it is

[8] Morin, Dr. Roger A. *New Regulatory Finance*. Vienna, VA: Public Utilities Reports, Inc., 2006 ("Morin"), p. 36.

a function of the normal day-to-day business environment, both locally and nationally that collectively increase the probability that expected future income flows accruing to investors might not be realized. Business risks include the condition of the economy and capital markets, the state of labor markets, regional stability, technological obsolescence, degree of competition, sales volatility, government regulation, and other similar factors that may impact demand for the business product and its cost of production. For utilities, business risk also includes the volatility of revenues due to abnormal weather conditions and the degree of operational leverage.

Regulatory risk refers to the quality and consistency of regulation applied to a given regulated utility. Regulatory jurisdictions are evaluated on the basis of three major factors: earnable return on equity, regulatory quality, and regulatory practices.[9] These three factors collectively impact a utility's ability to earn its authorized return. The type of test year employed (historical or future), capital structure and rate base issues, and length of regulatory lag are among the reasons a utility may or may not have a reasonable opportunity to earn its authorized return. I have already discussed the unique nature of this risk in Arizona and will not repeat that discussion again here.

Financial risk concerns the distribution of business risk to the various capital investors in the utility and refers to the additional variability imparted to income available to common shareholders stemming from the entity's method of financing its capital needs. As I discussed earlier, because common equity owners have only a residual claim on earnings after debt and preferred stockholders are paid, financial risk tends to be concentrated in that element of the firm's capital.

[9] Morin, p.43.

Construction risk is an important component of financial risk. Construction risk is the risk of both tying capital up in projects that are not earning returns, or of not having sufficient capital to build the assets needed to keep generating returns. If an entity has a large construction budget relative to internally generated cash flows, it will require external financing, which will also have an impact on financial risk. It is important that entities have access to capital funds on reasonable terms and conditions. Utilities are more susceptible to construction risk for two reasons. First, water and wastewater utilities generally have high capital requirements to build plant to serve customers. Second, utilities have a mandated obligation to serve leaving less flexibility both in the timing and discretion of scheduling capital projects. This is compounded by the limited ability to wait for more favorable market conditions to raise the capital necessary to fund the capital projects, and then the lag between when plant can be built and when rates can be approved to provide returns on and of that capital. It is imperative that the utility has access to needed capital and on reasonable terms and conditions. The return allowed on common equity will have a critical role in determining those terms and conditions.[10]

Although often discussed separately, the two types of risks (business and financial) are interrelated. A study by Scott and Martin found statistically significant results for unregulated firms in twelve industries that "smaller equity ratios (higher leverage use) are generally associated with larger companies."[11] One should expect unregulated enterprises to seek the best balance between debt and equity to obtain the lowest overall cost of capital. The findings of Scott and

[10] Morin, p. 48.

[11] Scott, D.F. and Martin, J.D., "Industry Influence on Financial Structure," *Financial Management*, Spring 1975, pp. 67-71.

Martin suggest smaller firms found it prudent to *offset higher business risks related to being small by reducing financial risk*. This evidence suggests the least cost equity ratio for these two utilities may be bigger than the average equity ratio for the benchmark water proxy group.

Finally, Liquidity Risk refers to the ability to readily convert an investment into cash without sustaining a loss. Capital market theory generally assumes that investments are liquid and observations about risk and return are drawn from information about liquid investments. Non-publicly traded or privately-held investments possess little liquidity.

Q. IS INVESTMENT RISK IMPACTED BY SIZE?

A. Yes. Investment risk is size related.[12] In other words, investment risk increases as company size decreases.[13] Investment liquidity may be a significant factor explaining this relationship. However, the illiquidity of smaller stocks does not capture the size effect completely.[14] Size may be a proxy for one or more true unknown factors correlated with size.[15]

IV. THE MEANING OF "JUST AND REASONABLE" RATE OF RETURN.

Q. HAVE THE COURTS SET FORTH ANY CRITERIA THAT GOVERN THE RATE OF RETURN THAT A UTILITY'S RATES SHOULD PRODUCE?

A. Yes. In 1923, the U.S. Supreme Court set forth the following criteria for determining whether a rate of return is reasonable in *Bluefield Water Works and Improvement Co. v. Public Service Commission of West Virginia*, 262 U.S. 679, 692-93 (1923):

---

[12] Morin, p. 49.

[13] *Id.*

[14] *Duff & Phelps*, pp. 4-21 – 4-22.

[15] *Duff & Phelps*, p.4-25.

> A public utility is entitled to such rates as will permit it to earn a return on the value of the property which it employs for the convenience of the public equal to that generally being made at the same time and in the same general part of the country on investments on other business undertakings which are attended by corresponding risks and uncertainties .... The return should be reasonably sufficient to assure confidence in the financial soundness of the utility and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise money necessary for the proper discharge of its public duties. A rate of return may be reasonable at one time and become too high or too low by changes affecting opportunities for investment, the money market, and business conditions generally.

Then, in *Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 591 (1944), the U.S. Supreme Court stated the following regarding the return to owners of an entity:

> [T]he return to the equity owner should be commensurate with returns on investments in other enterprises having corresponding risks. That return, moreover, should be sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and to attract capital.

320 U.S. at 603.

In summary, under *Hope* and *Bluefield*:

(1) The rate of return should be similar to the return in businesses with similar or comparable risks;

(2) The return should be sufficient to ensure the confidence in the financial integrity of the utility; and

(3) The return should be sufficient to maintain and support the utility's credit.

Q. HAVE THESE CRITERIA BEEN APPLIED IN REGULATORY PROCEEDINGS?

A. Yes, but the application of the "reasonableness" criteria laid down by the Supreme Court has resulted in controversy. The typical method of computing the overall cost of capital is quite straightforward: it is the composite, weighted cost of the various classes of capital (debt, preferred stock, and common equity) used by the utility. Calculating the proportion that each class of capital bears to total capital does the weighting. However, there is no consensus regarding the best method of estimating the cost of equity capital. The increasing regulatory use of market-based finance models in equity return determinations has not led to a universally accepted means of estimating the ROE. In addition, the market-based results are too often applied to a book-value investment base, which, as I will discuss, understates the return expected by investors who invest in real markets based on market values.

V. THE APPLICANTS' ESTIMATED COSTS OF EQUITY.

A. The Publicly Traded Utilities That Comprise the Sample Group Used to Estimate the Cost of Equity.

Q. PLEASE DESCRIBE THE APPROACH YOU FOLLOWED IN YOUR COST OF CAPITAL ANALYSIS FOR LIBERTY RIO RICO AND LIBERTY BELLA VISTA.

A. Again, estimating the cost of equity is a matter of informed judgment. The development of an appropriate rate of return for a regulated enterprise involves a determination of the level of risk associated with that enterprise and the determination of an appropriate return for that risk level. Practitioners employ various techniques that provide a link to actual capital market data and assist in

defining the various relationships that underlie the equity cost estimation process.

None of the Applicants are publicly traded so the information required to directly estimate its cost of equity is not available. Accordingly, as previously noted, I used a sample group of water utilities as a *starting point* to develop an appropriate cost of equity for each of the two Liberty utilities. An analysis of a proxy group serves as a starting point because no proxy group is identical in risk to either Liberty Rio Rico or Liberty Bella Vista. Therefore, the proxy group's results must be adjusted to reflect the unique relative risks, financial and business risks, of the two utilities, as I will discuss in detail below.

Q. WHICH COMPANIES COMPRISE YOUR SAMPLE GROUP?

A. For the three models employed in my analysis, I use data from a sample of publicly traded water utilities, or proxy group, selected from the *Value Line Investment Survey* as a starting point in my analysis. There are seven water utilities in my sample: American States Water (AWR), Aqua America (WTR), California Water Company (CWT), Connecticut Water (CTWS), Middlesex Water (MSEX), SJW Corp. (SJW), and York Water Company (YORW).

The basis of selection for the proxy group of seven water companies was to select those companies that meet the following criteria: (1) they are included in the Water Company Group of AUS Utility Reports (August 2015); (2) they are followed by the *Value Line Investment Survey*; (3) they have at least ten years of historical financial and market information; (4) they have a *Value Line* adjusted beta; (5) they have not cut or omitted their common dividends during the five years ending 2014 or through the time of the preparation of this testimony; (6) they have 60 percent or greater of 2014 total net operating income derived from regulated water operations; and (7) at the time of the preparation of this testimony, they had not publicly announced that they were involved in any major merger or acquisition

activity.

Q. BUT THE WATER UTILITIES IN YOUR SAMPLE ARE NOT DIRECTLY COMPARABLE TO THE APPLICANTS?

A. That is correct. But they are utilities for which market data is available. All of them are regulated, they primarily provide water service, although some provide both water and wastewater services, and their primary source of revenues is from regulated services. Therefore, they provide a useful *starting point* for developing a cost of equity for the each of the two Applicants, recognizing that the proxy group is not perfectly comparable.

Q. BRIEFLY, WHY IS A COMPARABLE PROXY GROUP NECESSARY IN A COST OF CAPITAL ANALYSIS?

A. First, a fair rate of return for a specific utility is the return required by investors to hold correspondingly risky assets. Market data for a sample of comparable risk companies provides insight into the investors' required return and that satisfies the U.S. Supreme Court's decisions in *Bluefield* and *Hope*, which I discussed earlier. The comparable earnings standard set forth in the *Hope* and *Bluefield* decisions requires that the rate of return afforded to utilities be similar to the return in businesses with similar or comparable risks. It follows that a proxy group of companies with comparable risk is the starting point in a cost of capital analysis.

Second, a primary objective of rate regulation is to determine an authorized ROE that is both fair to customers and provides satisfactory returns for the subject utility. The best estimate of that ROE is the cost of equity for each of the two utilities. The cost of equity is a cost of service fairly recovered from customers through rates. It is also satisfactory to investors in Liberty Rio Rico, or Liberty Bella Vista, because it is commensurate with returns an investor in these utilities would expect to earn from investments of comparable risk. To estimate the cost of

equity requires market data that reveal investor required returns. But, Liberty Rio Rico and Liberty Bella Vista are not publicly traded so there is no market information to determine the cost of equity. This necessitates the selection of a proxy group.

Q. THANK YOU. CAN YOU PLEASE PROVIDE A GENERAL DESCRIPTION OF THE WATER UTILITIES IN YOUR SAMPLE?

A. Yes. Schedule D-4.2 lists the percentages of regulated revenues, operating revenues, net plant, S&P bond ratings, allowed ROE's, *Value Line* betas, market capitalization, and market size category for the seven water utilities. Comparative data for Liberty Rio Rico or Liberty Bella Vista is also shown in Schedule D-4.2. The seven sample companies may be generally described as follows:

(1) American States Water (AWR) primarily serves the California market through Golden State Water Company, which provides water services to over 256,000 customers within 75 communities in 10 counties in the State of California, primarily in Los Angeles, San Bernardino, and Orange counties. AWR also owns an electric utility service provider (Bear Valley Electric Service) with over 23,600 customers. AWR also provides contractual services to the U.S. government and private entities located in 5 states through its subsidiary, American States Utility Services. Total operating revenues for AWR are nearly $465 million and net plant is nearly $999 million.

(2) Aqua America (WTR) owns regulated utilities in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Indiana, and Virginia, serving nearly 940,000 customers. WTR's utility base is diversified among residential water, commercial water, fire

protection, industrial water, other water, and wastewater customers. Total operating revenues for WTR are nearly $780 million and net plant is over $4.4 billion.

(3) California Water Service Group (CWT) owns subsidiaries in California, New Mexico, Washington, and Hawaii serving nearly 506,000 customers. CWT also owns HWS Utility Services which conducts CWT's non-regulated business. These services include providing billing, water quality testing, and water and wastewater system operations and management services to cities and other companies. Operating revenues for CWT are nearly $598 million and net plant is nearly $1.6 billion.

(4) Connecticut Water Services (CTWS) owns subsidiaries in Connecticut and Maine serving over 123,000 customers. CTWS also provides utility operating services under contract to municipalities and other water systems. Revenues for CTWS are nearly $95 million and net plant is nearly $495 million.

(5) Middlesex Water (MSEX) owns subsidiaries in New Jersey, and Delaware serving over 100,000 customers and provides water service under contract to municipalities in central New Jersey serving a population of 219,000. Operating revenues for MSEX are over $117 million and net plant is over $465 million.

(6) SJW Corp. (SJW) owns San Jose Water, which provides water service in a 138 square mile area in San Jose, California, and surrounding communities serving nearly 229,000 customers. SJW also owns operations in Texas serving approximately 12,000 connections. San Jose Water Company also provides non-regulated

services under agreements with municipalities and other utilities. Operating revenues for SJW are nearly $318 million and net plant is nearly $944 million.

(7) York Water Company (YORW) provides water service in the state of Pennsylvania serving over 65,000 water and wastewater customers in more than 47 communities. Operating revenues for YORW are nearly $46 million and net plant is nearly $250 million.

Q. DO ANY OF THE SAMPLE COMPANIES HAVE OPERATIONS IN ARIZONA?

A. No, and that's just one of several reasons that these utilities are very different from Liberty Rio Rico and Liberty Bella Vista. The utilities in the water proxy group are much larger and, according to the empirical financial data, they are less risky than the two Applicants. The Applicants are much smaller with fewer customers, a relatively small and limited service territory, far less revenues and far less net plant. At the end of the test year, Liberty Rio Rico had approximately 6,430 water customers and 2,060 wastewater customers, and Liberty Bella Vista had approximately 9,900 water customers.

Additionally, Liberty Rio Rico's revenues totaled approximately $4.5 million, and net plant-in-service was approximately $28.3 million. The average revenues of my water proxy group are over 77 times greater than the Liberty Rico Rio and nearly 45 times the net plant as compared to Liberty Rio Rico. The smallest of the publicly traded water utilities in my proxy group (York Water Company) has over 10 times the revenues and nearly 9 times the net plant than Liberty Rio Rico. Similarly, the average revenues of my water proxy group are over 75 times greater than the Liberty Bella Vista and nearly 62 times the net plant. The smallest of the publicly traded water utilities in my proxy group (York Water

Company) has over 10 times the revenues and nearly 12 times the net plant than Liberty Bella Vista.

In other words, the proxy companies are a starting point but that does not mean they are comparable. I will discuss specific measures of business risk that quantify the differences between these two utilities and the water proxy group later in my testimony.

Q. DO RECENT DEVELOPMENTS IN THE WATER UTILITY INDUSTRY IMPACT INVESTMENTS?

A. Yes. On the whole, the water and wastewater utility industry is expected to continue to confront increasing need for infrastructure upgrades and replacement, as well as possible additional demand. *Value Line* Investment Survey (July 18, 2015) continues to stress that many utilities have facilities that are decades old and in need of significant maintenance and, in some cases, massive renovation and replacement. As infrastructure costs continue to climb, many smaller companies are at a serious disadvantage. *Value Line* notes that most of the companies in this sector lack the finances necessary to fund improvements on their own. This will require water utilities in this sector to rely heavily upon debt and equity offerings for funding. The additional funding will thwart share-earnings and dilute shareholder gains. A copy of the most recent Value Line report on the water industry along with each water utility in my proxy group is attached as **Exhibit TJB-COC-DT1**.

Q. WHAT OTHER RISK FACTORS DISTINGUISH LIBERTY RIO RICO AND LIBERTY BELLA VISTA FROM THE LARGER WATER UTILITIES IN YOUR PROXY GROUP?

A. First, water and wastewater utilities are capital intensive and typically have relatively large construction budgets. As I have previously discussed in this

testimony, firms with large capital budgets face construction risk (a form of financial risk). The size of a utility's capital budget relative to the size of the utility itself often increases construction risk. Large utilities are better able to fund their capital budgets from their earnings, cash flows, and short-term borrowings. For smaller utilities the ability to fund relatively large capital budgets from earnings, cash flows, and short-term debt is difficult, if not impossible, without reliance upon additional outside capital.

Second, smaller companies are simply less able to cope with significant events that affect sales, revenues and earnings. In general, the loss of revenues from a few larger customers or from trends in the reduction of usage by customers through conservation or the makeup of the customer base, for example, would have a greater effect on a small company than on a much larger company with a larger customer base.

Third, there are a number of other factors, including the differences in regulatory environments, differences in the type of test year used for rate making, and differences in the available regulatory mechanisms for recovery of costs outside of a rate case. The large water utilities in my water proxy group are generally not subject to the adverse impacts of an unfavorable regulatory environment of one jurisdiction. In contrast, the Applicants are entirely subject to the adverse impacts of Arizona regulation. Arizona is an historical test year state, which means that plant investment will typically have to be funded, built and put in service before the utility can file a rate case to put such plant in rates. And, as I have already discussed, the recent decision interpreting the state's constitution makes it clear that the Commission is somewhat restricted in its ability to address the adverse consequences of Arizona regulation.

In summary, there are many factors that impact the ability of a smaller utility to actually earn its authorized return. Liberty Rio Rico is a good example. This is its fourth rate case in roughly a decade yet it has never earned its revenue requirement or authorized return. An inadequate opportunity to earn the revenues authorized in a rate case leads to a greater variability of earnings for entities like Liberty Rio Rico and Liberty Bella Vista when compared to the proxy group. This volatility means greater risk, and greater risk requires higher returns.

Q. BUT ISN'T THE FARE INTENDED TO ADDRESS THE REASONS LIBERTY RIO RICO HASN'T BEEN EARNING ITS AUTHORIZED RETURNS?

A. Yes, and if successful, these concerns may one day be appreciably mitigated. But the Commission has never, to my knowledge, made an upward adjustment to an ROE because the utility was repeatedly failing to earn its rate of return. I do not believe it appropriate to start lowering the Applicants' cost of capital because the FARE might work. I hope it does, but we are a long way away. The short-lived success of the SIB illustrates the uncertainty inherent in designing new approaches to setting rates in Arizona. Increased uncertainty increases risk.

Q. ARE THERE QUANTITATIVE MEASURES THAT CAN BE USED TO HELP IDENTIFY DIFFERENCES IN BUSINESS RISK?

A. Yes. There are a number of fundamental accounting based risk measures that can be used to assess the relative differences between firms and include: (1) The co-efficient of variance of ROE; (2) the co-efficient of variance of operating income; (3) the co-efficient of variance of operating margin; and (4) Operating Leverage. The first three reflect the distributions of earnings. These are meaningful when measured against the distribution of earnings of alternative investments, like the water utilities in my water proxy group.

The co-efficient of variance of ROE can be quantified using a relatively simple formula:

[2] Co-efficient of Variance of ROE = Standard Deviation of ROE/Mean of ROE

The co-efficient of variance of operating income can be quantified using a relatively simple formula:

[3] Co-efficient of Variance of Operating Income = Standard Deviation of Operating Income/Mean of Operating Income

The co-efficient of variance of operating margin can be quantified using a relatively simple formula:

[4] Co-efficient of Variance of Operating Margin = Standard Deviation of Operating Margin/Mean of Operating Margin

And, the Operating Leverage formula is expressed as:

[5] Operating Leverage = Percentage Change in Operating Income/Percentage Change in Sales

Using the business risk measures expressed in equations [2], [3], and [4], the greater the co-efficient of variation or Operating Leverage, the greater the risk to investors of not receiving expected returns. [16] Below are the computed co-efficient of variation for ROE, Operating Income, and Operating Margin, as well as Operating Leverage using the most recent 5 years of historical data for my water proxy group and Liberty Rio Rico and Liberty Bella Vista:

[16] Tuller, Lawrence W. *The Small Business Valuation.* Avon, MA: Adams Media Corporation, 1994, p. 89.

Company	Business Risk Co-efficient of variance of ROE	Business Risk Co-efficient of variance of Operating Income	Business Risk Co-efficient of variance of Operating Margin	Operating Leverage
Water Proxy Group	0.1271	0.1579	0.0895	3.06
Liberty Rio Rico Water & Sewer) Corp.	0.4151	0.3453	0.2920	33.79
Relative Risk of Liberty (Rio Rico Water & Sewer) Corp. to Water Proxy Group	3.27	2.19	3.26	11.05
Liberty (Bella Vista Water) Corp.	0.4343	0.3951	0.3748	6.88
Relative Risk of Liberty (Bella Vista Water) to Water Proxy Group	3.42	2.50	4.19	2.25

These metrics show that (1) Liberty Rio Rico is 2.2 to 3.3 times more risky than the water proxy group (ignoring operating leverage), and (2) Liberty Bella Vista is 2.5 to 4.2 times more risky than the water proxy group (ignoring operating leverage).

Q. CAN METRICS LIKE A COMPANY'S CO-EFFICIENT OF ROE, OPERATING INCOME, AND OPERATING MARGIN, BE USED ALONG WITH MARKET DATA TO DEVELOP COMPANY-SPECIFIC RISK PREMIUMS?

A. Yes. *Duff & Phelps* publishes comparative risk characteristics using market data that provides a nexus between a market beta and the metrics operating margin, the coefficient of variation in operating margin, and the coefficient of variation in return on equity.[17] This information can be used to develop an implied beta for

[17] *Duff & Phelps*, Exhibits D-1 through D-3.

Liberty Rio Rico and Liberty Bella Vista for use in the CAPM. By comparing the results of the CAPM for the water proxy group with the CAPM for each of the two utilities using the implied beta, an indicated risk premium for each of these two utilities can be developed. As one would expect, the implied beta for Liberty Rio Rico and Liberty Bella Vista is higher than the beta of my water proxy group. A risk premium of 100 to 140 basis points over the cost of equity of the water proxy group is indicated for Liberty Rio Rico, and a risk premium of 160 to 210 basis points over the cost of equity of the water proxy group is indicated for Liberty Bella Vista. I will discuss these indicated risk premiums and implied betas in more detail in the Company Specific Risk Premium section of my direct testimony.

Q. WHAT ABOUT LIQUIDITY RISK, MR. BOURASSA?

A. A rational investor would not regard an investment in Liberty Rio Rico or Liberty Bella Vista as having the same level of risk as WTR or even CTWS, because of the previously mentioned small size characteristics these two utilities, and the fact that an investment in Liberty Rio Rico and Liberty Bella Vista is relatively illiquid compared to the publicly traded water utilities. An investor in a publicly traded stock can sell his/her stock in a very short period of time if he/she is dissatisfied with the returns. An investor in a non-publicly traded stock does not have the ability to sell quickly. Consequently, investors will require a greater risk premium, often called liquidity risk premium. As a consequence of these differences in risk, the results produced by the DCF, RPM, and CAPM methodologies, utilizing data for the sample utilities, often understate the appropriate return on equity for a small, regulated water and/or wastewater utility provider such as Liberty Rio Rico or Liberty Bella Vista.

Q. IS THERE A RELATIONSHIP BETWEEN A UTILITY'S CAPITAL STRUCTURE AND ITS COST OF CAPITAL?

A. Yes. Generally speaking, when a firm engages in debt financing, it exposes itself to greater risk. Once debt becomes significant relative to the total capital structure, the risk increases in a geometric fashion compared to the linear percentage increase in the debt ratio itself. This risk is illustrated by considering the effect of leverage on net earnings. For example, as leverage increases, the equity ratio falls. This creates two adverse effects. First, equity earnings decline rapidly and may even disappear. Second, the "cushion" of equity protection for debt falls. A decline in the protection afforded debt holders, or the possibility of a serious decline in debt protection, will act to increase the cost of debt financing. Therefore, one may conclude that each new financing, whether through debt or equity, impacts the marginal cost of future financing by any alternative method.

For a firm already perceived as being over-leveraged, this additional borrowing would cause the marginal cost of both equity and debt to increase. On the other hand, if the same firm instead successfully employed equity funding, this could actually reduce the real marginal cost of additional borrowing, even if the particular equity issuance occurred at a higher unit cost than an equivalent amount of debt.

Q. HOW DO THE CAPITAL STRUCTURES OF THE SAMPLE WATER UTILITIES COMPARE TO THE PROPOSED PROFORMA CAPITAL STRUCTURES FOR THE TWO APPLICANTS?

A. Schedule D-4.3 shows that the debt and equity capital structure used to develop the cost of capital for Liberty Rio Rico and Liberty Bella Vista contains 70 percent equity and 30 percent debt, compared to the average of the water utility sample of approximately 56 percent equity and 44 percent debt. Having less debt in their

capital structures implies that Liberty Rio Rico and Liberty Bella Vista have lower financial risk than the sample water utilities. I have taken into account the lower financial risk of Liberty Rio Rico and Liberty Bella Vista compared to the water proxy group using the Hamada method, which I will discuss later.

B. <u>Overview of the DCF, RPM, AND CAPM Methodologies</u>.

Q. PLEASE EXPLAIN THE GENERAL APPROACHES TO ESTIMATING THE COST OF CAPITAL.

A. There are two broad approaches:

1) identify comparable-risk sample companies and estimate the cost of capital directly, or
2) find the location of the CML and estimate the relative risk of the company, which jointly determines the cost of capital.

The DCF method is an example of a method falling into the first general approach. It is a direct method, but uses only a subset of the total capital market evidence. The DCF rests on the premise that the fundamental value of an asset (stock) is its ability to generate future cash flows to the owner of that asset (stock). I will explain the DCF in detail in a moment, but for now, the DCF is simply the sum of a stock's expected dividend yield and the expected long-term growth rate. Dividend yields are readily available, but long-term growth estimates are not.

The RPM and CAPM are examples of methods falling into the second general approach. An equity risk premium is made first by determining the relationship between the cost of equity and an interest rate over time. To implement these approaches, it is generally assumed that the past relationship will continue on into the future. The RPM generally uses a small subset of the capital market evidence whereas the CAPM uses information on all securities rather than a small subset. I will explain the RPM and CAPM in more detail later.

For now, both the RPM and CAPM reflect a risk-return relationship, often depicted graphically as the CML. The RPM and CAPM cost of equity estimates are the sum of a risk-free return and a risk premium.

Each of these methods measures investor expectations. In the final analysis, ROE estimates are subjective and should be based on sound, informed judgment rationally articulated and supported by competent evidence. I have applied two versions of the DCF, one version of the RPM, and two versions of the CAPM to "bracket" the fair cost of equity capital for the publicly traded water utilities in my proxy group. I then add risk premiums to results of the models for the water proxy group to account for the differences in risk (business, regulatory, liquidity) between the water proxy group and the two Applicants.

C. <u>Explanation of the DCF Model and Its Inputs</u>.

Q. PLEASE EXPLAIN THE DCF METHOD OF ESTIMATING THE COST OF EQUITY.

A. The DCF model is based on the concept that the current price of a share of stock is equal to the present value of future cash flows from the purchase of the stock. In other words, the DCF model is an attempt to replicate the market valuation process that sets the price investors are willing to pay for a share of an entity's stock. It rests on the assumption that investors rely on the expected returns (i.e., cash flow they expect to receive) to set the price of a security. The DCF model in its most general form is:

[6] $P_0 = CF_1/(1+k) + CF_2/(1+k)^2 + \ldots + CF_n/(1+k)^n$

where k is the cost of equity; n the number of years and is a very large number; P_0 is the current stock price; and, CF_1, CF_2,...CF_n are all the expected future cash flows expected to be received in periods 1, 2, ... n.

Equation [6] can be written to show that the current price (P_0) is also equal to

[7] $P_0 = CF_1/(1+k) + CF_2/(1+k)^2 + \ldots + P_t/(1+k)^t$

where P_t is the price expected to be received at the end of the period t. If the future price (P_t) included a premium (an expected increase in the stock price or capital gain), the price the investor would pay today (in anticipation of receiving that premium) would increase. In other words, by estimating the cash flows from the purchase of a stock in the form of dividends and capital gains, we can calculate the investor's required rate of return, i.e., the rate of return an investor presumptively used in bidding the current price to the stock (P_0) to its current level.

Equation [7] is a Market Price version of the DCF model. As with the general form of the DCF model in equation [6], in the Market Price approach the current stock price (P_0) is the present value of the expected cash inflows. The cash flows are comprised of dividends and the final selling price of the stock. The estimated cost of equity (k) is the rate of return investors expect if they bought the stock at today's price, held the stock and received dividends through the transition period, and then sold it for price (P_t).

Q. CAN YOU PROVIDE AN EXAMPLE TO ILLUSTRATE THE MARKET PRICE VERSION OF THE DCF MODEL?

A. Yes. Assume an investor buys a share of common stock for $40. If the expected dividend during the coming year is $2.00, then the expected dividend yield is 5 percent ($2.00/$40 = 5.0 percent). If the stock price is also expected to increase to $43.00 after one year, this $3.00 expected gain adds an additional 7.5 percent to the expected total rate of return ($3.00/$40 = 7.5 percent). Thus, the investor buying the stock at $40 per share expects a total return of 12.5 percent (5 percent dividend yield plus 7.5 percent price appreciation). The total return of 12.5 percent

is the appropriate measure of the cost of capital because this is the rate of return that caused the investor to commit $40 of his capital by purchasing the stock.

Q. PLEASE CONTINUE WITH YOUR DESCRIPTION OF THE DCF MODEL.

A. Under the assumption that future cash flow is expected to grow at a constant rate ("g"), equation [6] can be solved for k and rearranged into the simple form:

$$[8] \quad k = CF_1/P_0 + g$$

where CF_1/P_0 is the expected dividend yield and g is the expected long-term dividend (price) growth rate ("g"). The expected dividend yield is computed as the ratio of next period's expected dividend ("CF_1") divided by the current stock price ("P_0").

This form of the DCF model is known as the constant growth DCF model and recognizes that investors expect to receive a portion of their total return in the form of current dividends and the remainder through future dividends and capital (price) appreciation. A key assumption of this form of the model is that investors expect that same rate of return (k) every year and that market price grows at the same rate as dividends. But, this has not been historically true for the water utility sample, as shown by the data in Schedule D-4.4 and Schedule D-4.5. As a result, estimates of long-term growth rates (g) should take this into account.

Q. ARE THERE ANY CONCERNS ABOUT APPLYING THE DCF MODEL TO UTILITY STOCKS?

A. Yes, there are a number of reasons why caution must be used when applying the DCF model to utility stocks. First, a non-publicly traded company does not have a stock market price. Using the stock prices from a proxy group assumes that the stock of Liberty Rio Rico and Liberty Bella Vista would be similarly priced and has similar dividend yields as the publicly traded water companies. Second, the

stock price and dividend yield components may be unduly influenced by structural changes in the industry, such as mergers and acquisitions, which influence investor expectations. Third, the DCF model is based on a number of assumptions that may not be realistic given the current capital market environment. The traditional DCF model assumes that the stock price, book value, dividends, and earnings all grow at the same rate. This has not been historically true for the sample water utility companies.

We should be especially concerned with the DCF model's applicability under current market conditions. The Federal Reserve's bond buying programs have kept longer-term bond yields low and interest rates are expected to rise,[18] but in the meantime, and because bond yields are still very low, investors are "chasing yields" and driving up the stock prices of companies that pay dividends, like utilities. The *Value Line* Investment Survey (April 17, 2015) for the for the Water Utility Industry notes:

> Low bond yields seem to have driven many income-oriented investors into the equity markets. All this money chasing income has brought down the yield on water utilities, relative to the average stock. Currently, the yield of a typical water utility is only about 60 to 65 basis points higher than the average stock. This spread is very low, on an historical basis.

Consider that while dividend yields for the water proxy group have been decreasing, 3-year, and 5-year annualized total returns for the water proxy group are 12.09 percent and 11.62 percent, respectively, which are all significantly higher than my DCF estimate of the cost of equity of 9.0 to 10.2 percent.[19] The expected equity returns suggested by the market based DCF model does not line up with recent experience in the markets. As Dr. Morin notes,

[18] *Blue Chip Financial Forecasts*, August 2015.

[19] *Value Line* Analyzer data from October 1, 2015.

> To the extent that increases (decreases) in relative market valuation are anticipated by investors, especially myopic investors with short-term investment horizons, the standard DCF model will understate (overstate) the cost of equity.

Another way of stating this point is that the DCF model does not account for the ebb and flow of investor sentiments over the course of the business cycle. The problem was particularly acute in the mid 1990's and mid 2000's where investors, faced with very low returns on short-term fixed-income securities and an uncertain market outlook, sought higher yields offered by utility stocks in a so-called flight to quality, boosting their stock price and lowering the dividend yield.[20] The circumstances then are not so different than what is occurring today.

Fourth, the application of the DCF model produces estimates of the cost of equity that are consistent with investor expectations *only* when the market price of a stock and the stock's book value are approximately the same. The DCF model will understate the cost of equity when the market-to-book ratio exceeds 1.0 and conversely will overstate the cost of equity when the market-to-book ratio is less than 1.0. The reason for this is that the market-derived return produced by the DCF is often applied to book value rate base by regulators.

Fifth, the assumption of a constant growth rate may be unrealistic, and there may be difficulty in finding an adequate proxy for the growth rate. Historical growth rates can be downward biased as a result of the impact of anemic historical growth rates in earnings, mergers and acquisitions, restructuring, unfavorable regulatory decisions, and even abnormal weather patterns. Further, by placing too much emphasis on the past, the estimation of future growth becomes circular.

[20] Morin, p. 433.

Q. THANK YOU. LET'S TURN TO THE SPECIFIC INPUTS USED IN YOUR DCF MODELS. WHAT DATA HAVE YOU USED TO COMPUTE THE EXPECTED DIVIDEND YIELD (CF_1/P_0) IN YOUR MODELS?

A. First, I computed a current dividend yield (CF_0/P_0). The expected dividend yield (CF_1/P_0) is the current dividend yield (CF_0/P_0) times one plus the growth rate (g). I used the spot price for each of the stocks of the water utilities in the sample group as reported by the *Value Line Investment Analyzer* for October 2, 2015 for P_0. The current dividend (CF_0) is the current indicated dividend as reported by Value Line. In my schedules, the current dividend yield is denoted as (D_0/P_0), where D_0 is the current dividend and P_0 is the spot stock price. (D_1/P_0) is used to denote the expected dividend yield in the schedules.

Q. WHAT MEASURES OF GROWTH ("g") HAVE YOU USED?

A. I have used two estimates of growth – one based on an average of historical and forecast growth and the other based only on forecast growth. For my average historical and forecast growth estimate, I averaged the 5-year historical average growth rates in the stock price, book value per share ("BVPS"), earnings per share ("EPS") and dividends per share ("DPS") with *Value Line's* forecast of EPS growth.[21] Using the historical average of growth in price, BVPS, EPS, and DPS is reasonable because investors know that, in equilibrium, common stock prices, BVPS, EPS and DPS will all grow at the same rate and would take information about changes in stock prices and growth in BVPS into account when they price utility stocks. As I stated earlier, a basic assumption of the DCF model is that the stock price, BVPS, EPS and DPS all grow at the same rate. For my forecast growth estimate, I have used the growth forecasts from *Value Line*.[22]

---

[21] *See* Schedule D-4.4.

[22] *See id.*

Q. WHY DID YOU INCORPORATE AN HISTORICAL GROWTH RATE ESTIMATE INTO ONE OF YOUR GROWTH ESTIMATES?

A. Past growth rates may provide a reasonable basis for determining prospective growth rates. Their use assumes the past is a reflection of the future. While I believe the use of historical growth rates give added recognition to the past, which is already incorporated into analyst estimates of growth, I nevertheless include a version of the DCF that reflects historical growth. I would point out, however, that historical growth rates may not be the best measure for the future. The empirical evidence indicates that analyst estimates of growth are the best measure of growth for use in the DCF for utility stocks.[23]

Q. WHY DID YOU USE FORECASTED GROWTH RATES IN YOUR GROWTH ESTIMATES?

A. The DCF model requires estimates of growth that investors expect in the future and not past estimates of growth that have already occurred. Accordingly, I use analysts' forecasts of growth. Logically, in estimating future growth, financial institutions and analysts have taken into account all relevant historical information

[23] Gordon, David A., Gordon, Myron J. and Gould, Lawrence I., "Choice Among Methods of Estimating Share Yield," *Journal of Portfolio Management*, Spring 1989, pp. 50-55. Gordon, Gordon and Gould found that a consensus of analysts' forecasts of earnings per share growth for the next five years provides a more accurate estimate of growth required in the DCF model than three different historical measures of growth (historical EPS, historical DPS, and historical retention growth). They explain that this result makes sense because analysts would take into account such past growth as indicators of future growth as well as any new information. Other studies confirm the superiority of analysts' estimates such as Vander Weide, James H. and Carleton, Willard T., "Investor Growth Expectations: Analysts vs. History," *Journal of Portfolio Management*, Spring 1988, pp. 78-87, Brown, Lawrence D. and Rozeff, Michael S., "The Superiority of Analyst Forecasts as Measures of Expectations: Evidence from Earnings," *Journal of Finance*, March 1978, pp. 1-16, and Timme, Stephen G. and Eisemann, Peter C., "On the Use of Consensus Forecasts of Growth in the Constant Growth Model: The Case for Electric Utilities," *Journal of Financial Management*, Winter 1989, pp. 23-35. A 2004 study by the Kentucky Public Service Commission Advance Research Center updated the study by Vander Weide and Carleton (1988) confirmed the superiority of analyst estimates over historical averages.

on an entity as well as other more recent information.[24] To the extent that past results provide useful indications of future growth prospects, analysts' forecasts would already incorporate that information. In addition, a stock's current price reflects known historic information on that entity, including its past earnings history. Any further recognition of the past will double count what has already occurred. Therefore, forward-looking growth rates should be used.

Q. HAVE YOU ADJUSTED YOUR DCF RESULTS?

A. Yes. I have removed any indicated DCF result below 7.1 percent (the expected cost of Baa bonds plus 100 basis points) when computing the average DCF result for the water proxy group. For example, the DCF indicated result on Schedule D-4.7, page 1, is just 4.08 percent for SJW water. This result is not plausible. Investors will not invest in risky common stocks if they can earn a higher return on less risky investment grade bonds.

D. <u>Explanation of the RPM and Its Inputs</u>.

Q. PLEASE EXPLAIN THE RPM METHODOLOGY FOR ESTIMATING THE COST OF EQUITY.

A. The RPM is sometimes referred to as the "bond yield plus risk premium method." The general approach is to determine the spread between the return on debt and the return on equity, and to add this spread to the current debt yield to derive an estimate of the cost of equity. To implement the RPM, it is assumed that the past relationship will continue into the future. The RPM is widely used by analysts and investors.[25]

---

[24] Gordon, Gordon, and Gould.

[25] Morin, p. 108.

The RPM formula provides a formal risk-return relationship and is stated as:

(6) $k = K_d +$ Historical bond-equity spread

where k is the expected return on equity and K_d is the current cost of debt or debt yield.

Q. HOW DID YOU DETERMINE THE HISTORICAL BOND-EQUITY SPREAD?

A. I computed the bond-equity spread as the difference between the average total realized market return of my water proxy group and the average annual long-term treasury yields for the years 1999-2014 - a 16-year historical period.[26]

Q. WHY DID YOU USE TOTAL REALIZED MARKET RETURNS?

A. Total realized market returns are market based which makes this approach a market-based approach. While the annual actual risk premium in any given year may not equal the required risk premium, over longer periods of time, the average actual risk premiums can provide a good estimate of the average risk premium required.

Q. WHAT DO YOU USE AS THE CURRENT COST OF DEBT (K_d)?

A. I use the expected U.S. Long-term Treasury rate for 2016-2018 as the basis for the risk free rate. Since the cost of capital is an opportunity cost and is prospective, it necessarily requires the use of a forward-looking bond yield. In recent years, interest rates have dropped to very low levels when compared to interest rates for similar securities in the past. From 1999 to 2007, the annual average rate for long-term Treasury bonds was 5.24 percent, ranging from a low of 4.84 percent in 2007 to a high of 5.94 in 2000. In 2008, and during the recent recession, that annual average dropped to 4.24 percent and dropped further in 2012 to 2.9 percent.

[26] *See* Schedule D-4.9.

The drop in long-term Treasury rates has been largely attributed to the market intervention by the Federal Reserve through its quantitative easing programs. Long-term Treasury rates for 2013 and 2014 averaged 3.45 percent and 3.34 percent, respectively. For the first 9 months of 2015, long-term Treasury rates have averaged 2.8 percent. The Federal Reserve is expected to raise interest rates towards the end of this year.[27] Notwithstanding these current low rates, long-term Treasury rates are expected to bounce back up in 2016-2018 timeframe. Analysts at *Value Line* expect that future average to be 3.9 percent. The consensus estimate made by analysts surveyed by the *Blue Chip Financial Forecasts* indicates analysts expect that average to be higher at 4.2 percent. For my analyses, I have relied upon the average of *Value Line Quarterly Forecast* forecasts and the consensus forecast reported by *Blue Chip Financial Forecasts* of 4.1 percent.[28]

Q. WHY DO YOU USE LONG-TERM U.S. TREASURY YIELDS?

A. The yields on long-term Treasury bonds match more closely with the perpetual nature of common stock investments.[29] Further, short-term rates are more volatile, fluctuate widely and are subject to more random disturbances than long-term rates. In short, long-term Treasury rates are preferred for these reasons and because long-term rates are more appropriately matched to securities with an indefinite life or long-term investment horizon.

E. <u>Explanation of the CAPM and Its Inputs</u>.

Q. PLEASE EXPLAIN THE CAPM METHODOLOGY FOR ESTIMATING THE COST OF EQUITY.

A. Like the RPM, the CAPM is the sum of a risk-free rate plus a risk premium. And,

---

[27] *Blue Chip Financial Forecasts*, October 2015.

[28] *See* Schedule D-4.8.

[29] Morin p. 112.

like the RPM, it quantifies the additional return required by investors for bearing incremental risk. The CAPM was developed by William Sharpe and John Lintner in the mid-1960's and is a common topic in college finance textbooks. The CAPM provides a formal risk-return relationship premised on the idea that only market risk matters, as measured by beta. The traditional version of CAPM is represented by the formula:

$$[9] \quad k = R_f + \beta(R_m - R_f)$$

where k is the expected return, R_f is the risk-free rate (or zero beta asset), R_m is the market return, $(R_m - R_f)$ is the market risk premium, and β is beta.

Q. ARE THERE ANY CONCERNS ABOUT APPLYING THE CAPM MODEL TO UTILITY STOCKS?

A. Yes. I have concerns with using this model in most periods because mechanical application of the model may produce unreasonable results. The traditional CAPM only captures a single measure of systematic risk as measured by beta, but there are other forms of systematic risk priced by the market such as company size. A size premium is necessary because, even after adjusting for the beta risk of small stocks, they generally outperform larger stocks. Size may just be a proxy for other risks. Nevertheless, the empirical evidence indicates that beta alone does not measure the risk of smaller companies.[30]

Q. ARE THERE ALTERNATIVES TO THE TRADITIONAL CAPM?

A. Yes, alternative versions of the CAPM have been developed that provide more robust explanations of returns required by investors. A version of the CAPM called the Empirical CAPM or ECAPM was developed to recognize that estimations of R_f are higher than the return on long-term Treasuries. Dr. Roger

[30] *Duff & Phelps*, pp. 2-5.

Morin discusses ECAPM at pages 189-191 of his book, *New Regulatory Finance*. The ECPAM is represented as follows:

$$[10] \quad k = R_f + .25(R_m - R_f) + .75\beta(R_m - R_f)$$

Duff & Phelps suggest a version of the CAPM in which a size premium is included.[31] This modified CAPM or MCAPM is represented as follows:

$$[11] \quad k = R_f + \beta(R_m - R_f) + RP_s$$

where k is the expected return, R_f is the risk-free rate (or zero beta asset), R_m is the market return, $(R_m - R_f)$ is the market risk premium, β is beta, and RP_s is the size premium. The MCAPM recognizes the CAPM is incomplete and does not fully account for the higher returns that are needed on small company stocks. In other words, the higher risks associated with smaller firms are not fully accounted for by beta.[32]

Q. IS FIRM SIZE A UNIQUE RISK?

A. No. The firm size is a systematic risk factor and is an adjustment to the pure CAPM.[33] Putting aside the empirical financial data, the need for a risk premium for size makes sense. Company size is a significant element of business risk for which investors expect to be compensated through greater returns. As discussed earlier, smaller companies are simply less able to cope with significant events that impact sales, revenues, and earnings. For example, smaller companies face more risk exposure to business cycles and economic conditions, both nationally and locally. Additionally, the loss of revenues from a few larger customers would have a greater effect on a small entity than on a much larger entity with a larger, more

[31] *Duff & Phelps*, pp. 2-7.

[32] *Morningstar, Ibbotson SBBI 2013 Valuation Yearbook,* pp. 85-88.

[33] Pratt, Shannon P. and Roger J. Grabowski. *Cost of Capital: Applications and Examples, Fourth Edition.* John Wiley and Sons, 2010, p. 56.

diverse, customer base. Moreover, smaller companies are generally less diverse in their operations and have less financial flexibility.

Q. DID YOU EMPLOY EITHER OF THESE ALTERNATIVE CAPM METHODS (EQUATIONS 10 AND 11) AS PART OF YOUR ANALYSIS?

A. No. Instead, I conducted a risk study to develop an indicated additional risk premium for Liberty Rio Rico and Liberty Bella Vista. Based on this study, I added a risk premium to the results of each method I use (the DCF, RPM, and the CAPM) as an alternative way of dealing with additional risk associated with Liberty Rio Rico and Liberty Bella Vista. Having said that, these two methods would produce an indicated cost of equity for my water proxy group in the range of 9.7 percent to 11.7 percent with a mid-point of 10.7 percent, which is greater than my overall estimate for my water proxy group of 10.0 percent.

Q. WHAT IS THE RISK-FREE RATE (R_f)?

A. It is the return on an investment with no risk. The U.S. Treasury rate serves as the basis for the risk-free rate because the yields are directly observable in the market and are backed by the U.S. government. Practically speaking, short-term rates are volatile, fluctuate widely and are subject to more random disturbances than long-term rates. In short, long-term Treasury rates are preferred for these reasons and because long-term rates are more appropriately matched to securities with an indefinite life or long-term investment horizon.

Q. WHAT DO YOU ADOPT AS THE RETURN FOR THE RISK-FREE RATE?

A. I use long-term expected Treasury bond rates as the measure of the risk-free return for use with CAPM cost of equity estimates from two sources: the *Blue Chip Financial Forecasts* and the *Value Line Quarterly Forecast*.[34] The appropriate

[34] *See* Schedule D-4.9.

choice for the risk-free rate is the *expected* return for long-term Treasury securities.[35] Thus, when determining an estimate of the risk-free rate, it is appropriate to adopt a return that is no less than the expected return on the long-term Treasury bond rate. Both of my CAPM estimates are based on expected yields of the long-term Treasury rates for 2016 through 2018 (from *Blue Chip Financial Forecasts* and *Value Line Quarterly Forecasts*).[36]

Q. WHAT IS BETA AND WHAT DOES IT MEASURE?

A. Beta is a measure of the relative risk of a security in relation to the market. In other words, it is a measure of the sensitivity of a security to the market as a whole. This sensitivity is also known as systematic risk. It is estimated by regressing a security's excess returns against a market portfolio's excess returns. The slope of the regression line is the beta.

Beta for the market is 1.0. A security with a beta greater than 1.0 is considered riskier than the market. A security with a beta less than 1.0 is considered less risky than the market.

There are computational problems surrounding beta. It depends on the return data, the time period used, its duration, the choice of the market index, and whether annual, monthly, or weekly return figures are used. Betas are estimated with error. Based on empirical evidence, high betas will tend to have a positive error (risk is overestimated) and low betas will have a negative error (risk is underestimated).[37]

---

[35] *Duff & Phelps*, p. 3-1.

[36] *See* Schedule D-4.8.

[37] Fama, Eugene F. and Kenneth R. French, "The Capital Asset Pricing Model: Theory and Evidence," *Journal of Economic Perspectives*, Summer 2004, pp. 25-46.

Q. WHAT DID YOU USE AS THE PROXY OF THE BETA FOR LIBERTY RIO RICO AND LIBERTY BELLA VISTA?

A. I used the average beta of the sample water utility companies. Betas were obtained from *Value Line Investment Analyzer* (weekly data as if October 1, 2015). *Value Line* is the source for estimated betas that I regularly employ. The average beta for my water proxy group as shown on Schedule D-4.2 is 0.73. I should note that because neither of the two utilities is publicly traded, they have no beta. In my expert opinion, I strongly believe that both utilities, if each were publicly traded, would have higher betas than the sample water utility companies.

Smaller companies are just inherently more risky than larger companies. *Morningstar* reports that when betas (a measure of market risk) are properly estimated, betas are greater for small companies than for larger companies.[38] *Morningstar* also finds that even after accounting for differences in beta risk, small firms require an additional risk premium over and above the added risk premium indicated by differences in beta risk.

Q. PLEASE EXPLAIN THE MARKET RISK PREMIUM.

A. The market-risk premium (R_m-R_f) is the return an investor expects to receive as compensation for market risk. It is the expected market return minus the risk-free rate. Approaches for estimating the market risk premium can be historical or prospective.

Since expected returns are not directly observable, historical realized returns are often used as a proxy for expected returns on the basis that the historical market risk premium follows what is known in statistics as a "random walk." If the historical risk premium does follow the random walk, then one should expect the

[38] Morningstar, *Ibbotson SBBI 2013 Valuation Yearbook*, Chapter 7.

risk premium to remain at its historical mean. Based on this argument, the best estimate of the future market risk premium is the historical mean. *Duff & Phelps* provides historical market returns for various asset classes from 1926 to 2014. This publication also provides market risk premiums over U.S. Treasury bonds, which makes it an excellent source for historical market risk premiums.

Prospective market risk premium estimation approaches necessarily require examining the returns expected from common equities and bonds. One method employs application of the DCF model to a representative market index such as the *Value Line* 1700 stocks. The expected return from the DCF is measured for a number of periods of time, and then subtracted from the prevailing risk-free rate for each period to arrive at market risk premium for each period. The market risk premium subsequently employed in the CAPM is the average market risk premium of the overall period.

Q. HOW MANY MARKET RISK PREMIUM ESTIMATES DID YOU PREPARE?

A. I used two market risk premium estimates: an historical market risk premium and a current market risk premium.

Q. HOW DID YOU ESTIMATE THE HISTORICAL MARKET RISK PREMIUM?

A. I used the *Duff & Phelps* measure of the average premium of the market over long-term treasury securities from 1926 through 2014, which uses the S&P 500 market index. The average historical market risk premium over long-term treasury securities is 7.0 percent.

Q. IS THE S&P 500 INDEX A LARGE COMPANY INDEX?

A. Yes. The S&P 500 consists of the 500 largest companies and only approximately 20 percent of the S&P 500 would be considered Mid-Cap companies. Further,

there are no companies in the Low-Cap or Micro-Cap categories. Because it is heavily weighted with Large-Cap companies, the S&P 500 is essentially a large company index. *Morningstar* refers to the S&P 500 as a large company index and cautions that "if using a large company index to calculate the equity risk premium, an adjustment is usually needed to account for the different risk and return characteristics of small stocks."[39]

Q. HOW DID YOU ESTIMATE THE CURRENT MARKET RISK PREMIUM?

A. I derived a market risk premium by first, using the DCF model to compute an expected market return for each of the past 12 months using *Value Line's* projections of the median dividend yield for the dividend yield in the DCF and an average of the median EPS, DPS and BVPS growth on the *Value Line* 1700 stocks. I then subtracted the historical monthly average 30-year Treasury yield for each month from the expected market returns to arrive at the expected market risk premiums. Finally, I averaged the computed market risk premiums to determine the current market risk premium for the last 12 months, 9 months, 6 months, and 3 months. The data and computations are shown on Schedule D-4.10. The recent 3 month average current market risk premium is 8.93 percent. Estimates of the current market risk premium have ranged from 8.45 percent to 9.72 percent over the past 12 months. My recommended market risk premium is based on the recent 3-month average estimate of 8.93 percent somewhat below the mid-point of the range of the past 12-months.

[39] Morningstar, *2014 Ibbotson SBBI 2014 Classic Yearbook, p. 152.*

F. **Financial Risk Adjustment.**

Q. ARE YOU RECOMMENDING A FINANCIAL RISK ADJUSTMENT TO ACCOUNT FOR DIFFERENCES IN LEVERAGE BETWEEN YOUR WATER PROXY GROUP AND THE APPLICANTS?

A. Yes. I have included a downward financial risk adjustment to the cost of equity of 40 basis points based upon the Hamada method[40] to account for the difference in financial risk between the Applicants and the water proxy group.[41]

G. **Company Specific Risk Premium.**

Q. PLEASE DISCUSS YOUR COMPANY-SPECIFIC RISK PREMIUM.

A. As I testified earlier, Liberty Rio Rico and Liberty Bella Vista are not directly comparable to the publicly traded water utilities in my water proxy group. The characteristics associated with small size, such as the lack of diversification, limited revenue and cash flow, relatively small customer base, lack of investment liquidity, and earnings volatility, increase the risk faced by smaller water and wastewater utilities over the risk associated with the water proxy group.

Q. PLEASE DISCUSS SIZE RISK FOR SMALL UTILITY COMPANIES.

A. Investment risk increases as the firm size decreases, all else remaining constant. There is a great deal of empirical evidence that the firm size phenomenon exists. Morningstar's *Ibbotson SBBI 2013 Valuation Yearbook* (Chapter 7) reports that smaller companies have experienced higher returns that are not fully explainable by their higher betas and that beta is inversely related to firm size. In other words, smaller companies not only have higher betas but higher returns than larger ones. Even after accounting for differences in beta risk, small companies require an

---

[40] Hamada, Robert S., "Effects of the Firm's Capital Structure on Systematic Risk of Common Stock," *Journal of Finance*, Vol. 27 No. 2 (May 1972) pp. 435 – 453.

[41] *See* Schedule D-4.14, page 1 and Schedule D-4.14, page 2.

additional risk premium over and above the added risk premium indicated by differences in beta risk. Dr. Zepp also reported evidence that the stocks of small water or wastewater utilities are more risky than the stocks of larger water utilities, such as those in the water utilities sample.[42] And the California PUC conducted a study that showed smaller water utilities are more risky than larger ones.[43] Based on the evidence, it is clear that investors require higher returns on small company stocks than on large company stocks. I have included in Schedule D-4.15 the results of a *Morningstar* study using annual data reporting the size premium based upon firm size and return data (i) provided in Duff & Phelps *2015 Valuation Handbook, Guide to Cost of Capital*, and (ii) contained in Dr. Thomas M. Zepp's 2003 article in The Quarterly Review Economic and Finance. Based on these sources, I have estimated that a small company risk premium in the range of 99 to 367 basis points is appropriate for Liberty Rio Rico and Liberty Bella Vista.

Q. HAVE YOU CONDUCTED A COMPARATIVE RISK STUDY TO DEVELOP AN INDICATED RISK PREMIUM FOR THE APPLICANTS?

A. Yes. Attached as **Exhibit TJB-COC-DT2** and **Exhibit TJB-COC-DT3** are the risk studies I prepared for Liberty Rio Rico and Liberty Bella Vista, respectively. To conduct my risk studies, I started by computing the 5-year historical operating margin, coefficient of variation of operating margin, coefficient of variation of ROE for each utility. Operating margin is a measure of profitability. The co-efficient of variation of operating margin is a measure of earnings variability. Both of these metrics are highly correlated with size and risk. Next, I cross-referenced

[42] Zepp, Thomas M., *Utility Stocks and the Size Effect – Revisited*, The Quarterly Review Economics and Finance, Vol. 43, Issue 3, Autumn 2003, pp. 578-582.

[43] Staff Report on Issues Related to Small Water Utilities, June 10, 1991 and CPUC Decision 92-03-093.

these metrics with data published by *Duff & Phelps*[44] and identified the corresponding market portfolio beta for the utility and for my water proxy group. I then computed the relative difference in beta between each utility and my proxy group. Assuming that the relative difference in the market portfolio beta for the all publicly traded companies is the same for publicly traded water utilities, I then computed an implied beta for each utility using the difference in portfolio betas.[45] Finally, I used the CAPM to compute the indicated cost of equity for each utility and compared the results to the CAPM results for my water proxy group.[46]

Q. BASED ON YOUR COMPARATIVE RISK STUDY, WHAT ADDITIONAL RISK PREMIUM IS INDICATED?

A. The indicated risk premium for Liberty Rio Rico is in the range of 100 to 140 basis points. The indicated risk premium for Liberty Bella Vista is in the range of 160 to 210 basis points.

Q. WHAT COMPANY SPECIFIC-RISK PREMIUMS DO YOU RECOMMEND FOR EACH OF THE APPLICANTS?

A. For Liberty Rio Rico I added an upward risk premium of 110 basis points to the results of my models, which is near the middle of the range of my risk premium estimates. I also recommend a 30 basis point downward adjustment for the difference in financial risk between Liberty Rio Rico and the water proxy group. In effect, the net upward adjustment to the indicated cost of equity is 80 basis points (110 basis points less 30 basis points). My recommended 10.8 percent return on equity is 80 basis points above the midpoint of the overall results for the water proxy group of 10.0 percent.

---

[44] *Duff & Phelps*, Exhibits D-1, and D-2.

[45] *See* page 1 of **Exhibit TJB-COC-DT2**.

[46] *See* page 2 of **Exhibit TJB-COC-DT2**.

For Liberty Bella Vista I added an upward risk premium of 190 basis points to the results of my models, which is well below the bottom end of the range of my risk premium estimates. I also recommend a 30 basis point downward adjustment for the difference in financial risk between Liberty Bella Vista and the water proxy group. In effect, the net upward adjustment to the indicated cost of equity is 160 basis points (190 basis points less 30 basis points). My recommended 11.6 percent return on equity is 160 basis points above the midpoint of the overall results for the water proxy group of 10.0 percent.

H. <u>Summary and Conclusions</u>.

Q. HAVE YOU PREPARED A SCHEDULE THAT SUMMARIZES YOUR EQUITY COST ESTIMATES AND PRESENTS YOUR RECOMMENDATIONS?

A. Yes. The equity cost estimates and my recommendations are summarized in Schedule D-4.1, pages 1 and 2, for Liberty Rio Rico and Liberty Bella Vista, respectively.

In the first part of my analysis, I applied two versions of the constant growth DCF model; one using historical and forecast growth and one using only forecast growth. The DCF models produce an indicated equity cost for the water proxy group in the range of 9.0 percent to 10.2 percent.[47]

In the second part of my analysis, I applied a RPM. I used historical annual total market returns for the water proxy group and historical average annual average long-term treasury yields to develop an equity risk premium to which I added the expected long-term treasury to estimate the current cost of equity. My RPM produces an indicated cost of equity of 10.5 percent for the water proxy

[47] *See* Schedule D-4.7, pages 1 and 2.

group.[48]

In the third part of my analysis, I applied two versions of the CAPM – a historical risk premium CAPM and a current market risk premium CAPM. The CAPM analyses produce an indicated cost of equity in the range of 9.2 percent to 10.6 percent for the water proxy group.[49]

The overall results on the DCF, CAPM, and RPM analyses for the water proxy group are in the range of 9.6 percent to 10.4 percent with a mid-point of 10.0 percent.

In the fourth part of my analysis, I determine that a downward adjustment of 30 basis points is required to account for the difference in financial risk between the water proxy group and Liberty Rio Rico and Liberty Bella Vista.

In the fifth part of my analysis, I reviewed the financial literature on the small firm size effect and determined that an appropriate risk premium for small utilities like the two Applicants that should be applied to the DCF, RPM, and CAPM results is the range of 99 to 367 basis points.[50]

In the sixth part of my analysis, I conducted a comparative risk study using market based information and financial data for the water proxy group and Liberty Rio Rico. Based upon my comparative risk study using market based information and financial data for the water proxy group and Liberty Rio Rico, I determined the indicated risk premium for Liberty Rio Rico falls in the range of 100 to 140 basis points.[51] I recommend a risk premium of only 110 basis points. Using my recommended risk premium of 110 basis points, the DCF models produce an

---

[48] *See* Schedule D-4.9.

[49] *See* Schedule D-4.11.

[50] *See* Schedule D-4.12.

[51] *See* **Exhibit TJB-COC-DT2**.

indicated equity cost for Liberty Rio Rico in the range of 10.4 percent to 11.2 percent. My RPM produces an indicated cost of equity of 11.6 percent for Liberty Rio Rico. My CAPM analyses produce an indicated cost of equity in the range of 10.3 percent to 11.7 percent for Liberty Rio Rico. After adjusting for the difference in financial risk, the range of cost of equity estimates falls in the range of 10.4 to 11.2 percent with a midpoint of 10.8 percent.[52]

Based upon my comparative risk study using market based information and financial data for the water proxy group and Liberty Bella Vista, I determined the indicated risk premium for Liberty Bella Vista falls in the range of 160 to 210 basis points.[53] I recommend a risk premium of only 190 basis points. Using my recommended risk premium of 190 basis points, the DCF models produce an indicated equity cost for Liberty Bella Vista in the range of 10.9 percent to 12.1 percent. My RPM produces an indicated cost of equity of 12.4 percent for Liberty Bella Vista. My CAPM analyses produce an indicated cost of equity in the range of 11.1 percent to 12.5 percent for Liberty Bella Vista. After adjusting for the difference in financial risk, the range of cost of equity estimates falls in the range of 11.2 to 12.0 percent with a midpoint of 11.6 percent.[54]

Q. WHAT EQUITY RETURN DO YOU RECOMMEND?

A. I am recommending a cost of equity of *no less than* 10.8 percent for Liberty Rio Rico and *no less than* 11.6 percent for Liberty Bella Vista.

Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY ON COST OF CAPITAL?

A. Yes.

---

[52] *See* Schedule D-4.1, page 1.

[53] *See* **Exhibit TJB-COC-DT3.**

[54] *See* Schedule D-4.1, page 2.

EXHIBIT
TJB-COC-DT1

Stocks in the Water Industry have performed extremely well since our last report three months ago. Indeed, excluding the one nonregulated member of the group, and another that had a company specific issue, the equities in this group earned positive returns, compared to a loss recorded by the S&P 500.

The "Big Picture" remains unchanged for the Industry. Following years of underinvestment in the nation's water infrastructure, utilities are now spending heavily to replace old pipes, valves, and wastewater systems. This means that capital expenditures should be substantial through late decade.

Relationships between utilities and state regulators remain generally positive. California is a good example of this, as water companies are working closely with state authorities to keep the area properly serviced during the ongoing historic drought.

The recent strong relative showing of these stocks has reduced the overall attractiveness of many in the group.

A Safe Port In The Storm

Equities in the Water Industry lived up to their reputation as defensive stocks by turning in a stellar performance over the past three turbulent months. Since our last report in mid-July, the stock market has been in an upheaval. Led by the biotech and healthcare sectors, the broader market averages saw an increase in volatility and declined almost 5%. In contrast, the equity price of seven out of the eight regulated companies, in this group, posted an average gain of 5.1%.

Water utilities are viewed as less risky than most industries because they have a well-defined earnings stream. Moreover, whether the economy is vibrant or struggling, households and businesses require water. Demand for water is seasonable, increasing in the summer and declining in the winter. Also, having a big impact on demand is the amount of rainfall. During a particularly wet spring or summer, there is a less of a need to water lawns. Conversely, when there is a drought, the demand for water can rise dramatically. The problem is that people want to use more water at the time it is the scarcest. Regulators can use price (as well as penalties), to decrease usage.

Construction And Consolidation

The United States' pipeline infrastructure is in terrible condition. Over the past five to 10 years, water utilities have, with the assistance of state regulators, begun large construction projects to replace old pipes, valves, and refurbish wastewater systems. In older cities and states, the same pipes laid over 100 years ago are still in use today.

Since many smaller districts do not have the financial wherewithal required to replace old pipelines and bring their facilities up to the EPA's standards, they are selling themselves to larger better-capitalized water entities. Such arrangements, have thus far, proved to be mutually beneficial as the water sector is one industry where plenty of redundancies exist. Purchasers are able to use their resources and expertise, to improve the acquired district's facilities, while reducing costs substantially.

INDUSTRY TIMELINESS: 59 (of 96)

The Importance Of Reasonable Regulation

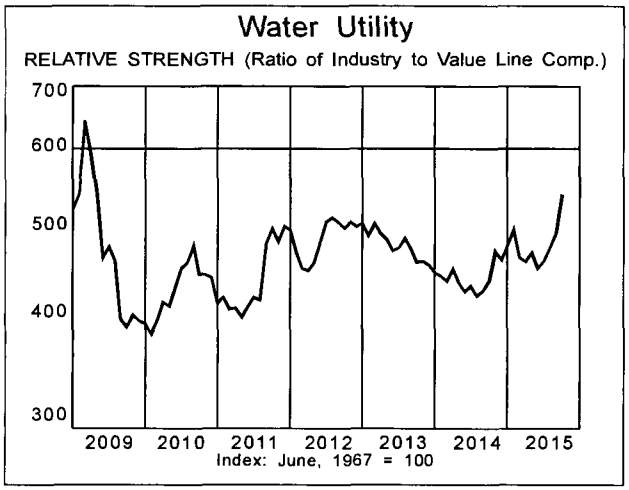
We cannot overstate to investors how large an impact state authorities have on any regulated company, be it an electric, water, or natural gas utility. Most importantly, state regulators establish the allowed return that utilities are allowed to earn on their capital. Furthermore, they can disallow a return on any investment they deem imprudent, leaving the utility and its shareholders to absorb the cost. For water utility investors, the news is relatively good. Regulators and water companies seemed to be in a balanced relationship. State commissions have to protect homeowners from paying for unnecessary expenditures and unneeded expenses. On the other hand, they have to let utilities earn a competitive return on their money, or there will be no incentive for companies to invest the funds needed to maintain their operations.

An excellent example of regulators and utilities working together can be seen in California. In the past, utilities' income depended upon how much water they sold. With the state in the midst of an historic drought making water very scarce, California changed the model used to determine how utilities generate profits. Utilities now are paid what is considered a fee for their services. Thus, with the level of water usage not impacting their bottom lines, (in the long term), they were quick to work with the state to reduce any water losses due to leaks and to help in aggressively urging homeowners to use less water.

Conclusion

The strong rally in water stocks has left the group less desirable. Currently, the equities of *American States Water* and *American Water Works* are the only two that are ranked to outperform the market in the year ahead. Fortunately, these are two of the three largest companies as measured by market capitalization, so both retail and institutional accounts are both able to take positions in them, should they choose to do so. Over the next three- to five year-period, however, most regulated water utilities seem to be trading at a rich premium. This situation will probably continue until the market settles down and volatility reverts more toward the norm.

James A. Flood



© 2015 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE

AMER. STATES WATER NYSE-AWR

RECENT PRICE **41.33** | P/E RATIO **26.0** (Trailing: 25.4 Median: 20.0) | RELATIVE P/E RATIO **1.49** | DIV'D YLD **2.2%** | VALUE LINE

TIMELINESS 2 Raised 6/5/15
SAFETY 2 Raised 7/20/12
TECHNICAL 4 Raised 10/16/15
BETA .70 (1.00 = Market)

High:	13.4	17.3	21.9	23.1	21.0	19.4	19.8	18.2	24.1	33.1	38.7	42.4					
Low:	10.4	12.2	15.1	16.8	13.5	14.9	15.6	15.3	17.0	24.0	27.0	35.8					

Target Price Range 2018 | 2019 | 2020

2018-20 PROJECTIONS

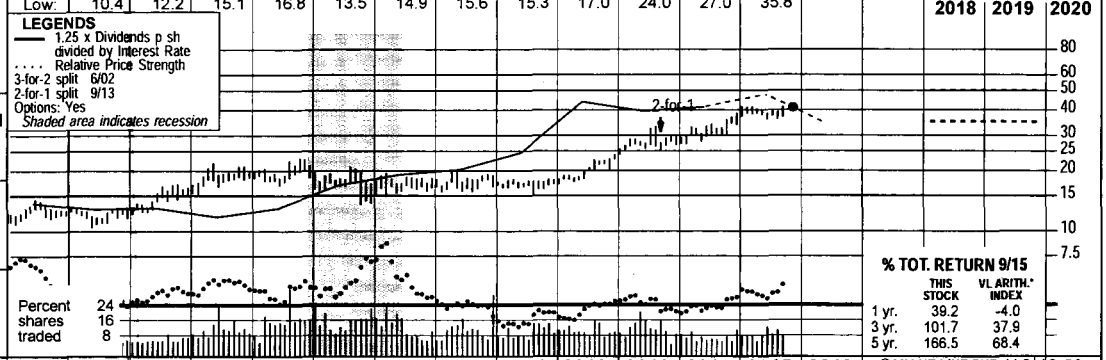
	Price	Gain	Ann'l Total Return
High	50	(+20%)	7%
Low	35	(-15%)	-1%

Insider Decisions

	N	D	J	F	M	A	M	J	J
to Buy	0	0	0	0	0	0	0	0	0
Options	1	0	1	0	1	0	1	0	1
to Sell	3	0	1	0	1	0	0	3	1

Institutional Decisions

	4Q2014	1Q2015	2Q2015
to Buy	99	86	80
to Sell	87	93	82
Hld's(000)	23380	23637	23707



% TOT. RETURN 9/15

	THIS STOCK	VL ARITH.* INDEX
1 yr.	39.2	-4.0
3 yr.	101.7	37.9
5 yr.	166.5	68.4

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
6.45	6.08	6.53	6.89	6.99	6.81	7.03	7.88	8.75	9.21	9.74	10.71	11.12	12.12	12.19	12.17	*12.20*	*12.35*	Revenues per sh	*14.85*
1.13	1.10	1.26	1.27	1.04	1.11	1.32	1.45	1.65	1.69	1.70	2.11	2.13	2.48	2.65	2.67	*2.75*	*2.95*	"Cash Flow" per sh	*3.50*
.60	.64	.67	.67	.39	.53	.66	.67	.81	.78	.81	1.11	1.12	1.41	1.61	1.57	*1.60*	*1.70*	Earnings per sh A	*2.15*
.43	.43	.43	.44	.44	.44	.45	.46	.48	.50	.51	.52	.55	.64	.76	.83	*.87*	*.92*	Div'd Decl'd per sh B■	*1.15*
2.15	1.51	1.59	1.34	1.88	2.51	2.12	1.95	1.45	2.23	2.09	2.12	2.13	1.77	2.52	1.89	*2.10*	*2.15*	Cap'l Spending per sh	*2.20*
5.91	6.37	6.61	7.02	6.98	7.51	7.86	8.32	8.77	8.97	9.70	10.13	10.84	11.80	12.72	13.24	*12.70*	*13.20*	Book Value per sh	*14.85*
26.87	30.24	30.24	30.36	30.42	33.50	33.60	34.10	34.46	34.60	37.06	37.26	37.70	38.53	38.72	38.29	*36.90*	*36.50*	Common Shs Outst'g C	*37.00*
17.1	15.9	16.7	18.3	31.9	23.2	21.9	27.7	24.0	22.6	21.2	15.7	15.4	14.3	17.2	20.1	*Bold figures are*		Avg Ann'l P/E Ratio	*20.5*
.97	1.03	.86	1.00	1.82	1.23	1.17	1.50	1.27	1.36	1.41	1.00	.97	.91	.97	1.06	*Value Line*		Relative P/E Ratio	*1.30*
4.2%	4.2%	3.9%	3.6%	3.5%	3.6%	3.1%	2.5%	2.5%	2.9%	2.9%	3.0%	3.2%	3.1%	2.7%	2.6%	*estimates*		Avg Ann'l Div'd Yield	*2.7%*

236.2	268.6	301.4	318.7	361.0	398.9	419.3	466.9	472.1	465.8	*450*	*450*	Revenues ($mill)	*550*
22.5	23.1	28.0	26.8	29.5	41.4	42.0	54.1	62.7	61.1	*60.0*	*62.5*	Net Profit ($mill)	*80.0*
47.0%	40.5%	42.6%	37.8%	38.9%	43.2%	41.7%	39.9%	36.3%	38.4%	*38.0%*	*38.0%*	Income Tax Rate	*38.0%*
--	12.2%	8.5%	6.9%	3.2%	5.8%	2.0%	2.5%	2.5%	.5%	*.5%*	*1.0%*	AFUDC % to Net Profit	*1.0%*
50.4%	48.6%	46.9%	46.2%	45.9%	44.3%	45.4%	42.2%	39.8%	39.1%	*41.0%*	*42.0%*	Long-Term Debt Ratio	*42.0%*
49.6%	51.4%	53.1%	53.8%	54.1%	55.7%	54.6%	57.8%	60.2%	60.9%	*59.0%*	*58.0%*	Common Equity Ratio	*58.0%*
532.5	551.6	569.4	577.0	665.0	677.4	749.1	787.0	818.4	832.6	*800*	*830*	Total Capital ($mill)	*950*
713.2	750.6	776.4	825.3	866.4	855.0	896.5	917.8	981.5	1003.5	*1050*	*1100*	Net Plant ($mill)	*1250*
5.4%	6.0%	6.7%	6.4%	5.9%	7.6%	7.1%	8.3%	8.9%	8.6%	*9.0%*	*9.0%*	Return on Total Cap'l	*9.5%*
8.5%	8.1%	9.3%	8.6%	8.2%	11.0%	10.3%	11.9%	12.7%	12.0%	*12.5%*	*13.0%*	Return on Shr. Equity	*14.5%*
8.5%	8.1%	9.3%	8.6%	8.2%	11.0%	10.3%	11.9%	12.7%	12.0%	*12.5%*	*13.0%*	Return on Com Equity	*14.5%*
2.8%	2.7%	3.9%	3.1%	3.2%	5.8%	5.3%	6.6%	6.8%	5.7%	*6.0%*	*5.5%*	Retained to Com Eq	*6.5%*
67%	67%	58%	64%	61%	47%	49%	45%	47%	53%	*54%*	*54%*	All Div'ds to Net Prof	*53%*

CAPITAL STRUCTURE as of 6/30/15
Total Debt $325.9 mill. **Due in 5 Yrs** $41.6 mill.
LT Debt $325.6 mill. **LT Interest** $22.0 mill.
(41% of Cap'l)

Leases, Uncapitalized: Annual rentals $0.4 mill.
Pension Assets-12/14 $140.6 mill.
Oblig. $185.2 mill.

Pfd Stock None.

Common Stock 37,240,678 shs.
as of 8/3/15

MARKET CAP: $1.5 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2013	2014	6/30/15
Cash Assets	38.2	76.0	43.9
Accts Receivable	23.8	18.8	19.2
Other	129.6	114.7	87.1
Current Assets	191.6	209.5	150.2
Accts Payable	49.8	41.9	42.3
Debt Due	6.3	.3	.3
Other	44.8	57.1	52.6
Current Liab.	100.9	99.3	95.2

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '18-'20
Revenues	6.0%	5.5%	*3.5%*
"Cash Flow"	8.5%	9.0%	*5.0%*
Earnings	11.0%	14.0%	*6.0%*
Dividends	5.5%	8.5%	*7.5%*
Book Value	6.0%	6.5%	*3.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2012	107.6	114.3	133.5	111.5	466.9
2013	110.6	120.7	130.9	109.9	472.1
2014	102.0	115.6	138.3	109.9	465.8
2015	100.9	114.6	*129.5*	*105*	*450*
2016	*95.0*	*110*	*135*	*110*	*450*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2012	.27	.40	.49	.26	1.41
2013	.35	.43	.53	.30	1.61
2014	.28	.39	.54	.36	1.57
2015	.32	.41	*.55*	*.32*	*1.60*
2016	*.31*	*.46*	*.60*	*.33*	*1.70*

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.13	.14	.14	.14	.55
2012	.14	.14	.1775	.1775	.64
2013	.1775	.1775	.2025	.2025	.76
2014	.2025	.2025	.213	.213	.83
2015	.213	.213	.224		

BUSINESS: American States Water Co. operates as a holding company. Through its principal subsidiary, Golden States Water Company, it supplies water to 258,191 customers in 75 communities and 10 counties. Service areas include the greater metropolitan areas of Los Angeles and Orange Counties. The company also provides electric utility services to 23,716 customers in the city of Big Bear Lake and in areas of San Bernardino County. Sold Chaparral City Water of Arizona (6/11). Has 707 employees. Blackrock, Inc., owns 9.8% of out. shares; Vanguard, 8.5%; off. & dir. 1.5%. (4/15 Proxy). Chairman: Lloyd Ross. President & CEO: Robert J. Sprowls. Inc: CA. Addr: 630 East Foothill Boulevard, San Dimas, CA 91773. Tel: 909-394-3600. Internet: www.aswater.com.

American States Water's main subsidiary operates in drought-stricken California. Golden State Water is responsible for almost 85% of the company's total business activity. Due to the lack of potable water, state regulators implemented measures in June aimed at reducing water consumption by 25%.

The sharp drop in the demand for water should not have a material impact on the company. In a prescient move, the California Public Utility Commission (CPUC) got out in front of a potential problem by changing the methodology water utilities use to calculate income. In the past, profits were mostly determined by the amount of water sold. In the recent past, utilities' compensation was changed to be more like a service fee. As a result, water companies are joining with the CPUC to aggressively pursue conservation. If the old system had remained in place, Golden State would probably be financially strapped and unable to both provide adequate service to its customers while replacing an aging infrastructure.

The near-term profit outlook is mixed. We only expect American States to earn $1.60 a share in 2015, the second-straight year of flattish bottom-line growth. Income gains are being restrained because the utility is already earning close to the rate established by the CPUC. Next year, earnings should improve due to rate relief and help from nonregulated activities (see below). In sum, we expect share net to increase $0.10, to $1.70, a solid 6% gain.

Nonregulated activities are doing well. The company's ASUS segment provides water services to military installations. For the first half of the year, ASUS was responsible for 15% of the company's net income. With more privatization expected in the future, increased contributions from this sector are likely.

Short-term investors may like these shares. The stock has turned in an excellent performance since our July report, as its value rose 6.5%, compared to the S&P 500's 4.9% decline. Our ranking system believes this good run will continue as it has pegged the stock to outperform the market averages in the year ahead. The equity's recent rally has left AWR with subpar long-term prospects, however.

James A. Flood *October 16, 2015*

(A) Primary earnings. Excludes nonrecurring gains/(losses): '04, 7¢; '05, 13¢; '06, 3¢; '08, (14¢); '10, (23¢) '11, 10¢. Next earnings report due mid-November. Quarterly earnings may not add due to rounding.
(B) Dividends historically paid in early March, June, September, and December. ■ Div'd reinvestment plan available.
(C) In millions, adjusted for splits.

Company's Financial Strength	A
Stock's Price Stability	85
Price Growth Persistence	70
Earnings Predictability	85

© 2015 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE

AQUA AMERICA NYSE-WTR

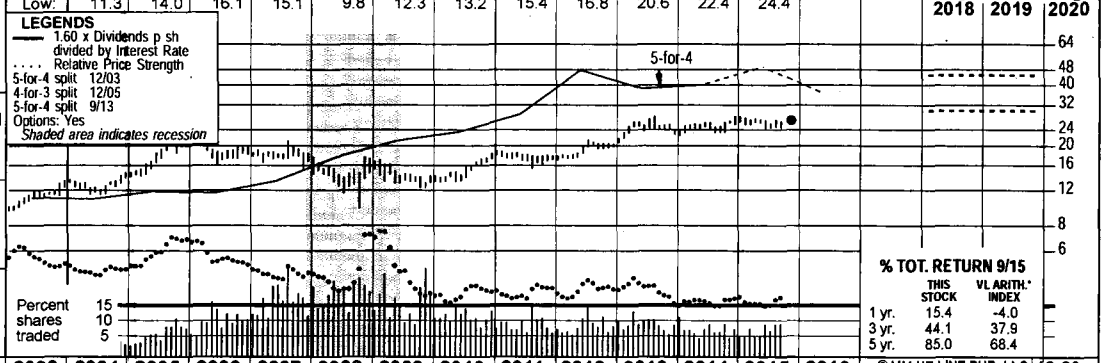
RECENT PRICE **26.83** | P/E RATIO **21.3** (Trailing: 21.5 Median: 23.0) | RELATIVE P/E RATIO **1.22** | DIV'D YLD **2.7%** | VALUE LINE

TIMELINESS 3 Lowered 5/24/13
SAFETY 2 Raised 4/20/12
TECHNICAL 4 Lowered 10/9/15
BETA .75 (1.00 = Market)

High:	14.8	23.4	23.8	21.3	17.6	17.2	18.4	19.0	21.5	28.1	28.2	28.1	
Low:	11.3	14.0	16.1	15.1	9.8	12.3	13.2	15.4	16.8	20.6	22.4	24.4	

Target Price Range 2018 | 2019 | 2020

LEGENDS
— 1.60 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
5-for-4 split 12/03
4-for-3 split 12/05
5-for-4 split 9/13
Options: Yes
Shaded area indicates recession



2018-20 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	45	(+70%)	16%
Low	30	(+10%)	6%

Insider Decisions

	N	D	J	F	M	A	M	J	J
to Buy	0	0	0	0	0	0	0	0	0
Options	2	1	1	0	0	0	1	0	0
to Sell	5	2	2	1	1	1	2	1	0

Institutional Decisions

	4Q2014	1Q2015	2Q2015
to Buy	137	153	156
to Sell	140	133	145
Hld's(000)	81382	81133	82530

% TOT. RETURN 9/15

	THIS STOCK	VL ARITH.* INDEX
1 yr.	15.4	-4.0
3 yr.	44.1	37.9
5 yr.	85.0	68.4

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
1.93	1.97	2.16	2.28	2.38	2.78	3.08	3.23	3.61	3.71	3.93	4.21	4.10	4.32	4.32	4.37	*4.60*	*4.70*	Revenues per sh	*5.70*
.58	.61	.69	.76	.77	.87	.97	1.01	1.10	1.14	1.29	1.42	1.45	1.51	1.82	1.89	*2.00*	*2.10*	"Cash Flow" per sh	*2.55*
.33	.37	.41	.43	.46	.51	.57	.56	.57	.58	.62	.72	.83	.87	1.16	1.20	*1.25*	*1.35*	Earnings per sh A	*1.65*
.22	.23	.24	.26	.28	.29	.32	.35	.38	.41	.44	.47	.50	.54	.58	.63	*.69*	*.76*	Div'd Decl'd per sh B■	*1.00*
.72	.93	.87	.96	1.06	1.23	1.47	1.64	1.43	1.58	1.66	1.89	1.90	1.98	1.73	1.84	*1.90*	*1.95*	Cap'l Spending per sh	*2.00*
2.74	3.08	3.32	3.49	4.27	4.71	5.04	5.57	5.85	6.26	6.50	6.81	7.21	7.90	8.63	9.27	*9.90*	*10.45*	Book Value per sh	*11.75*
133.50	139.78	142.47	141.49	154.31	158.97	161.21	165.41	166.75	169.21	170.61	172.46	173.60	175.43	177.93	178.59	*176.50*	*175.00*	Common Shs Outst'g C	*170.00*
21.2	18.2	23.6	23.6	24.5	25.1	31.8	34.7	32.0	24.9	23.1	21.1	21.3	21.9	21.2	20.8	*Bold figures are*		Avg Ann'l P/E Ratio	*22.5*
1.21	1.18	1.21	1.29	1.40	1.33	1.69	1.87	1.70	1.50	1.54	1.34	1.34	1.39	1.19	1.10	*Value Line*		Relative P/E Ratio	*1.40*
3.0%	3.3%	2.5%	2.5%	2.5%	2.3%	1.8%	1.8%	2.1%	2.8%	3.1%	3.1%	2.8%	2.8%	2.4%	2.5%	*estimates*		Avg Ann'l Div'd Yield	*2.7%*

CAPITAL STRUCTURE as of 6/30/15
Total Debt $1735.3 mill. **Due in 5 Yrs** $437.0 mill.
LT Debt $1660.5 mill. **LT Interest** $70.0 mill.
(49% of Cap'l)

Pension Assets-12/14 232.4 mill.
Oblig. $281.2 mill.

Pfd Stock None
Common Stock 176,805,350 shares
as of 7/24/15

MARKET CAP: $4.7 billion (Mid Cap)

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		18-20
496.8	533.5	602.5	627.0	670.5	726.1	712.0	757.8	768.6	779.9	*810*	*825*	Revenues ($mill)	*980*
91.2	92.0	95.0	97.9	104.4	124.0	144.8	153.1	205.0	213.9	*220*	*235*	Net Profit ($mill)	*280*
38.4%	39.6%	38.9%	39.7%	39.4%	39.2%	32.9%	39.0%	10.0%	10.5%	*8.0%*	*15.0%*	Income Tax Rate	*25.0%*
--	--	--	--	--	--	--	--	1.1%	2.4%	*2.0%*	*2.5%*	AFUDC % to Net Profit	*3.0%*
52.0%	51.6%	55.4%	54.1%	55.6%	56.6%	52.7%	52.7%	48.9%	48.5%	*49.5%*	*49.0%*	Long-Term Debt Ratio	*50.0%*
48.0%	48.4%	44.6%	45.9%	44.4%	43.4%	47.3%	47.3%	51.1%	51.5%	*50.5%*	*51.0%*	Common Equity Ratio	*50.0%*
1890.4	1904.4	2191.4	2306.6	2495.5	2706.2	2646.8	2929.7	3003.6	3216.0	*3450*	*3605*	Total Capital ($mill)	*4000*
2280.0	2506.0	2792.8	2997.4	3227.3	3469.3	3612.9	3936.2	4167.3	4402.0	*4620*	*4800*	Net Plant ($mill)	*5000*
6.9%	6.4%	5.9%	5.7%	5.6%	5.9%	6.9%	6.6%	8.0%	7.8%	*7.5%*	*7.5%*	Return on Total Cap'l	*8.5%*
11.2%	10.0%	9.7%	9.3%	9.4%	10.6%	11.6%	11.0%	13.4%	12.9%	*12.5%*	*13.0%*	Return on Shr. Equity	*14.0%*
11.2%	10.0%	9.7%	9.3%	9.4%	10.6%	11.6%	11.0%	13.4%	12.9%	*12.5%*	*13.0%*	Return on Com Equity	*14.0%*
4.9%	3.7%	3.2%	2.8%	2.7%	3.7%	4.6%	4.3%	6.7%	6.1%	*5.5%*	*5.5%*	Retained to Com Eq	*5.5%*
56%	63%	67%	70%	72%	65%	60%	61%	50%	52%	*55%*	*56%*	All Div'ds to Net Prof	*61%*

CURRENT POSITION ($MILL.)	2013	2014	6/30/15
Cash Assets	5.1	4.1	4.6
Receivables	95.4	97.0	109.5
Inventory (AvgCst)	11.4	12.8	13.6
Other	59.8	38.6	47.7
Current Assets	171.7	152.5	175.4
Accts Payable	65.8	60.0	47.5
Debt Due	123.0	70.0	74.8
Other	78.1	95.3	81.1
Current Liab.	266.9	225.3	203.4

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '18-'20
Revenues	5.5%	3.0%	*4.5%*
"Cash Flow"	8.0%	8.0%	*6.5%*
Earnings	8.5%	13.0%	*7.5%*
Dividends	7.5%	7.0%	*9.5%*
Book Value	7.5%	6.5%	*5.5%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	164.0	191.7	214.6	187.5	757.8
2013	180.0	195.7	204.3	188.6	768.6
2014	182.7	195.3	210.5	191.4	779.9
2015	190.3	205.8	*220*	*193.9*	*810*
2016	*192*	*208*	*225*	*200*	*825*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	.15	.24	.29	.19	.87
2013	.26	.30	.36	.24	1.16
2014	.24	.31	.38	.27	1.20
2015	.27	.32	*.39*	*.27*	*1.25*
2016	*.28*	*.34*	*.42*	*.31*	*1.35*

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.124	.124	.124	.132	.50
2012	.132	.132	.132	.14	.54
2013	.14	.14	.152	.152	.58
2014	.152	.152	.165	.165	.63
2015	.165	.165	.178		

BUSINESS: Aqua America, Inc. is the holding company for water and wastewater utilities that serve approximately three million residents in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Florida, Indiana, and five other states. Has 1,617 employees. Acquired AquaSource, 7/03; Consumers Water, 4/99; and others. Water supply revenues '14: residential, 68%; commercial, 17%; industrial & other, 15%. Officers and directors own .8% of the common stock; Vangurad Group, 7.1%; Blackrock, Inc, 6.7%; State Street Capital Corp., 5.7% (3/15 Proxy). Chairman: Nicholas DeBenedictis. CEO: Christopher Franklin. Incorporated: Pennsylvania. Address: 762 West Lancaster Avenue, Bryn Mawr, Pennsylvania 19010. Tel.: 610-525-1400. Internet: www.aquaamerica.com.

Aqua America raised its dividend a hefty 8% in the last quarter. We had anticipated a 7% increase, but the latest hike further enhances the stock's reputation for having much better-than-average dividend growth prospects. Over the next three- to five-year period, we expect the rate to average a generous 9.0%.

Earnings will probably be flat for the remainder of this year, than pick up in 2016. Aqua's bottom line benefited from a one-time $0.11 a-share-gain in 2014, making the 2015 profit figure seem less favorable by comparison. Still, we think the company's share net will rise a decent 4%, to $1.25. Next year, due to a combination of rate relief, cost saving from acquisitions (see below), and the ability to earn returns on capital expenditures without much regulatory lag, earnings per share may well climb a healthy 8%, to $1.35.

Aqua should continue to be very active in the M&A markets. As we have pointed out before, the domestic water market is fragmented among over 50,000 major-to-mid-sized water districts. With the nation's long-neglected water infrastructure in desperate need of modernization, large amounts of capital will be required to pay for the repairs. Since many small municipally run water authorities are in a financial bind, it makes sense for them to be purchased by a larger water company. Because there is a tremendous amount of redundancies in the water industry, companies such as Aqua are able to absorb smaller concerns and substantially reduce overhead. This strategy should help fuel profit growth for the foreseeable future.

Long-term, conservative, income-oriented investors should take note of this stock. Though only ranked to perform in-line with the broader market averages in the coming year, WTR has many attractive attributes. For starters, the stock's yield is 2.7%, which is close to the industry average. This is unusual, as utilities with good dividend growth prospects often carry a much lower yield than a typical member of the group. Moreover, the stock has an A Financial Strength rating, and scores extremely high for both Earnings Predictability (100), and Stock Price Stability (95).

James A. Flood *October 16, 2015*

(A) Diluted egs. Excl. nonrec. gains (losses): '99, (9¢); '00, 2¢; '01, 2¢; '02, 4¢; '03, 3¢; '12, 18¢. Excl. gain from disc. operations: '12, 7¢; '13, 9¢; '14, 11¢. May not sum due to rounding. Next earnings report due mid-November.
(B) Dividends historically paid in early March, June, Sept. & Dec. ■ Div'd. reinvestment plan available (5% discount).
(C) In millions, adjusted for stock splits.

Company's Financial Strength	A
Stock's Price Stability	95
Price Growth Persistence	60
Earnings Predictability	100

© 2015 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE

CALIFORNIA WATER NYSE-CWT

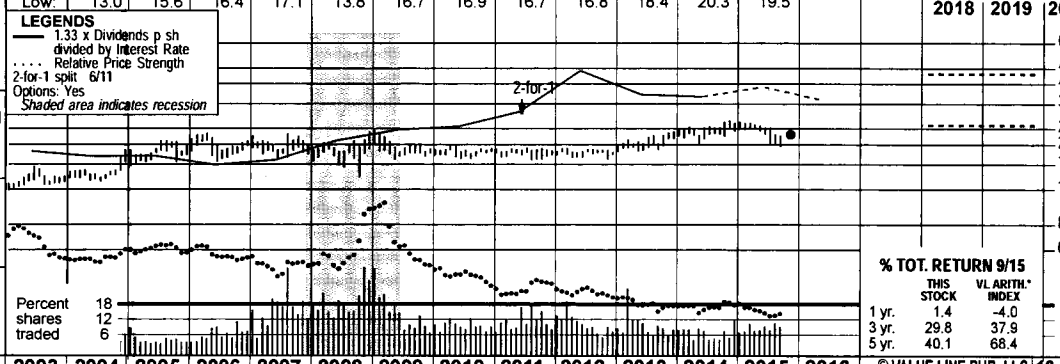
RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
22.48	19.2	(Trailing: 19.1 Median: 20.0)	1.10	3.1%	VALUE LINE

TIMELINESS 4 Lowered 10/2/15
SAFETY 3 Lowered 7/27/07
TECHNICAL 5 Lowered 10/2/15
BETA .75 (1.00 = Market)

High:	19.0	21.1	22.9	22.7	23.3	24.1	19.8	19.4	19.3	23.4	26.4	26.0
Low:	13.0	15.6	16.4	17.1	13.8	16.7	16.9	16.7	16.8	18.4	20.3	19.5

Target Price Range
2018 | 2019 | 2020

LEGENDS
— 1.33 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
2-for-1 split 6/11
Options: Yes
Shaded area indicates recession



2018-20 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	45	(+100%)	22%
Low	25	(+10%)	7%

Insider Decisions

	N	D	J	F	M	A	M	J	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	3	0	0	0	0
to Sell	3	2	0	0	2	0	1	0	0

Institutional Decisions

	4Q2014	1Q2015	2Q2015
to Buy	81	79	82
to Sell	59	67	66
Hld's(000)	29654	29379	29659

% TOT. RETURN 9/15

	THIS STOCK	VL ARITH.* INDEX
1 yr.	1.4	-4.0
3 yr.	29.8	37.9
5 yr.	40.1	68.4

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
7.98	8.08	8.13	8.67	8.18	8.59	8.72	8.10	8.88	9.90	10.82	11.05	12.00	13.34	12.23	12.50	*12.20*	*12.50*	Revenues per sh	*14.50*
1.37	1.26	1.10	1.32	1.26	1.42	1.52	1.36	1.56	1.86	1.93	1.93	2.07	2.32	2.21	2.47	*2.50*	*2.80*	"Cash Flow" per sh	*3.25*
.77	.66	.47	.63	.61	.73	.74	.67	.75	.95	.98	.91	.86	1.02	1.02	1.19	*1.15*	*1.35*	Earnings per sh A	*1.55*
.54	.55	.56	.56	.56	.57	.57	.58	.58	.59	.59	.60	.62	.63	.64	.65	*.67*	*.70*	Div'd Decl'd per sh B ■	*.97*
1.72	1.23	2.04	2.91	2.19	1.87	2.01	2.14	1.84	2.41	2.66	2.97	2.83	3.04	2.58	2.76	*3.00*	*2.75*	Cap'l Spending per sh	*3.15*
6.71	6.45	6.48	6.56	7.22	7.83	7.90	9.07	9.25	9.72	10.13	10.45	10.76	11.28	12.54	13.11	*13.55*	*14.15*	Book Value per sh C	*16.00*
25.87	30.29	30.36	30.36	33.86	36.73	36.78	41.31	41.33	41.45	41.53	41.67	41.82	41.98	47.74	47.81	*48.00*	*48.00*	Common Shs Outst'g D	*50.00*
17.8	19.6	27.1	19.8	22.1	20.1	24.9	29.2	26.1	19.8	19.7	20.3	21.3	17.9	20.1	19.7	*Bold figures are*		Avg Ann'l P/E Ratio	*23.0*
1.01	1.27	1.39	1.08	1.26	1.06	1.33	1.58	1.39	1.19	1.31	1.29	1.34	1.14	1.13	1.04	*Value Line*		Relative P/E Ratio	*1.45*
4.0%	4.3%	4.4%	4.5%	4.2%	3.9%	3.1%	2.9%	3.0%	3.1%	3.1%	3.2%	3.4%	3.5%	3.1%	2.8%	*estimates*		Avg Ann'l Div'd Yield	*3.0%*

CAPITAL STRUCTURE as of 6/30/15
Total Debt $550.0 mill. **Due in 5 Yrs** $165.8 mill.
LT Debt $416.8 mill. **LT Interest** $23.0 mill.
(40% of Cap'l)

Pension Assets-12/14 $306.3 mill.
Oblig. $390.6 mill.

Pfd Stock None

Common Stock 47,878,659 shs.
as of 7/22/15

MARKET CAP: $1.1 billion (Mid Cap)

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		18-20
320.7	334.7	367.1	410.3	449.4	460.4	501.8	560.0	584.1	597.5	*585*	*600*	Revenues ($mill) E	*725*
27.2	25.6	31.2	39.8	40.6	37.7	36.1	42.6	47.3	56.7	*55.0*	*65.0*	Net Profit ($mill)	*77.5*
42.4%	37.4%	39.9%	37.7%	40.3%	39.5%	40.5%	37.5%	30.3%	33.0%	*28.0%*	*29.5%*	Income Tax Rate	*36.0%*
3.3%	10.6%	8.3%	8.6%	7.6%	4.2%	7.6%	8.0%	4.3%	2.7%	*7.0%*	*5.5%*	AFUDC % to Net Profit	*5.0%*
48.3%	43.5%	42.9%	41.6%	47.1%	52.4%	51.7%	47.8%	41.6%	40.1%	*42.5%*	*43.5%*	Long-Term Debt Ratio	*41.5%*
51.1%	55.9%	56.6%	58.4%	52.9%	47.6%	48.3%	52.2%	58.4%	59.9%	*57.5%*	*56.5%*	Common Equity Ratio	*58.5%*
568.1	670.1	674.9	690.4	794.9	914.7	931.5	908.2	1024.9	1045.9	*1135*	*1205*	Total Capital ($mill)	*1370*
862.7	941.5	1010.2	1112.4	1198.1	1294.3	1381.1	1457.1	1515.8	1590.4	*1680*	*1760*	Net Plant ($mill)	*1820*
6.3%	5.2%	5.9%	7.1%	6.5%	5.5%	5.5%	6.3%	6.0%	6.3%	*6.0%*	*6.0%*	Return on Total Cap'l	*7.0%*
9.3%	6.8%	8.1%	9.9%	9.6%	8.6%	8.0%	9.0%	7.9%	9.1%	*8.5%*	*9.5%*	Return on Shr. Equity	*9.5%*
9.3%	6.8%	8.1%	9.9%	9.6%	8.6%	8.0%	9.0%	7.9%	9.1%	*8.5%*	*9.5%*	Return on Com Equity	*9.5%*
2.1%	1.0%	1.8%	3.8%	3.8%	3.0%	2.3%	3.4%	3.4%	4.1%	*3.5%*	*4.5%*	Retained to Com Eq	*3.5%*
78%	86%	77%	61%	60%	66%	71%	62%	56%	55%	*58%*	*51%*	All Div'ds to Net Prof	*63%*

CURRENT POSITION ($MILL.)	2013	2014	6/30/15
Cash Assets	27.5	19.6	24.5
Other	112.0	134.5	125.7
Current Assets	139.5	154.1	150.2
Accts Payable	55.1	59.4	68.7
Debt Due	54.7	85.7	133.2
Other	56.8	72.6	68.5
Current Liab.	166.6	217.7	270.4

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '18-'20
Revenues	4.0%	5.0%	*4.0%*
"Cash Flow"	6.0%	5.5%	*5.5%*
Earnings	5.0%	4.0%	*6.5%*
Dividends	1.5%	2.0%	*7.0%*
Book Value	5.5%	5.0%	*4.5%*

Cal-endar	QUARTERLY REVENUES ($ mill.)E Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	116.8	143.6	178.1	121.5	560.0
2013	111.4	154.6	184.4	133.7	584.1
2014	110.5	158.4	191.2	137.4	597.5
2015	122.0	144.4	*183.6*	*135*	*585*
2016	*120*	*150*	*190*	*140*	*600*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	.03	.31	.56	.12	1.02
2013	.01	.28	.61	.12	1.02
2014	d.11	.36	.70	.24	1.19
2015	.03	.21	*.69*	*.22*	*1.15*
2016	*.05*	*.35*	*.70*	*.25*	*1.35*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.154	.154	.154	.154	.62
2012	.1575	.1575	.1575	.1575	.63
2013	.16	.16	.16	.16	.64
2014	.1625	.1625	.1625	.1625	.65
2015	.1675	.1675	.1675		

BUSINESS: California Water Service Group provides regulated and nonregulated water service to 477,900 customers in 85 communities in the state of California. Accounts for over 94% of total customers. Also operates in Washington, New Mexico, and Hawaii. Main service areas: San Francisco Bay area, Sacramento Valley, Salinas Valley, San Joaquin Valley & parts of Los Angeles. Acquired Rio Grande Corp; West Hawaii Utilities (9/08). Revenue breakdown, '14: residential, 68%; business, 19%; industrial, 5%; public authorities, 3%; other 5%. '14 reported depreciation rate: 4.0%. Has 1,105 employees. President, Chairman, and CEO: Peter C. Nelson. Inc.: DE. Address: 1720 North First St., San Jose, CA 95112-4598. Tel.: 408-367-8200. Internet: www.calwatergroup.com.

Shares of California Water have done poorly for a water company. The equity of every other regulated water utility we follow recorded positive returns that averaged 5.1% since our July report. This is in sharp contrast to CWT, which has declined 5.1%, basically mirroring the performance of the broader market averages.

Poor second-quarter earnings obviously put downward pressure on the stock. Share net came in at $0.21, versus our $0.35 estimate and last year's $0.36 figure. Due to water restrictions implemented by the California Public Utility Commission (CPUC), demand for water was expected to decrease. However, because the CPUC altered the methodology utilities use to calculate earnings, the large drop in income took the market by surprise. Mechanisms were implemented, so water companies' profits would be derived more from fees and "decoupled" from the amount of water sold.

Despite some confusion among investors, we believe most of the lost profits will eventually be recovered. When water sales drop, the company's accrued unbilled revenue increases. Thus, the timing of California Water's share net is changed. To reflect this, we have lowered 2015's share-net estimate $0.10, to $1.15, while raising 2016's by $0.10, to $1.35.

An important rate case was filed earlier this year. Water utilities are required to file petitions seeking rate relief triennially. California Water asked for $140 million over the period, with the majority of the request front-loaded. Water utilities and the CPUC appear to have reached a balanced relationship, in which the utilities are allowed to earn a fair return on investment in modernizing the water infrastructure, as long as expenses are kept in check. As a result, we expect the CPUC's final decision to be reasonable.

The weak stock price may have presented long-term investors with a nice entry point. Though ranked 4 (Below Average) for year-ahead relative price performance, the equity now has much higher total return potential than almost every other regulated water utility. In addition, CWT has gone from having one of the lowest dividend yields in the industry to one of the highest.

James A. Flood *October 16, 2015*

(A) Basic EPS. Excl. nonrecurring gain (loss): '00, (4¢); '01, 2¢; '02, 4¢; '11, 4¢. Next earnings report due mid-Nov. (B) Dividends historically paid in late Feb., May, Aug., and Nov. ■
Div'd reinvestment plan available.
(C) Incl. intangible assets. In '14 : $7.3 mill., $0.15/sh.
(D) In millions, adjusted for splits.
(E) Excludes non-reg. rev.

Company's Financial Strength	B++
Stock's Price Stability	95
Price Growth Persistence	35
Earnings Predictability	85

© 2015 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE

CONNECTICUT WATER NDQ-CTWS

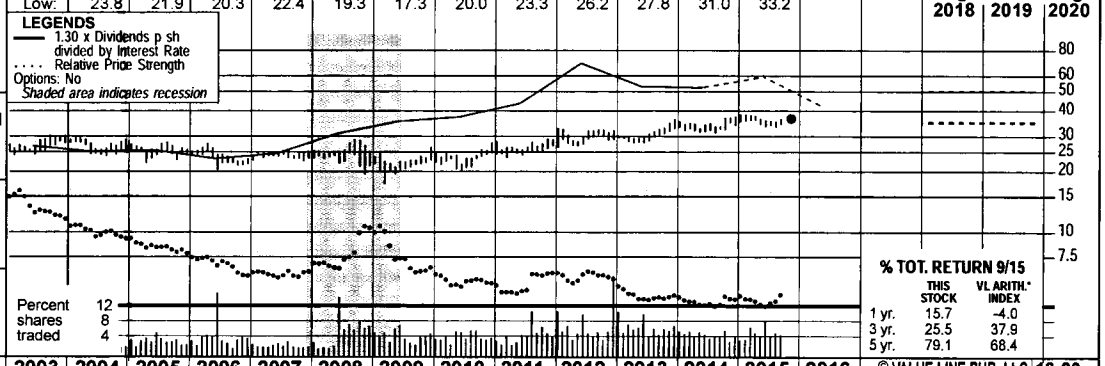
RECENT PRICE **36.64** | P/E RATIO **17.5** (Trailing: 18.0 Median: 21.0) | RELATIVE P/E RATIO **1.00** | DIV'D YLD **2.9%** | VALUE LINE

TIMELINESS 3 Lowered 11/21/14
SAFETY 3 New 1/18/13
TECHNICAL 4 Lowered 10/9/15
BETA .65 (1.00 = Market)

High:	29.8	28.2	27.7	25.6	29.0	26.4	27.9	29.1	32.8	36.4	37.5	38.6
Low:	23.8	21.9	20.3	22.4	19.3	17.3	20.0	23.3	26.2	27.8	31.0	33.2

Target Price Range 2018 | 2019 | 2020

LEGENDS
— 1.30 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
Options: No
Shaded area indicates recession



2018-20 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	50	(+35%)	10%
Low	35	(-5%)	2%

Insider Decisions

	N	D	J	F	M	A	M	J	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	4Q2014	1Q2015	2Q2015
to Buy	36	37	54
to Sell	46	40	37
Hld's(000)	4296	4289	4391

Percent shares traded 12 8 4

% TOT. RETURN 9/15

	THIS STOCK	VL ARITH.* INDEX
1 yr.	15.7	-4.0
3 yr.	25.5	37.9
5 yr.	79.1	68.4

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
5.87	5.70	5.93	5.77	5.91	6.04	5.81	5.68	7.05	7.24	6.93	7.65	7.93	9.47	8.29	8.45	*8.65*	*9.00*	Revenues per sh	*12.90*
1.65	1.73	1.78	1.78	1.89	1.91	1.62	1.52	1.90	1.95	1.93	2.04	2.11	2.64	2.63	2.97	*3.20*	*3.40*	"Cash Flow" per sh	*3.65*
1.03	1.09	1.13	1.12	1.15	1.16	.88	.81	1.05	1.11	1.19	1.13	1.13	1.53	1.66	1.92	*2.05*	*2.10*	Earnings per sh A	*2.25*
.79	.79	.80	.81	.83	.84	.85	.86	.87	.88	.90	.92	.94	.96	.98	1.01	*1.05*	*1.09*	Div'd Decl'd per sh B■	*1.30*
1.42	1.43	1.86	1.98	1.49	1.58	1.96	1.96	2.24	2.44	3.28	3.06	2.61	2.79	3.02	4.11	*4.60*	*4.15*	Cap'l Spending per sh	*3.00*
8.61	8.92	9.25	10.06	10.46	10.94	11.52	11.60	11.95	12.23	12.67	13.05	13.50	20.95	17.92	18.83	*20.10*	*21.15*	Book Value per sh D	*23.35*
7.26	7.28	7.65	7.94	7.97	8.04	8.17	8.27	8.38	8.46	8.57	8.68	8.76	8.85	11.04	11.12	*11.20*	*11.35*	Common Shs Outst'g C	*12.00*
18.2	18.2	21.5	24.3	23.5	22.9	28.6	29.0	23.0	22.2	18.4	20.7	23.0	19.4	18.4	17.5	*Bold figures are*		Avg Ann'l P/E Ratio	*19.0*
1.04	1.18	1.10	1.33	1.34	1.21	1.52	1.57	1.22	1.34	1.23	1.32	1.44	1.23	1.03	.92	*Value Line*		Relative P/E Ratio	*1.20*
4.2%	4.0%	3.3%	3.0%	3.0%	3.1%	3.4%	3.6%	3.6%	3.6%	4.1%	3.9%	3.6%	3.2%	3.2%	3.0%	*estimates*		Avg Ann'l Div'd Yield	*3.1%*

CAPITAL STRUCTURE as of 6/30/15
Total Debt $183.5 mill. **Due in 5 Yrs** $19.3 mill.
LT Debt $177.3 mill. **LT Interest** $7.0 mill.
(45% of Cap'l)

Leases, Uncapitalized: Annual rentals $.1 mill.
Pension Assets-12/14 $61.6 mill.
Oblig. $79.8 mill.

Pfd Stock $0.8 mill. **Pfd Divd** NMF

Common Stock 11,168,731 shs.
as of 7/31/15
MARKET CAP: $400 million (Small Cap)

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		18-20
47.5	46.9	59.0	61.3	59.4	66.4	69.4	83.8	91.5	94.0	*97.0*	*102*	Revenues ($mill)	*155*
7.2	6.7	8.8	9.4	10.2	9.8	9.9	13.6	18.3	21.3	*23.0*	*23.5*	Net Profit ($mill)	*27.0*
--	23.5%	32.4%	27.2%	19.5%	35.2%	41.3%	32.0%	28.0%	14.4%	*9.0%*	*20.0%*	Income Tax Rate	*28.0%*
--	--	--	1.7%	--	--	--	1.7%	2.0%	2.4%	*2.0%*	*2.5%*	AFUDC % to Net Profit	*2.0%*
44.9%	44.4%	47.8%	46.9%	50.6%	49.5%	53.2%	49.0%	46.9%	45.7%	*46.0%*	*46.5%*	Long-Term Debt Ratio	*47.0%*
54.6%	55.1%	51.8%	52.7%	49.1%	50.2%	46.5%	50.8%	52.9%	54.1%	*54.0%*	*53.5%*	Common Equity Ratio	*53.0%*
172.3	174.1	193.2	196.5	221.3	225.6	254.2	364.6	373.6	386.8	*410*	*425*	Total Capital ($mill)	*530*
247.7	268.1	284.3	302.3	325.2	344.2	362.4	447.9	471.9	506.9	*525*	*550*	Net Plant ($mill)	*650*
5.0%	4.9%	5.5%	5.9%	5.5%	5.4%	4.9%	4.8%	5.9%	6.4%	*6.5%*	*6.5%*	Return on Total Cap'l	*6.5%*
7.5%	6.9%	8.7%	9.0%	9.3%	8.6%	8.3%	7.3%	9.2%	10.1%	*10.5%*	*10.5%*	Return on Shr. Equity	*9.5%*
7.6%	7.0%	8.7%	9.1%	9.4%	8.7%	8.3%	7.3%	9.2%	10.2%	*10.5%*	*10.5%*	Return on Com Equity	*9.5%*
.3%	NMF	1.6%	1.9%	2.3%	1.6%	1.4%	2.8%	3.8%	4.8%	*5.0%*	*5.0%*	Retained to Com Eq	*4.0%*
95%	105%	82%	79%	76%	81%	83%	62%	59%	53%	*53%*	*52%*	All Div'ds to Net Prof	*58%*

CURRENT POSITION ($MILL.)	2013	2014	6/30/15
Cash Assets	18.4	2.5	3.1
Accounts Receivable	12.3	12.0	11.5
Other	16.2	21.7	21.1
Current Assets	46.9	36.2	35.7
Accts Payable	10.8	10.0	9.2
Debt Due	4.1	4.4	6.2
Other	7.8	9.2	9.5
Current Liab.	22.7	23.6	24.9

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '18-'20
Revenues	4.0%	4.5%	*6.0%*
"Cash Flow"	4.0%	7.5%	*4.5%*
Earnings	4.0%	9.0%	*4.5%*
Dividends	2.0%	2.0%	*5.0%*
Book Value	6.5%	9.5%	*4.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2012	18.5	21.3	24.5	19.5	83.8
2013	19.7	22.6	27.6	21.6	91.5
2014	20.3	25.4	27.6	20.7	94.0
2015	20.0	26.6	*28.9*	*21.5*	*97.0*
2016	*22.5*	*27.5*	*30.0*	*22.0*	*102*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2012	.22	.47	.67	.17	1.53
2013	.24	.39	.86	.17	1.66
2014	.27	.67	.76	.22	1.92
2015	.28	.77	*.77*	*.23*	*2.05*
2016	*.32*	*.68*	*.85*	*.25*	*2.10*

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.233	.233	.238	.238	.942
2012	.238	.238	.2425	.2425	.962
2013	.2425	.2425	.2475	.2475	.98
2014	.2475	.2475	.2575	.2575	1.01
2015	.2575	.2575	.2675		

BUSINESS: Connecticut Water Service, Inc. is a non-operating holding company, whose income is derived from earnings of its wholly-owned subsidiary companies (regulated water utilities). In 2014, 93% of net income was derived from these activities. Provides water services to 400,000 people in 77 municipalities throughout Connecticut and Maine. Acquired The Maine Water Company, January, 2012; Biddeford and Saco Water, December, 2012. Incorporated: Connecticut. Has 265 employees. Chairman/President/Chief Executive Officer: Eric W. Thornburg. Officers and directors own 2.3% of the common stock; BlackRock, Inc. 7.0%; (4/15 proxy). Address: 93 West Main Street, Clinton, CT 06413. Telephone: (860) 669-8636. Internet: www.ctwater.com.

Shares of Connecticut Water Service have been strong performers of late. Since our last report in July, the price of the equity has increased 5.0%, compared to the 4.9% decline posted by the S&P 500. Much of the gain is probably due to investors fleeing riskier sectors of the market for stocks, such as Connecticut Water, that carry low Betas, well-defined earnings streams, and higher yields. Also,

The last dividend hike was a start of a new trend, in our opinion. The utility's annual payout growth has been 2% over the past five- and 10-year periods, several hundred basis points lower than that of the typical water utility. Through 2018-2020, we expect the rate to be 5%.

There's a downside to the good news. For starters, most of the company's positive attributes now appear to be factored into the stock price. In the near term, CTWS is pegged to mirror the market averages. Too, the equity's total return potential to late decade is now subpar.

Meanwhile, Connecticut Water's bottom line is poised for a solid showing this year. Second-quarter share net came in at $0.77, versus 2014's $0.67, and the Wall Street consensus of $0.66. A lower-than-expected tax rate and a strong showing by the Maine subsidiary were the primary reasons for the excellent results. In addition, the large gain came despite what we believe was a one-time spike in expenses. All told, earnings per share should rise 4%, despite last year's difficult comparison. We are sticking with our $2.10-a-share estimate in 2016, even though it could prove conservative.

Connecticut Water is expanding its customer base. The company purchased two decent-sized water utilities in the recent past and may add smaller districts in the future. Since there are many redundant expenses in this industry, expenses can be trimmed. Connecticut Water is also building out its existing pipelines infrastructure to serve the University of Connecticut's Storrs campus, as well as the greater Manfield area. This will result in higher capital outlays through 2016. The company currently has the financial wherewithal to handle the construction program, so there shouldn't be an appreciable decline in its financial metrics.

James A. Flood *October 16, 2015*

(A) Diluted earnings. Next earnings report due mid-November. Quarterly earnings do not add in 2012 due to rounding.
(B) Dividends historically paid in mid-March, June, September, and December. ■ Div'd reinvestment plan available.
(C) In millions, adjusted for split.
(D) Includes intangibles. In 2014: $31.7 million/$2.85 a share.

Company's Financial Strength	B+
Stock's Price Stability	85
Price Growth Persistence	50
Earnings Predictability	85

© 2015 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE

MIDDLESEX WATER NDQ-MSEX

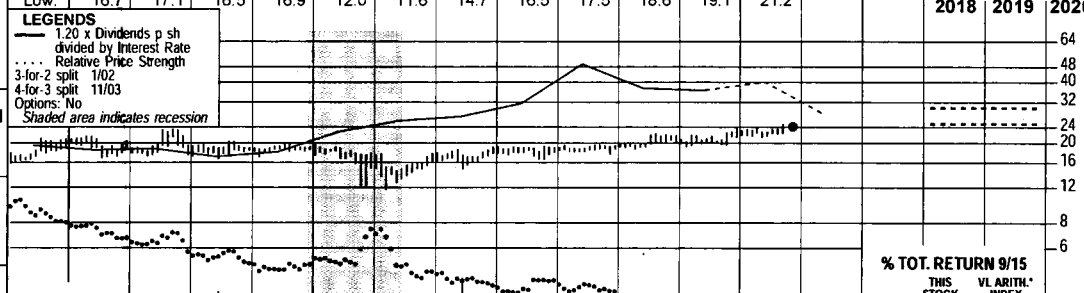
RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
24.24	20.0	(Trailing: 20.7 Median: 21.0)	1.14	3.2%	VALUE LINE

TIMELINESS 3 Lowered 4/11/14
SAFETY 2 New 10/21/11
TECHNICAL 4 Lowered 10/9/15
BETA .75 (1.00 = Market)

High:	21.8	23.5	20.5	20.2	19.8	17.9	19.3	19.4	19.6	22.5	23.7	25.0
Low:	16.7	17.1	16.5	16.9	12.0	11.6	14.7	16.5	17.5	18.6	19.1	21.2

Target Price Range
2018 | 2019 | 2020

LEGENDS
— 1.20 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
3-for-2 split 1/02
4-for-3 split 11/03
Options: No
Shaded area indicates recession



2018-20 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	30	(+25%)	9%
Low	25	(+5%)	4%

Insider Decisions

	N	D	J	F	M	A	M	J	J
to Buy	1	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	1	0	0	0	0	0	0

Institutional Decisions

	4Q2014	1Q2015	2Q2015
to Buy	39	40	43
to Sell	37	38	36
Hld's(000)	6372	6413	6487

Percent shares traded 12 8 4

% TOT. RETURN 9/15

	THIS STOCK	VL ARITH.* INDEX
1 yr.	25.8	-4.0
3 yr.	38.8	37.9
5 yr.	70.9	68.4

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
5.35	5.39	5.87	5.98	6.12	6.25	6.44	6.16	6.50	6.79	6.75	6.60	6.50	6.98	7.19	7.26	*7.65*	*7.80*	Revenues per sh	*9.10*
1.19	.99	1.18	1.20	1.15	1.28	1.33	1.33	1.49	1.53	1.40	1.55	1.46	1.56	1.72	1.84	*1.95*	*2.05*	"Cash Flow" per sh	*2.25*
.76	.51	.66	.73	.61	.73	.71	.82	.87	.89	.72	.96	.84	.90	1.03	1.13	*1.20*	*1.25*	Earnings per sh A	*1.35*
.60	.61	.62	.63	.65	.66	.67	.68	.69	.70	.71	.72	.73	.74	.75	.76	*.77*	*.78*	Div'd Decl'd per sh B■	*.85*
2.33	1.32	1.25	1.59	1.87	2.54	2.18	2.31	1.66	2.12	1.49	1.90	1.50	1.36	1.26	1.40	*1.50*	*2.00*	Cap'l Spending per sh	*2.00*
6.95	6.98	7.11	7.39	7.60	8.02	8.26	9.52	10.05	10.03	10.33	11.13	11.27	11.48	11.82	12.24	*12.75*	*13.25*	Book Value per sh	*14.30*
10.00	10.11	10.17	10.36	10.48	11.36	11.58	13.17	13.25	13.40	13.52	15.57	15.70	15.82	15.96	16.12	*16.25*	*16.25*	Common Shs Outst'g C	*17.00*
17.6	28.7	24.6	23.5	30.0	26.4	27.4	22.7	21.6	19.8	21.0	17.8	21.7	20.8	19.7	18.5	*Bold figures are*		Avg Ann'l P/E Ratio	*20.5*
1.00	1.87	1.26	1.28	1.71	1.39	1.46	1.23	1.15	1.19	1.40	1.13	1.36	1.32	1.11	.98	*Value Line*		Relative P/E Ratio	*1.30*
4.4%	4.2%	3.8%	3.7%	3.5%	3.4%	3.5%	3.7%	3.7%	4.0%	4.7%	4.2%	4.0%	4.0%	3.7%	3.7%	*estimates*		Avg Ann'l Div'd Yield	*3.1%*

CAPITAL STRUCTURE as of 6/30/15
Total Debt $159.8 mill. **Due in 5 Yrs** $49.8 mill.
LT Debt $136.1 mill. **LT Interest** $4.6 mill.

(40% of Cap'l)

Pension Assets-12/14 $51.6 mill.
Oblig. $75.0 mill.
Pfd Stock $2.4 mill. **Pfd Div'd:** $.1 mill.

Common Stock 16,164,099 shs.
as of 7/31/15

MARKET CAP: $400 million (Small Cap)

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		18-20
74.6	81.1	86.1	91.0	91.2	102.7	102.1	110.4	114.8	117.1	*124*	*127*	Revenues ($mill)	*155*
8.5	10.0	11.8	12.2	10.0	14.3	13.4	14.4	16.6	18.4	*19.5*	*20.5*	Net Profit ($mill)	*23.0*
27.6%	33.4%	32.6%	33.2%	34.1%	32.1%	32.7%	33.9%	34.1%	35.0%	*35.0%*	*34.0%*	Income Tax Rate	*34.0%*
--	--	--	--	--	6.8%	6.1%	3.4%	1.9%	1.7%	*1.0%*	*1.5%*	AFUDC % to Net Profit	*2.5%*
55.3%	49.5%	49.0%	45.6%	46.6%	43.1%	42.3%	41.5%	40.4%	40.5%	*40.5%*	*41.0%*	Long-Term Debt Ratio	*43.5%*
41.3%	47.5%	49.6%	51.8%	52.1%	55.8%	56.6%	57.4%	58.7%	58.8%	*58.5%*	*58.5%*	Common Equity Ratio	*56.5%*
231.7	264.0	268.8	259.4	267.9	310.5	312.5	316.5	321.4	335.8	*345*	*360*	Total Capital ($mill)	*430*
288.0	317.1	333.9	366.3	376.5	405.9	422.2	435.2	446.5	465.4	*480*	*500*	Net Plant ($mill)	*555*
5.0%	5.1%	5.6%	5.8%	5.0%	5.7%	5.2%	5.4%	5.9%	6.3%	*6.5%*	*6.5%*	Return on Total Cap'l	*6.5%*
8.2%	7.5%	8.6%	8.6%	7.0%	8.1%	7.5%	7.8%	8.7%	9.2%	*9.5%*	*9.5%*	Return on Shr. Equity	*9.5%*
8.6%	7.8%	8.7%	8.9%	7.0%	8.2%	7.5%	7.8%	8.7%	9.3%	*9.5%*	*9.5%*	Return on Com Equity	*9.5%*
.6%	1.3%	1.8%	2.0%	NMF	2.1%	1.0%	1.4%	2.4%	3.1%	*3.5%*	*3.5%*	Retained to Com Eq	*3.5%*
94%	84%	79%	78%	98%	75%	87%	83%	73%	67%	*64%*	*63%*	All Div'ds to Net Prof	*63%*

CURRENT POSITION ($MILL.)	2013	2014	6/30/15
Cash Assets	4.8	2.7	5.8
Other	21.0	20.2	17.1
Current Assets	25.8	22.9	22.9
Accts Payable	6.3	6.4	8.9
Debt Due	33.8	24.9	23.7
Other	12.6	12.6	16.8
Current Liab.	52.7	43.9	49.4

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '18-'20
Revenues	1.5%	1.5%	*4.0%*
"Cash Flow"	3.5%	3.0%	*4.5%*
Earnings	4.0%	4.5%	*5.0%*
Dividends	1.5%	1.5%	*2.0%*
Book Value	4.5%	3.0%	*3.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2012	23.5	27.4	32.4	27.1	110.4
2013	27.0	29.1	31.3	27.4	114.8
2014	27.1	29.2	32.7	28.1	117.1
2015	28.8	31.7	*34.0*	*29.5*	*124*
2016	*29.5*	*32.0*	*35.0*	*30.5*	*127*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2012	.11	.24	.38	.17	.90
2013	.20	.28	.36	.19	1.03
2014	.20	.29	.42	.22	1.13
2015	.22	.31	*.44*	*.23*	*1.20*
2016	*.23*	*.33*	*.46*	*.23*	*1.25*

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.183	.183	.183	.185	.73
2012	.185	.185	.185	.1875	.74
2013	.1875	.1875	.1875	.19	.75
2014	.19	.19	.19	.1925	.76
2015	.1925	.1925	.1925		

BUSINESS: Middlesex Water Company engages in the ownership and operation of regulated water utility systems in New Jersey, Delaware, and Pennsylvania. It also operates water and wastewater systems under contract on behalf of municipal and private clients in NJ and DE. Its Middlesex System provides water services to 60,000 retail customers, primarily in Middlesex County, New Jersey. In 2014, the Middlesex System accounted for 60% of operating revenues. At 12/31/14, the company had 282 employees. Incorporated: NJ. President, CEO, and Chairman: Dennis W. Doll. Officers & directors own 3.5% of the common stock; BlackRock Institutional Trust Co., 6.6% (4/15 proxy). Add.: 1500 Ronson Road, Iselin, NJ 08830. Tel.: 732-634-1500. Internet: www.middlesexwater.com.

Shares of Middlesex Water have turned in an excellent performance over the past quarter. Since our mid-July report, the stock price increased 7.9%, compared to the average return of 5.1% posted by the typical regulated water utility (minus *California Water*), and the 4.9% loss recorded by the S&P 500.

We are modestly raising our earnings estimates. Mostly due to carryover rate relief, Middlesex's second-quarter share earnings came in at a healthy $0.31, versus 2014's $0.29. As a result, we are bumping our full-year forecast $0.05, to $1.20. In 2016, we are also adding another $0.05 a share to our estimate, raising it to $1.25 a share.

A major rate case is pending. In March, Middlesex filed a petition in New Jersey seeking to hike rates by $9.5 million, or 13.5%. As is the case with the entire industry, Middlesex will have to invest heavily to upgrade an aging pipeline system. Because the repairs are needed, we expect the state regulator's final ruling to be reasonable. Also, the percentage increase isn't as onerous as it may sound. Should the full amount sought be granted and implemented, the average residential bill would only go up by about $25 each quarter. A final ruling on the case could take more than a year.

The company may not be big, but it has a strong balance sheet. As of June 30th, the debt-to-total-capital ratio was only 40%, the lowest in the industry. Beginning in 2016 and continuing through the decade, the capital budget will increase by a substantial figure as the water infrastructure is upgraded. Middlesex will not be able to cover all of the outlays with internally generated funds, so external financing will be required. This should result in the company's financial ratios sliding moderately. Nevertheless, finances will remain in good shape.

Middlesex carries the highest yield in the water industry. Investors should not be impressed by this, however. That's because the stock's projected annual dividend growth rate through 2018-2020 is only expected to average a paltry 2%. Indeed, we don't think the current yield is sufficient to compensate shareholders for the below-average future cash flows.

James A. Flood *October 16, 2015*

(A) Diluted earnings. May not sum due to rounding. Next earnings report due mid-November.
(B) Dividends historically paid in mid-Feb., May, Aug., and November.■ Div'd reinvestment plan available.
(C) In millions, adjusted for splits.

Company's Financial Strength	B++
Stock's Price Stability	95
Price Growth Persistence	35
Earnings Predictability	80

© 2015 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE

SJW CORP. NYSE-SJW

RECENT PRICE	31.07	P/E RATIO	21.6 (Trailing: 11.3 / Median: 24.0)	RELATIVE P/E RATIO	1.23	DIV'D YLD	2.6%	VALUE LINE

TIMELINESS 4 Lowered 8/7/15
SAFETY 3 New 4/22/11
TECHNICAL 5 Lowered 10/2/15
BETA .75 (1.00 = Market)

High:	19.6	27.8	45.3	43.0	35.1	30.4	28.2	26.8	26.9	30.1	33.7	35.7
Low:	14.6	16.1	21.2	27.7	20.0	18.2	21.6	20.9	22.6	24.5	25.5	27.5

Target Price Range 2018 | 2019 | 2020

2018-20 PROJECTIONS

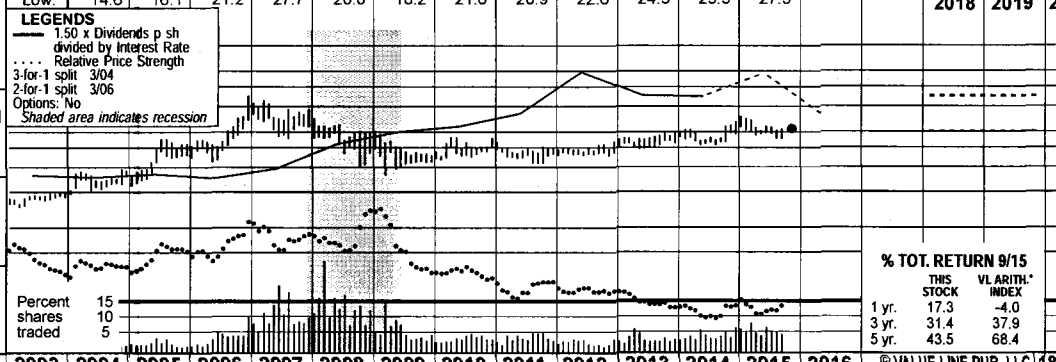
	Price	Gain	Ann'l Total Return
High	45	(+45%)	12%
Low	30	(-5%)	2%

Insider Decisions

	N	D	J	F	M	A	M	J	J
to Buy	0	2	0	1	3	0	0	1	0
Options	1	0	0	0	0	0	0	0	0
to Sell	1	0	0	1	0	0	0	1	0

Institutional Decisions

	4Q2014	1Q2015	2Q2015
to Buy	49	61	63
to Sell	47	47	49
Hld's(000)	10867	10898	10749



% TOT. RETURN 9/15

	THIS STOCK	VL ARITH.* INDEX
1 yr.	17.3	-4.0
3 yr.	31.4	37.9
5 yr.	43.5	68.4

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
6.40	6.74	7.45	7.97	8.20	9.14	9.86	10.35	11.25	12.12	11.68	11.62	12.85	14.01	13.73	15.76	*14.40*	*14.30*	Revenues per sh	*17.40*
1.43	1.23	1.49	1.55	1.75	1.89	2.21	2.38	2.30	2.44	2.21	2.38	2.80	2.97	2.90	4.42	*3.60*	*3.70*	"Cash Flow" per sh	*4.00*
.87	.58	.77	.78	.91	.87	1.12	1.19	1.04	1.08	.81	.84	1.11	1.18	1.12	2.54	*1.50*	*1.60*	Earnings per sh A	*1.75*
.40	.41	.43	.46	.49	.51	.53	.57	.61	.65	.66	.68	.69	.71	.73	.75	*.78*	*.81*	Div'd Decl'd per sh B■	*1.05*
1.77	1.89	2.63	2.06	3.41	2.31	2.83	3.87	6.62	3.79	3.17	5.65	3.75	5.67	4.68	5.02	*5.35*	*5.25*	Cap'l Spending per sh	*4.95*
7.88	7.90	8.17	8.40	9.11	10.11	10.72	12.48	12.90	13.99	13.66	13.75	14.20	14.71	15.92	17.75	*18.75*	*19.75*	Book Value per sh	*22.60*
18.27	18.27	18.27	18.27	18.27	18.27	18.27	18.28	18.36	18.18	18.50	18.55	18.59	18.67	20.17	20.29	*20.50*	*21.00*	Common Shs Outst'g C	*23.00*
15.5	33.1	18.5	17.3	15.4	19.6	19.7	23.5	33.4	26.2	28.7	29.1	21.2	20.4	24.3	11.2	Bold figures are		Avg Ann'l P/E Ratio	*22.0*
.88	2.15	.95	.94	.88	1.04	1.05	1.27	1.77	1.58	1.91	1.85	1.33	1.30	1.37	.59	*Value Line*		Relative P/E Ratio	*1.40*
3.0%	2.1%	3.0%	3.4%	3.5%	3.0%	2.4%	2.0%	1.7%	2.3%	2.8%	2.8%	2.9%	3.0%	2.7%	2.6%	*estimates*		Avg Ann'l Div'd Yield	*2.8%*

180.1	189.2	206.6	220.3	216.1	215.6	239.0	261.5	276.9	319.7	*295*	*300*	Revenues ($mill)	*400*
20.7	22.2	19.3	20.2	15.2	15.8	20.9	22.3	23.5	51.8	*30.5*	*33.5*	Net Profit ($mill)	*40.0*
41.6%	40.8%	39.4%	39.5%	40.4%	38.8%	41.1%	41.1%	38.7%	32.5%	*36.5%*	*36.5%*	Income Tax Rate	*38.0%*
1.6%	2.1%	2.7%	2.3%	2.0%	--	--	--	2.0%	1.0%	*1.0%*	*1.0%*	AFUDC % to Net Profit	*1.5%*
42.6%	41.8%	47.7%	46.0%	49.4%	53.7%	56.6%	55.0%	51.1%	51.6%	*52.0%*	*51.5%*	Long-Term Debt Ratio	*52.5%*
57.4%	58.2%	52.3%	54.0%	50.6%	46.3%	43.4%	45.0%	48.9%	48.4%	*48.0%*	*48.5%*	Common Equity Ratio	*47.5%*
341.2	391.8	453.2	470.9	499.6	550.7	607.9	610.2	656.2	744.5	*800*	*855*	Total Capital ($mill)	*1100*
484.8	541.7	645.5	684.2	718.5	785.5	756.2	831.6	898.7	963.0	*1030*	*1105*	Net Plant ($mill)	*1300*
7.6%	7.0%	5.7%	5.8%	4.4%	4.3%	4.9%	5.0%	5.0%	8.3%	*5.0%*	*5.0%*	Return on Total Cap'l	*5.5%*
10.6%	9.7%	8.2%	8.0%	6.0%	6.2%	7.9%	8.1%	7.3%	14.4%	*8.0%*	*8.0%*	Return on Shr. Equity	*7.5%*
10.6%	9.7%	8.2%	8.0%	6.0%	6.2%	7.9%	8.1%	7.3%	14.4%	*8.0%*	*8.0%*	Return on Com Equity	*7.5%*
5.6%	5.2%	3.5%	3.3%	1.2%	1.2%	3.1%	3.3%	2.8%	10.2%	*4.0%*	*3.5%*	Retained to Com Eq	*3.0%*
47%	46%	57%	59%	80%	80%	61%	59%	62%	29%	*52%*	*51%*	All Div'ds to Net Prof	*60%*

CAPITAL STRUCTURE as of 6/30/15
Total Debt $404.8 mill. **Due in 5 Yrs** $21.2 mill.
LT Debt $384.0 mill. **LT Interest** $21.0 mill.
(51% of Cap'l)

Leases, Uncapitalized: Annual rentals $5.5 mill.

Pension Assets-12/14 $91.4 mill.
Oblig. $128.7 mill.

Pfd Stock None.

Common Stock 20,363,574 shs.
as of 7/22/15
MARKET CAP: $625 million (Small Cap)

CURRENT POSITION ($MILL.)	2013	2014	6/30/15
Cash Assets	2.3	2.4	5.2
Accts Receivable	14.5	15.0	17.6
Other	22.9	50.7	47.2
Current Assets	39.7	68.1	70.0
Accts Payable	12.6	7.0	13.0
Debt Due	23.0	13.8	20.8
Other	23.6	23.9	25.2
Current Liab.	59.2	44.7	59.0

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '18-'20
Revenues	5.5%	4.5%	*3.0%*
"Cash Flow"	7.0%	8.0%	*2.5%*
Earnings	6.5%	10.5%	*1.5%*
Dividends	4.0%	3.0%	*6.0%*
Book Value	6.0%	3.5%	*6.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2012	51.1	65.6	82.4	62.4	261.5
2013	50.1	74.2	85.2	67.4	276.9
2014	54.6	70.4	125.4	69.3	319.7
2015	62.1	72.4	*89.0*	*71.5*	*295*
2016	*60.0*	*75.0*	*90.0*	*75.0*	*300*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2012	.06	.28	.53	.31	1.18
2013	.07	.37	.44	.24	1.12
2014	.04	.34	1.88	.28	2.54
2015	.23	.36	*.59*	*.32*	*1.50*
2016	*.17*	*.42*	*.67*	*.34*	*1.60*

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.173	.173	.173	.173	.69
2012	.1775	.1775	.1775	.1775	.71
2013	.1825	.1825	.1825	.1825	.73
2014	.1875	.1875	.1875	.1875	.75
2015	.1950	.1950	.1950		

BUSINESS: SJW Corporation engages in the production, purchase, storage, purification, distribution, and retail sale of water. It provides water service to approximately 229,000 connections that serve a population of roughly one million people in the San Jose area and 12,000 connections that serve about 36,000 residents in a service area in the region between San Antonio and Austin, Texas. The company offers nonregulated water-related services. Also owns and operates commercial real estate investments. Has about 395 employees. Officers & directors (including Nancy O. Moss) own 27.9% of outstanding shares. Chairman.: Charles J. Toeniskoetter. Incorporated: CA. Address: 110 West Taylor Street, San Jose, CA 95110. Telephone: (408) 279-7800. Int: www.sjwater.com.

The historic drought in California has not had an impact on SJW's main subsidiary. Thanks to a previous change in the methodology used to determine how water utilities' income is calculated, San Jose Water should be able to do well despite the severe water restrictions instituted by the California State Public Utility Commission. In the past, utilities profitability depended on the amount of water that was sold. Based on the new arrangement, utilities receive a fixed charge for their services.

The company's earnings are much better than they appear. Last year's tally was inflated by a one-time gain as several years of accrued expenses were reimbursed in the third period. In the first half of 2015, SJW's share net was running well ahead of 2014's levels. While comparisons will be negative for the remainder of the year, we think that share net will come in at a healthy $1.50. In 2016, we estimate that the bottom line will increase $0.10 a share, to $1.60. This solid increase will be due in part to a thriving service area, which includes Silicon Valley.

The construction program will remain large, but manageable. San Jose Water has been spending heavily on replacing old pipes and modernizing other facilities. Internally generated funds will not be sufficient to cover all of the capital outlays, so the company will have to depend to some extent on new debt and equity offerings. As a result, some of SJW's financial metrics may deteriorate to some degree, but should remain in an acceptable range.

Shares of SJW have not done as well as other regulated water utilities. Since our July report, volatility in the markets increased and the S&P 500 declined 4.9%. Seeking a safe haven, funds poured into this sector as investors placed a premium on low-Beta equities, with good yields, that had well-defined sources of earnings. Thus, this group (excluding California Water) averaged a positive return of 5.1%, compared to the gain of only 81 basis points, recorded by SJW.

These shares are untimely. But due to the recent poor showing relative to its peers, SJW's long-term appreciation potential is better than that of most other water utilities.

James A. Flood *October 16, 2015*

(A) Diluted earnings. Excludes nonrecurring losses : '03, $1.97; '04, $3.78; '05, $1.09; '06, $16.36; '08, $1.22; '10, $0.46. GAAP accounting as of 2013. Next earnings report due mid-November. Quarterly earnings may not add due to rounding.
(B) Dividends historically paid in early March, June, September, and December. ■ Div'd reinvestment plan available.
(C) In millions, adjusted for stock splits.

Company's Financial Strength	B+
Stock's Price Stability	85
Price Growth Persistence	20
Earnings Predictability	55

© 2015 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE

YORK WATER NDQ-YORW

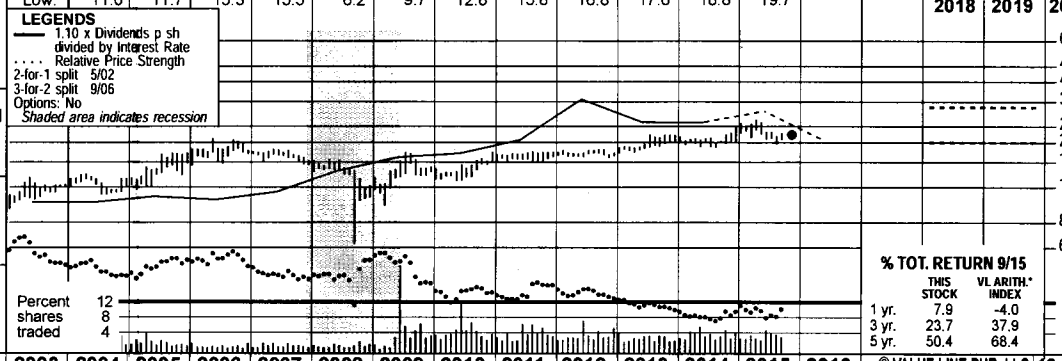
RECENT PRICE **21.91** | P/E RATIO **24.3** (Trailing: 23.6 / Median: 25.0) | RELATIVE P/E RATIO **1.39** | DIV'D YLD **2.9%** | VALUE LINE

TIMELINESS 3 Raised 3/27/15
SAFETY 3 Lowered 7/17/15
TECHNICAL 4 Raised 10/16/15
BETA .75 (1.00 = Market)

High:	14.0	17.9	21.0	18.5	16.5	18.0	18.0	18.1	18.5	22.0	24.3	26.0	
Low:	11.0	11.7	15.3	15.5	6.2	9.7	12.8	15.8	16.8	17.6	18.8	19.7	

Target Price Range 2018 | 2019 | 2020

LEGENDS
— 1.10 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
2-for-1 split 5/02
3-for-2 split 9/06
Options: No
Shaded area indicates recession



2018-20 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	30	(+35%)	11%
Low	20	(-10%)	1%

Insider Decisions

	N	D	J	F	M	A	M	J	J
to Buy	0	0	4	0	2	4	1	0	4
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	4Q2014	1Q2015	2Q2015
to Buy	32	33	34
to Sell	24	29	31
Hld's(000)	3767	3841	3769

Percent shares traded 12 8 4

% TOT. RETURN 9/15

	THIS STOCK	VL ARITH.* INDEX
1 yr.	7.9	-4.0
3 yr.	23.7	37.9
5 yr.	50.4	68.4

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
--	--	2.05	2.05	2.17	2.18	2.58	2.56	2.79	2.89	2.95	3.07	3.18	3.21	3.27	3.58	*3.75*	*4.00*	Revenues per sh	*4.85*
--	--	.59	.57	.65	.65	.79	.77	.86	.88	.95	1.07	1.09	1.12	1.19	1.36	*1.45*	*1.50*	"Cash Flow" per sh	*1.75*
--	--	.43	.40	.47	.49	.56	.58	.57	.57	.64	.71	.71	.72	.75	.89	*.90*	*1.00*	Earnings per sh A	*1.15*
--	--	.34	.35	.37	.39	.42	.45	.48	.49	.51	.52	.53	.54	.55	.57	*.60*	*.63*	Div'd Decl'd per sh B	*.80*
--	--	.75	.66	1.07	2.50	1.69	1.85	1.69	2.17	1.18	.83	.74	.94	.76	1.10	*.95*	*1.25*	Cap'l Spending per sh	*1.10*
--	--	3.79	3.90	4.06	4.65	4.85	5.84	5.97	6.14	6.92	7.19	7.45	7.73	7.98	8.15	*8.65*	*8.80*	Book Value per sh	*9.50*
--	--	9.46	9.55	9.63	10.33	10.40	11.20	11.27	11.37	12.56	12.69	12.79	12.92	12.98	12.83	*12.75*	*12.50*	Common Shs Outst'g C	*12.00*
--	--	17.8	26.9	24.5	25.7	26.3	31.2	30.3	24.6	21.9	20.7	23.9	24.4	26.3	23.1	*Bold figures are*		Avg Ann'l P/E Ratio	*22.5*
--	--	.91	1.47	1.40	1.36	1.40	1.68	1.61	1.48	1.46	1.32	1.50	1.55	1.48	1.22	*Value Line*		Relative P/E Ratio	*1.40*
--	--	4.4%	3.3%	3.2%	3.1%	2.9%	2.5%	2.8%	3.5%	3.6%	3.5%	3.1%	3.1%	2.8%	2.8%	*estimates*		Avg Ann'l Div'd Yield	*3.2%*

CAPITAL STRUCTURE as of 6/30/15
Total Debt $84.8 mill. **Due in 5 Yrs** $30.5 mill.
LT Debt $84.8 mill. **LT Interest** $5.1 mill.
(44% of Cap'l)
Pension Assets 12/14 $30.6 mill.
Oblig. $40.9 mill.
Pfd Stock None
Common Stock 12,866,946 shs.
as of 8/4/15
MARKET CAP: $275 million (Small Cap)

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		18-20
26.8	28.7	31.4	32.8	37.0	39.0	40.6	41.4	42.4	45.9	*48.0*	*50.0*	Revenues ($mill)	*58.0*
5.8	6.1	6.4	6.4	7.5	8.9	9.1	9.3	9.7	11.5	*11.5*	*12.5*	Net Profit ($mill)	*14.0*
36.7%	34.4%	36.5%	36.1%	37.9%	38.5%	35.3%	37.6%	37.6%	29.8%	*27.5%*	*24.5%*	Income Tax Rate	*32.5%*
--	7.2%	3.6%	10.1%	--	1.2%	1.1%	1.1%	.8%	1.8%	*1.0%*	*1.0%*	AFUDC % to Net Profit	*1.0%*
44.1%	48.3%	46.5%	54.5%	45.7%	48.3%	47.1%	46.0%	45.1%	44.8%	*44.0%*	*46.0%*	Long-Term Debt Ratio	*48.0%*
55.9%	51.7%	53.5%	45.5%	54.3%	51.7%	52.9%	54.0%	54.9%	55.2%	*56.0%*	*54.0%*	Common Equity Ratio	*52.0%*
90.3	126.5	125.7	153.4	160.1	176.4	180.2	184.8	188.4	189.4	*200*	*205*	Total Capital ($mill)	*220*
155.3	174.4	191.6	211.4	222.0	228.4	233.0	240.3	244.2	253.2	*260*	*265*	Net Plant ($mill)	*280*
8.4%	6.2%	6.7%	5.7%	6.2%	6.5%	6.4%	6.4%	6.5%	7.4%	*7.0%*	*7.5%*	Return on Total Cap'l	*8.0%*
11.6%	9.3%	9.5%	9.2%	8.6%	9.8%	9.5%	9.3%	9.3%	11.0%	*10.5%*	*11.5%*	Return on Shr. Equity	*12.0%*
11.6%	9.3%	9.5%	9.2%	8.6%	9.8%	9.5%	9.3%	9.3%	11.0%	*10.5%*	*11.5%*	Return on Com Equity	*12.0%*
3.0%	2.2%	1.7%	1.4%	1.9%	2.7%	2.5%	2.4%	2.4%	3.9%	*3.5%*	*4.5%*	Retained to Com Eq	*3.5%*
74%	77%	82%	85%	78%	72%	73%	74%	74%	64%	*67%*	*63%*	All Div'ds to Net Prof	*69%*

CURRENT POSITION ($MILL.)	2013	2014	6/30/15
Cash Assets	7.6	1.5	1.0
Accounts Receivable	3.8	4.0	4.3
Inventory (Avg. Cost)	.7	.8	.8
Other	3.1	4.9	4.0
Current Assets	15.2	11.2	10.1
Accts Payable	1.8	1.6	2.4
Debt Due	--	--	--
Other	6.0	4.3	4.4
Current Liab.	7.8	5.9	6.8

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '18-'20
Revenues	4.5%	3.0%	*6.5%*
"Cash Flow"	7.0%	6.5%	*6.0%*
Earnings	5.5%	6.0%	*6.5%*
Dividends	4.0%	2.5%	*6.5%*
Book Value	6.5%	4.5%	*3.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2012	9.6	10.4	11.0	10.4	41.4
2013	10.1	10.7	10.9	10.7	42.4
2014	10.6	11.8	12.0	11.5	45.9
2015	11.2	11.9	*12.4*	*12.5*	*48.0*
2016	*11.5*	*12.5*	*13.0*	*13.0*	*50.0*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2012	.15	.17	.22	.18	.72
2013	.17	.18	.19	.21	.75
2014	.16	.22	.23	.28	.89
2015	.20	.22	*.25*	*.23*	*.90*
2016	*.20*	*.26*	*.28*	*.26*	*1.00*

Cal-endar	QUARTERLY DIVIDENDS PAID B Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.131	.131	.131	.131	.524
2012	.134	.134	.134	.134	.535
2013	.138	.138	.138	.138	.552
2014	.1431	.1431	.1431	.1431	.572
2015	.1495	.1495	.1495		

BUSINESS: The York Water Company is the oldest investor-owned regulated water utility in the United States. It has operated continuously since 1816. As of December 31, 2014, the company's average daily availability was 35.2 million gallons and its service territory had an estimated population of 190,000. Has more than 65,100 customers. Residential customers accounted for 63% of 2014 revenues; commercial and industrial (29%); other (8%). It also provides sewer billing services. Incorporated: PA. York had 106 full-time employees at 12/31/14. President/CEO: Jeffrey R. Hines. Officers/directors own 1.1% of the common stock (4/15 proxy). Address: 130 East Market Street York, Pennsylvania 17401. Telephone: (717) 845-3601. Internet: www.yorkwater.com.

York Water's earnings were flat in the second quarter. This broke a string of four-straight solid earnings comparisons on a year-over-year basis. The positives were higher rates being in effect from last year and a smaller tax bill. These were offset, however, by an increase in costs. For the full year, we reduced our earnings-per-share estimate by $0.05, to $0.90, roughly on par with 2014's strong number.

Earnings should pick up in 2016. York ought to benefit from last year's rate hike and a lower tax bill. Also, we don't think last quarter's spike in expenses was the start of a trend. Actually, the company had been successfully reining in costs, and we think this should continue. All told, the company's share net may jump 11%, or $0.10, to $1.00.

The company has a solid balance sheet. To a certain degree, other water entities would probably like to have York's financial problem. Pennsylvania regulators seem to prefer that water utilities maintain a long-term debt-to-total capitalization percentage between 46% and 50%. Because the company has solid cash generation, this figure was 44% at the end of the second quarter. We think York may buy back 4% of its outstanding shares to raise its the debt ratio.

York is the smallest regulated utility in the water industry. Most institution accounts don't like owning more than 3% to 5% of any one company's stock for diversification reasons. A market cap of around $275 million just isn't large enough to take a position. A drawback of this could be a lack of liquidity. Conversely, when the stock is priced attractively, retail investors won't have to worry about the smart money getting involved before them.

Dividend growth prospects have improved. Over the past five years, the payout has increased 2.5% per annum, subpar for a utility. Earlier this year, the dividend was hiked 4.5%, however. We think this level is sustainable through 2018-2020.

These shares are ranked to perform in line with the broader market averages over the next six- to 12-month period. Due to the equity outperforming the S&P 500 by almost 700 basis points since mid-July, it has below-average long-term total return potential.

James A. Flood *October 16, 2015*

(A) Diluted earnings. Next earnings report due mid-November.
(B) Dividends historically paid in mid-January, April, July, and October.
(C) In millions, adjusted for splits.

Company's Financial Strength	B+
Stock's Price Stability	85
Price Growth Persistence	50
Earnings Predictability	95

© 2015 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE

EXHIBIT
TJB-COC-DT2

Liberty Utilities (Rio Rico Water & Sewer) Corp.
Comparative Risk Study
Computations of Operating Margin and Coefficient of Variation of Operating Margin

Line No.

1 Operating Income EBIT ($ in millions)

Company	Symbol	2014	2013	2012	2011	2010	Average	Std Dev.	Co-efficient of variation of Operating Income
American States Water	AWR	119	119	111	95	73	103.40	19.62	0.1897
Aqua America	WTR	314	305	322	286	272	299.80	20.52	0.0685
California Water	CWT	109	93	93	90	85	94.00	9.00	0.0957
Connecticut Water	CTWS	25	22	20	16	14	19.40	4.45	0.2294
Middlesex	MSEX	34	31	28	24	27	28.80	3.83	0.1331
SJW Corp.	SJW	93	53	55	54	38	58.60	20.45	0.3490
York Water Company	YORW	22	21	21	20	20	20.80	0.84	0.0402
Water Proxy Group									0.1579
Liberty Utilities (Rio Rico Water & Sewer) Corp.		1.00	1.82	1.40	0.70	0.81	1.14	0.46	0.4022
Risk relative to the average risk of the water utilities sample									**2.55**

Sales ($ in millions)

Company	Symbol	2014	2013	2012	2011	2010	Average
American States Water	AWR	466	472	467	419	399	445
Aqua America	WTR	780	769	758	712	726	749
California Water	CWT	598	584	560	502	460	541
Connecticut Water	CTWS	94	91	84	69	66	81
Middlesex	MSEX	117	115	110	102	103	109
SJW Corp.	SJW	320	277	262	239	216	263
York Water Company	YORW	46	42	41	41	39	42
Liberty Utilities (Rio Rico Water & Sewer) Corp.		4.55	4.50	4.18	4.14	3.51	4.18

Operating Margin (%)

Company	Symbol	2014	2013	2012	2011	2010	Average	Std Dev.	Co-efficient of variation of Operating Margin
Amercian Water Works	AWK	25.54%	25.21%	23.77%	22.67%	18.30%	23.10%	0.03	0.1264
Aqua America	WTR	40.26%	39.66%	42.48%	40.17%	37.47%	40.01%	0.02	0.0447
California Water	CWT	18.23%	15.92%	16.61%	17.93%	18.48%	17.43%	0.01	0.0637
Connecticut Water	CTWS	26.60%	24.18%	23.81%	23.19%	21.21%	23.80%	0.02	0.0815
Middlesex	MSEX	29.06%	26.96%	25.45%	23.53%	26.21%	26.24%	0.02	0.0772
SJW Corp.	SJW	29.06%	19.13%	20.99%	22.59%	17.59%	21.88%	0.04	0.2029
York Water Company	YORW	47.83%	50.00%	51.22%	48.78%	51.28%	49.82%	0.02	0.0304
Average Water Proxy Group							28.90%		0.0895
Liberty Utilities (Rio Rico Water & Sewer) Corp.		22.05%	40.33%	33.48%	16.81%	23.13%	27.16%	0.10	0.3507
Risk relative to the average risk of the water utilities sample									**3.92**

Return on Equity (ROE)

Company	Symbol	2014	2013	2012	2011	2010	Average	Std Dev.	Co-efficient of variation of ROE
American States Water	AWR	12.1%	12.7%	11.9%	10.3%	11.0%	11.6%	0.01	0.0818
Aqua America	WTR	12.9%	13.4%	11.0%	11.6%	10.6%	11.9%	0.01	0.1015
California Water	CWT	9.0%	9.0%	9.0%	8.0%	8.6%	8.7%	0.00	0.0502
Connecticut Water	CTWS	10.2%	9.3%	7.3%	8.3%	8.7%	8.8%	0.01	0.1239
Middlesex	MSEX	9.3%	8.7%	7.8%	7.5%	8.2%	8.3%	0.01	0.0865
SJW Corp.	SJW	14.4%	7.0%	8.1%	7.9%	6.2%	8.7%	0.03	0.3744
York Water Company	YORW	11.0%	9.4%	9.3%	9.5%	9.8%	9.8%	0.01	0.0711
Water Proxy Group		11.3%	9.9%	9.2%	9.0%	9.0%	9.7%		0.1271
Liberty Utilities (Rio Rico Water & Sewer) Corp.		3.92%	7.74%	7.84%	3.94%	3.38%	5.36%	0.02	0.4151
Risk relative to the average risk of the water utilities sample									**3.27**

Liberty Utilities (Rio Rico Water & Sewer) Corp.
Comparative Risk Study
Beta Estimate Using Duff and Phelps Risk Study Portfolio Information

Line No.		Portfolio	Operating Margin[1]	Portfolio	CV (Operating Margin)[1]	Portfolio	CV (ROE)[1]	
	A. Beta Estimates for Water Sample Group and Company							
1	Company	3	27.16%	6	35.07%	13	41.51%	
2	Water Proxy Group	2	28.90%	19	8.95%	23	12.71%	
			Portfolio Beta[2]		Portfolio Beta[3]		Portfolio Beta[3]	Average
3	Company		0.86		1.27		1.15	
4	Water Proxy Group		0.83		0.99		0.89	
5	Percentage Difference		3.6%		28.3%		29.2%	**20.4%**
	B. Assume percentage difference is the same for water utilities as companies in general							
6	Water Sample Group[5]		0.73		0.73		0.73	
7	Implied Beta for Company[6]		0.76		0.94		0.94	**0.88**

Notes:
[1] See work papers. CV stands for Coefficient of Variation,
[2] Source is Duff & Phelps 2105 Valuation Handbook, Risk Study, Exhibit D-1, Companies Ranked by Operating Margin.
[3] Source is Duff & Phelps 2105 Valuation Handbook, Risk Study, Exhibit D-2, Companies Ranked by CV (Operating Margin).
[5] Source is Schedule D-4.3.
[6] Calculated by multiplying (1+ percentage difference in risk study betas) times average beta for the water sample group.

Liberty Utilities (Rio Rico Water & Sewer) Corp.
Comparative Risk Study
Traditional Capital Asset Pricing Model (CAPM) Using Implied Beta
To Find Additional Risk Premium

Line No.		Rf[1]	+	Implied beta[2]	x	RP_M		=	k	CAPM Results From Schedule D-4.11	Indicated Company Risk Premium
1	Historical Market Risk Premium CAPM	4.1%	+	0.88	x	7.00%	[3]	=	10.3%	9.2%	1.1%
2	Currrent Market Risk Premium CAPM	4.1%	+	0.88	x	8.93%	[4]	=	12.0%	10.6%	1.4%

Notes:

[1] Forecasts of long-term treasury yields. See Scehdule D-4.9.

[2] Implied Beta computed from Duff and Phelps 2015 Valuation Handbook Risk Study information. See page 1 of exhibit.

[3] Historical Market Risk Premium from (Rp) from Morningstar Ibbotson 214 Classic Yearbook, Long-Horizon ERP on S&P 500. See Schedule D-4.11.

[4] See Schedule D-4.10

EXHIBIT
TJB-COC-DT3

Liberty Utilities (Bella Vista Water) Corp.
Comparative Risk Study
Computations of Operating Margin and Coefficient of Variation of Operating Margin

Line No.

1 Operating Income EBIT ($ in millions)

Company	Symbol	2014	2013	2012	2011	2010	Average	Std Dev.	Co-efficient of variation of Operating Income
American States Water	AWR	119	119	111	95	73	103.40	19.62	0.1897
Aqua America	WTR	314	305	322	286	272	299.80	20.52	0.0685
California Water	CWT	109	93	93	90	85	94.00	9.00	0.0957
Connecticut Water	CTWS	25	22	20	16	14	19.40	4.45	0.2294
Middlesex	MSEX	34	31	28	24	27	28.80	3.83	0.1331
SJW Corp.	SJW	93	53	55	54	38	58.60	20.45	0.3490
York Water Company	YORW	22	21	21	20	20	20.80	0.84	0.0402
Water Proxy Group									0.1579
		0.22	0.77	0.75	0.76	0.52	0.60	0.24	0.3951
Risk relative to the average risk of the water utilities sample									**2.50**

Sales ($ in millions)

Company	Symbol	2014	2013	2012	2011	2010	Average
American States Water	AWR	466	472	467	419	399	445
Aqua America	WTR	780	769	758	712	726	749
California Water	CWT	598	584	560	502	460	541
Connecticut Water	CTWS	94	91	84	69	66	81
Middlesex	MSEX	117	115	110	102	103	109
SJW Corp.	SJW	320	277	262	239	216	263
York Water Company	YORW	46	42	41	41	39	42
		4.66	4.84	4.82	4.68	4.18	4.64

Operating Margin (%)

Company	Symbol	2014	2013	2012	2011	2010	Average	Std Dev.	Co-efficient of variation of Operating Margin
Amercian Water Works	AWK	25.54%	25.21%	23.77%	22.67%	18.30%	23.10%	0.03	0.1264
Aqua America	WTR	40.26%	39.66%	42.48%	40.17%	37.47%	40.01%	0.02	0.0447
California Water	CWT	18.23%	15.92%	16.61%	17.93%	18.48%	17.43%	0.01	0.0637
Connecticut Water	CTWS	26.60%	24.18%	23.81%	23.19%	21.21%	23.80%	0.02	0.0815
Middlesex	MSEX	29.06%	26.96%	25.45%	23.53%	26.21%	26.24%	0.02	0.0772
SJW Corp.	SJW	29.06%	19.13%	20.99%	22.59%	17.59%	21.88%	0.04	0.2029
York Water Company	YORW	47.83%	50.00%	51.22%	48.78%	51.28%	49.82%	0.02	0.0304
Average Water Proxy Group							28.90%		0.0895
Liberty Utilities (Bella Vista Water) Corp.		4.71%	15.82%	15.54%	16.33%	12.44%	12.97%	0.05	0.3748
Risk relative to the average risk of the water utilities sample									**4.19**

Return on Equity (ROE)

Company	Symbol	2014	2013	2012	2011	2010	Average	Std Dev.	Co-efficient of variation of ROE
American States Water	AWR	12.1%	12.7%	11.9%	10.3%	11.0%	11.6%	0.01	0.0818
Aqua America	WTR	12.9%	13.4%	11.0%	11.6%	10.6%	11.9%	0.01	0.1015
California Water	CWT	9.0%	9.0%	9.0%	8.0%	8.6%	8.7%	0.00	0.0502
Connecticut Water	CTWS	10.2%	9.3%	7.3%	8.3%	8.7%	8.8%	0.01	0.1239
Middlesex	MSEX	9.3%	8.7%	7.8%	7.5%	8.2%	8.3%	0.01	0.0865
SJW Corp.	SJW	14.4%	7.0%	8.1%	7.9%	6.2%	8.7%	0.03	0.3744
York Water Company	YORW	11.0%	9.4%	9.3%	9.5%	9.8%	9.8%	0.01	0.0711
Water Proxy Group		11.3%	9.9%	9.2%	9.0%	9.0%	9.7%		0.1271
		1.43%	5.04%	5.22%	6.16%	3.50%	4.27%	0.02	0.4343
Risk relative to the average risk of the water utilities sample									**3.42**

Liberty Utilities (Bella Vista Water) Corp.
Comparative Risk Study
Beta Estimate Using Duff and Phelps Risk Study Portfolio Information

Line No.		Portfolio	Operating Margin[1]	Portfolio	CV (Operating Margin)[1]	Portfolio	CV (ROE)[1]	
	A. Beta Estimates for Water Sample Group and Company`							
1	Company	11	12.97%	6	37.48%	12	43.43%	
2	Water Proxy Group	2	28.90%	19	8.95%	23	12.71%	
			Portfolio Beta[2]		Portfolio Beta[3]		Portfolio Beta[3]	Average
3	Company		1.16		1.27		1.14	
4	Water Proxy Group		0.83		0.99		0.89	
5	Percentage Difference		39.8%		28.3%		28.1%	**32.0%**
	B. Assume percentage difference is the same for water utilities as companies in general							
6	Water Sample Group[5]		0.73		0.73		0.73	
7	Implied Beta for Company[6]		1.02		0.94		0.94	**0.96**

Notes:
[1] See work papers. CV stands for Coefficient of Variation,
[2] Source is Duff & Phelps 2105 Valuation Handbook, Risk Study, Exhibit D-1, Companies Ranked by Operating Margin.
[3] Source is Duff & Phelps 2105 Valuation Handbook, Risk Study, Exhibit D-2, Companies Ranked by CV (Operating Margin).
[5] Source is Schedule D-4.3.
[6] Calculated by multiplying (1+ percentage difference in risk study betas) times average beta for the water sample group.

Liberty Utilities (Bella Vista Water) Corp.
Comparative Risk Study
Traditional Capital Asset Pricing Model (CAPM) Using Implied Beta
To Find Additional Risk Premium

Line No.		Rf[1]	+	Implied beta[2]	x	RP_M		=	k	CAPM Results From Schedule D-4.11	Indicated Company Risk Premium
1	Historical Market Risk Premium CAPM	4.1%	+	0.96	x	7.00%	[3]	=	10.8%	9.2%	1.6%
2	Currrent Market Risk Premium CAPM	4.1%	+	0.96	x	8.93%	[4]	=	12.7%	10.6%	2.1%

Notes:
[1] Forecasts of long-term treasury yields. See Scehdule D-4.9.
[2] Implied Beta computed from Duff and Phelps 2015 Valuation Handbook Risk Study information. See page 1 of exhibit.
[3] Historical Market Risk Premium from (Rp) from Morningstar Ibbotson 214 Classic Yearbook, Long-Horizon ERP on S&P 500. See Schedule D-4.11.
[4] See Schedule D-4.10

D SCHEDULES

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Summary of Cost of Capital

Exhibit
Schedule D-1
Page 1
Witness: Bourassa

Consolidated Capital Structure of Water and Wastewater Division

Line No.	Item of Capital	Adjusted End of Test Year Dollar Amount	Adjusted End of Test Year Percent of Total	Adjusted End of Test Year Cost Rate	Adjusted End of Test Year Weighted Cost	Projected Capital Structure Dollar Amount	Projected Capital Structure Percent of Total	Projected Capital Structure Cost Rate	Projected Capital Structure Weighted Cost
1	Long-Term Debt	990,597	10.32%	6.25%	0.64%	2,632,308	30.00%	3.47%	1.04%
2									
3	Stockholder's Equity	8,610,275	89.68%	11.60%	10.40%	6,142,053	70.00%	11.60%	8.12%
4									
5	Totals	9,600,872	100.00%		11.05%	8,774,361	100.00%		9.16%
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22	SUPPORTING SCHEDULES:					RECAP SCHEDULES:			
23	D-1					A-3			
24	D-3								
25	D-4								
26	E-1 Water Division								
27	E-1 Wastewater Division								
28	Testimony								
29									
30									

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Cost of Long Term Debt

Exhibit
Schedule D-2
Page 1
Witness: Bourassa

Line No.	Description of Debt	End of Test Year Amount Outstanding	Annual Interest	Effective Interest Rate	Weighted Cost	End of Projected Year Amount Outstanding	Annual Interest	Effective Interest Rate	Weighted Cost
1	WIFA #1	50,106	3,056	6.10%	0.31%	-	-	0.00%	0.00%
2	WIFA #2	940,491	58,875	6.26%	5.94%	-	-	0.00%	0.00%
3	Liberty Utilities - Proforma		-	0.00%	0.00%	2,632,308	91,341	3.47%	3.47%
4			-	0.00%	0.00%		-	0.00%	0.00%
5			-	0.00%	0.00%		-	0.00%	0.00%
6			-	0.00%	0.00%		-	0.00%	0.00%
7			-	0.00%	0.00%		-	0.00%	0.00%
8			-	0.00%	0.00%		-	0.00%	0.00%
9			-	0.00%	0.00%		-	0.00%	0.00%
10			-	0.00%	0.00%		-	0.00%	0.00%
11									
12									
13	Totals	$ 990,597	$ 61,931		6.25%	$ 2,632,308	$ 91,341		3.47%
14									
15									
16	Supporting Schdules:					RECAP SCHEDULES:			
17	E-1					D-1			
18	E-2								
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Cost of Preferred Stock

Exhibit
Schedule D-3
Page 1
Witness: Bourassa

Line No.		End of Test Year			End of Projected Year		
1							
2							
3	Description	Shares		Dividend	Shares		Dividend
4	of Issue	Outstanding	Amount	Requirement	Outstanding	Amount	Requirement
5							
6							
7	NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING						
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21	SUPPORTING SCHEDULES:			RECAP SCHEDULES:			
22	E-1			D-1			
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							

Liberty Utilities (Bella Vista Water) Corp.
Test Year Ended December 31, 2014
Cost of Common Equity

Exhibit
Schedule D-4
Page 1
Witness: Bourassa

Line No.		
1		
2	The Company is proposing a cost of common equity of	11.60% .
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17	SUPPORTING SCHEDULES:	RECAP SCHEDULES:
18	E-1	D-1
19	D-4.1 to D-4.16	
20		

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2014
Summary of Cost of Capital

Exhibit
Schedule D-1
Page 1
Witness: Bourassa

Consolidated Capital Structure of Water and Wastewater Division

Line No.	Item of Capital	Adjusted End of Test Year Dollar Amount	Percent of Total	Cost Rate	Weighted Cost	Projected Capital Structure Dollar Amount	Percent of Total	Cost Rate	Weighted Cost
1	Long-Term Debt	-	0.00%	0.00%	0.00%	4,924,545	30.00%	3.47%	1.04%
2									
3	Stockholder's Equity	15,942,410	100.00%	10.80%	10.80%	11,490,604	70.00%	10.80%	7.56%
4									
5	Totals	15,942,410	100.00%		10.80%	16,415,149	100.00%		8.60%
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22	SUPPORTING SCHEDULES:					RECAP SCHEDULES:			
23	D-1					A-3			
24	D-3								
25	D-4								
26	E-1 Water Division								
27	E-1 Wastewater Division								
28	Testimony								
29									
30									

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2014
Cost of Long Term Debt

Exhibit
Schedule D-2
Page 1
Witness: Bourassa

Line No.	Description of Debt	End of Test Year Amount Outstanding	Annual Interest	Effective Interest Rate	Weighted Cost	End of Projected Year Amount Outstanding	Annual Interest	Effective Interest Rate	Weighted Cost
1									
2	Liberty Utilities - Pro Forma		-	0.00%	0.00%	4,924,545	170,882	3.47%	3.47%
3			-	0.00%	0.00%		-	0.00%	0.00%
4			-	0.00%	0.00%		-	0.00%	0.00%
5			-	0.00%	0.00%		-	0.00%	0.00%
6			-	0.00%	0.00%		-	0.00%	0.00%
7			-	0.00%	0.00%		-	0.00%	0.00%
8			-	0.00%	0.00%		-	0.00%	0.00%
9			-	0.00%	0.00%		-	0.00%	0.00%
10			-	0.00%	0.00%		-	0.00%	0.00%
11									
12									
13	Totals	$ -	-		0.00%	$ 4,924,545	170,882		3.47%
14									
15									
16	SUPPORTING SCHEDULES:					RECAP SCHEDULES:			
17	E-1 Wastewater Division					D-1			
18	E-1 Water Division								
19	Testimony								
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2014
Cost of Preferred Stock

Exhibit
Schedule D-3
Page 1
Witness: Bourassa

Line No.		End of Test Year			End of Projected Year		
1							
2							
3	Description	Shares		Dividend	Shares		Dividend
4	of Issue	Outstanding	Amount	Requirement	Outstanding	Amount	Requirement
5							
6							
7	NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING						
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21	SUPPORTING SCHEDULES:				RECAP SCHEDULES:		
22	E-1				D-1		
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2014
Cost of Common Equity

Exhibit
Schedule D-4
Page 1
Witness: Bourassa

Line No.		
1		
2	The Company is proposing a cost of common equity of	10.80% .
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17	SUPPORTING SCHEDULES:	RECAP SCHEDULES:
18	E-1	D-1
19	D-4.1 to D-4.16	
20		

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division
Test Year Ended December 31, 2014
Summary of Cost of Capital

Exhibit
Schedule D-1
Page 1
Witness: Bourassa

Consolidated Capital Structure of Water and Wastewater Division

		Adjusted End of Test Year				Projected Capital Structure			
Line No.	Item of Capital	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost
1	Long-Term Debt	-	0.00%	0.00%	0.00%	4,924,545	30.00%	3.47%	1.04%
2									
3	Stockholder's Equity	15,942,410	100.00%	10.80%	10.80%	11,490,604	70.00%	10.80%	7.56%
4									
5	Totals	15,942,410	100.00%		10.80%	16,415,149	100.00%		8.60%
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22	SUPPORTING SCHEDULES:					RECAP SCHEDULES:			
23	D-1					A-3			
24	D-3								
25	D-4								
26	E-1 Wastewater Division								
27	E-1 Water Division								
28									
29									
30									

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division
Test Year Ended December 31, 2014
Cost of Long Term Debt

Exhibit
Schedule D-2
Page 1
Witness: Bourassa

Line No.	Description of Debt	End of Test Year Amount Outstanding	Annual Interest	Interest Rate	Weighted Cost	End of Projected Year Amount Outstanding	Annual Interest	Interest Rate	Weighted Cost
1									
2	Liberty Utilities - Pro Forma	-	-	0.00%	0.000%	4,924,545	-	3.47%	3.470%
3		-	-	0.00%	0.000%	-	-	0.00%	0.000%
4						-	-	0.00%	0.000%
5									
6									
7									
8									
9									
10									
11									
12									
13	Totals	$ -	-		0.000%	$ 4,924,545	-		3.470%
14									
15									
16	SUPPORTING SCHEDULES:					RECAP SCHEDULES:			
17	E-1 Wastewater Division					D-1			
18	E-1 Water Division								
19	Testimony								
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division
Test Year Ended December 31, 2014
Cost of Preferred Stock

Exhibit
Schedule D-3
Page 1
Witness: Bourassa

Line No.		End of Test Year			End of Projected Year		
1							
2							
3	Description	Shares		Dividend	Shares		Dividend
4	of Issue	Outstanding	Amount	Requirement	Outstanding	Amount	Requirement
5							
6							
7	NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING						
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21	SUPPORTING SCHEDULES:			RECAP SCHEDULES:			
22	E-1			D-1			
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							

Liberty Utilities (Rio Rico Water & Sewer) Corp. - Sewer Division
Test Year Ended December 31, 2014
Cost of Common Equity

Exhibit
Schedule D-4
Page 1
Witness: Bourassa

Line No.		
1		
2	The Company is proposing a cost of common equity of	10.80%
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17	SUPPORTING SCHEDULES:	RECAP SCHEDULES:
18	E-1	D-1
19	D-4.1 to D-4.16	
20		

Liberty Utilities (Rio Rico Water & Sewer) Corp.
Summary of Results

Exhibit
Schedule D-4.1
Page 1
Witness: Bourassa

Line No.		Indicated Cost of Equity for Water Sample Group			Indicated Cost of Equity for Liberty Utilities (Rio Rico Water & Sewer) Corp. [1]		
1	DCF Constant Growth - Schedule D-4-7	9.0%	to	10.2%	10.1%	to	11.3%
2	Risk Premium Model - Schedule D-4.9		10.5%			11.6%	
3	CAPM - Schedule D-4.11	9.2%	to	10.6%	10.3%	to	11.7%
4	Range of Cost of Equity Estimates	9.6%	to	10.4%	10.7%	to	11.5%
5	Financial Risk Adjustment - Schedule D-4.14		0.0%			-0.30%	
6	Adjusted Range of Cost of Equity Estimates	9.6%	to	10.4%	10.4%	to	11.2%
7	Mid-point		10.0%			10.8%	
8	Cost of Equity Recommendation				10.8%		

Notes:
[1]Estimates include an equity risk premium of 110 basis points based on comparative risk study. See Testimony.

Liberty Utilities (Bella Vista Water) Corp.
Summary of Results

Exhibit
Schedule D-4.1
Page 2
Witness: Bourassa

Line No.		Indicated Cost of Equity for Water Sample Group			Indicated Cost of Equity for Liberty Utilities (Bella Vista Water) Corp. [1]		
1	DCF Constant Growth - Schedule D-4-7	9.0%	to	10.2%	10.9%	to	12.1%
2	Risk Premium Model - Schedule D-4.9		10.5%			12.4%	
3	CAPM - Schedule D-4.11	9.2%	to	10.6%	11.1%	to	12.5%
4	Range of Cost of Equity Estimates	9.6%	to	10.4%	11.5%	to	12.3%
5	Financial Risk Adjustment - Schedule D-4.14		0.0%			-0.30%	
6	Adjusted Range of Cost of Equity Estimates	9.6%	to	10.4%	11.2%	to	12.0%
7	Mid-point		10.0%			11.6%	
8	Cost of Equity Recommendation				11.6%		

Notes:
[1]Estimates include an equity risk premium of 190 basis points based on comparative risk study. See Testimony.

Liberty Utilities (Rio Rico Water & Sewer) Corp.
Liberty Utilities (Bella Vista Water) Corp.

Exhibit
Schedule D-4.2
Witness: Bourassa

Selected Characteristics of Sample Group of Water Utilities

Line No.	Company	Symbol	% Water Revenues[1]	Operating Revenues (millions)[1]	Net Plant (millions)[1]	S&P Bond Rating[1]	Moody's Bond Rating[1]	Allowed ROE (%)[1]	Value Line Beta[2]	Market Capitalization[2]	Size Category[3]
1	American States Water	AWR	71%	$ 463.8	$ 1,015.5	A+	A2	9.43	0.70	$ 1,536.5	Low-Cap
2	Aqua America	WTR	95%	$ 798.0	$ 4,522.3	AA-	NR	9.79	0.75	$ 4,687.6	Mid cap
3	California Water	CWT	100%	$ 595.0	$ 1,636.7	AA-	NR	9.43	0.75	$ 1,060.5	Low-Cap
4	Connecticut Water	CTWS	96%	$ 100.1	$ 507.9	A/A-	NR	9.63	0.65	$ 406.6	Micro-cap
5	Middlesex	MSEX	86%	$ 121.2	$ 473.5	A	NR	9.75	0.75	$ 384.0	Micro-cap
6	SJW Corp.	SJW	96%	$ 329.2	$ 971.1	A	NR	9.43	0.75	$ 636.5	Micro-cap
7	York Water Company	YORW	100%	$ 46.7	$ 257.3	A-	NR	NM	0.75	$ 274.0	Micro-cap
8	Average		92%	$ 350.6	$ 1,340.6			9.58	0.73	$ 1,283.7	
9	Liberty Utilities (Rio Rico Water & Sewer) Corp.		68%	$ 4.5	$ 29.8	NR	NR				
10	Liberty Utilities (Bella Vista Water) Corp.		100%	$ 4.7	$ 21.7	NR	NR				

Notes:
[1] AUS Utility Reports (October 2015).
[2] Value Line Analyzer Data (Weekly as of October 1, 2015)
[3] See Schdule D-4.15 for definitions of size category

Liberty Utilities (Rio Rico Water & Sewer) Corp.
Liberty Utilities (Bella Vista Water) Corp.

Exhibit
Schedule D-4.3
Witness: Bourassa

Capital Structures

Line No.	Company	Symbol	Book Value[1] Long-Term Debt	Book Value[1] Common Equity	Market Value[1] Long-Term Debt	Market Value[1] Common Equity
1	American States Water	AWR	39.1%	60.9%	17.5%	82.5%
2	Aqua America	WTR	48.5%	51.5%	25.0%	75.0%
3	California Water	CWT	40.1%	59.9%	28.3%	71.7%
4	Connecticut Water	CTWS	45.8%	54.2%	30.3%	69.7%
5	Middlesex	MSEX	40.8%	59.2%	26.2%	73.8%
6	SJW Corp.	SJW	51.6%	48.4%	37.7%	62.3%
7	York Water Company	YORW	44.8%	55.2%	23.6%	76.4%
8	Average		44.4%	55.6%	26.9%	73.1%
9	Liberty Utilities (Rio Rico Water & Sewer) Corp.	Proforma	30.0%	70.0%	N/A	N/A
10	Liberty Utilities (Bella Vista Water) Corp.	Proforma	30.0%	70.0%	N/A	N/A

[1] Value Line Analyzer Data (Weekly as of October 1, 2015)

Liberty Utilities (Rio Rico Water & Sewer) Corp.
Liberty Utilities (Bella Vista Water) Corp.

Exhibit
Schedule D-4.4
Witness: Bourassa

Comparisons of Past and Future Estimates of Growth

Line No.	Company	[1] Price[1]	[2] Book Value[2]	[3] EPS[2]	[4] DPS[2]	[5] Average Historical Growth	[6] Value Line Projected Growth[2]	[7] Average of Historical and Proj. Grwth
		Five-year historical average annual changes						
1	American States Water	21.56%	6.50%	14.00%	8.50%	12.64%	6.00%	9.32%
2	Aqua America	20.11%	6.50%	13.00%	7.00%	11.65%	7.50%	9.58%
3	California Water	9.74%	5.00%	4.00%	2.00%	5.19%	6.50%	5.84%
4	Connecticut Water	14.28%	9.50%	9.00%	2.00%	8.69%	4.50%	6.60%
5	Middlesex	13.00%	3.00%	4.50%	1.50%	5.50%	5.00%	5.25%
6	SJW Corp.	11.37%	3.50%	10.50%	3.00%	7.09%	1.50%	4.30%
7	York Water Company	14.22%	4.50%	6.00%	2.50%	6.81%	6.50%	6.65%
8	GROUP AVERAGE	14.90%	5.50%	8.71%	3.79%	8.22%	5.36%	6.79%

Notes:
[1] Compound growth in stock prices ending December 31 through 2014. Data from Yahoo Finance website.
[2] Value Line Analyzer, weekly as of October 1, 2015.

Liberty Utilities (Rio Rico Water & Sewer) Corp.
Liberty Utilities (Bella Vista Water) Corp.

Exhibit
Schedule D-4.5
Witness: Bourassa

Comparisons of Past and Future Estimates of Growth

Line No.	Company	[1] Price[1]	[2] Book Value[2]	[3] EPS[2]	[4] DPS[2]	[5] Average Col 1-4	[6] Value Line Growth[2]	[7] Average of Historical and Proj. Grwth
		Ten-year historical average annual changes						
1	American States Water	14.46%	6.00%	11.00%	5.50%	9.24%	6.00%	7.62%
2	Aqua America	8.84%	7.50%	8.50%	7.50%	8.09%	7.50%	7.79%
3	California Water	5.99%	5.50%	5.00%	1.50%	4.50%	6.50%	5.50%
4	Connecticut Water	6.91%	6.50%	4.00%	2.00%	4.85%	4.50%	4.68%
5	Middlesex	5.94%	4.50%	4.00%	1.50%	3.98%	5.00%	4.49%
6	SJW Corp.	8.61%	6.00%	6.50%	4.00%	6.28%	1.50%	3.89%
7	York Water Company	9.29%	6.50%	5.50%	4.00%	6.32%	6.50%	6.41%
8	GROUP AVERAGE	8.58%	6.07%	6.36%	3.71%	6.18%	5.36%	5.77%

Notes:
[1] Compound growth in stock prices ending December 31 through 2014. Data from Yahoo Finance website.
[2] Value Line Analyzer Data, weekly as of October 1, 2015.

Liberty Utilities (Rio Rico Water & Sewer) Corp.
Liberty Utilities (Bella Vista Water) Corp.

Exhibit
Schedule D-4.6
Witness: Bourassa

Current Dividend Yields for Water Utility Sample Group

Line No.	Company	[1] Stock Price (P_0)[1]	[2] Current Dividend (D_0)[1]	[3] Current Dividend Yield (D_0/P_0)	[4] Average Annual Dividend Yield (D_0/P_0)[1,2]
1	American States Water	$ 41.88	$ 0.90	2.15%	2.63%
2	Aqua America	$ 26.70	$ 0.71	2.66%	2.53%
3	California Water	$ 22.29	$ 0.68	3.05%	2.77%
4	Connecticut Water	$ 36.81	$ 1.07	2.91%	3.00%
5	Middlesex	$ 24.00	$ 0.78	3.25%	3.65%
6	SJW Corp.	$ 31.02	$ 0.79	2.55%	2.64%
7	York Water Company	$ 21.55	$ 0.63	2.92%	2.79%
8	GROUP AVERAGE			2.78%	2.86%

Notes:

[1] Stock prices as of October 2, 2015. Indicated Dividend from Value Line Analyzer weekly as of October 1, 2015.

[2] Average Annual Dividend is dividends declared per share for a year divided by the average annual price of the stock in the same year, expressed as a percentage. As report by Value Line Analyzer software. For comparison purposes only.

Liberty Utilities (Rio Rico Water & Sewer) Corp.
Liberty Utilities (Bella Vista Water) Corp.

Exhibit
Schedule D-4.7 (page 1)
Witness: Bourassa

Discounted Cash Flow Analysis
DCF Constant Growth

Line No.		[1] Dividend Yield (D_0/P_0)[1]	[2] Expected Dividend Yield (D_1/P_0)[2]		[3] Value Line Projected Growth (g)[3]		[4] Indicated Cost of Equity (COE) k=Div Yld + g (Cols 2+3)	
1	1. American States Water	2.15%	2.28%	+	6.00%	=	8.28%	
2	2. Aqua America	2.66%	2.86%	+	7.50%	=	10.36%	
3	3. California Water	3.05%	3.25%	+	6.50%	=	9.75%	
4	4. Connecticut Water	2.91%	3.04%	+	4.50%	=	7.54%	
5	5. Middlesex	3.25%	3.41%	+	5.00%	=	8.41%	
6	6. SJW Corp.	2.55%	2.58%	+	1.50%	=	4.08%	*
7	7. York Water Company	2.92%	3.11%	+	6.50%	=	9.61%	
8	Average	2.78%	2.93%		5.36%		8.29%	
9	Adjusted Average[4]						8.99%	

Notes:

[1] Spot Dividend Yield = D_0/P_0. See Schedule D-4.6.

[2] Expected Dividend Yield = $D_1/P_0 = D_0/P_0 * (1+g)$.

[3] Value Line Growth rate (g). See Schdule D-4.5, Col. 6.

[4] Excludes SJW because results are less than projected Baa bond yields plus 100 basis points or 7.1%. See Testimony.

Liberty Utilities (Rio Rico Water & Sewer) Corp.
Liberty Utilities (Bella Vista Water) Corp.

Exhibit
Schedule D-4.7 (page 2)
Witness: Bourassa

Discounted Cash Flow Analysis
DCF Constant Growth

Line No.		[1] Dividend Yield (D_0/P_0)[1]	[2] Expected Dividend Yield (D_1/P_0)[2]		[3] Average of Historical and Proj. Grwth[3]		[4] Indicated Cost of Equity (COE) k=Div Yld + g (Cols 2+3)
1	1. American States Water	2.15%	2.35%	+	9.32%	=	11.67%
2	2. Aqua America	2.66%	2.91%	+	9.58%	=	12.49%
3	3. California Water	3.05%	3.23%	+	5.84%	=	9.07%
4	4. Connecticut Water	2.91%	3.10%	+	6.60%	=	9.70%
5	5. Middlesex	3.25%	3.42%	+	5.25%	=	8.67%
6	6. SJW Corp.	2.55%	2.66%	+	4.30%	=	6.95%
7	7. York Water Company	2.92%	3.12%	+	6.65%	=	9.77%
8	Average						9.76%
9	Adjusted Average[4]						10.23%

Notes:
[1] Spot Dividend Yield = D_0/P_0. See Table 7.
[2] Expected Dividend Yield = $D_1/P_0 = D_0/P_0 * (1+g)$.
[3] Historical Growth rate (g). See Scehdule D-4.5 Col. 7.
[4] Excludes SJW because results are less than projected Baa bond yields plus 100 basis points or 7.1%. See Testimony.

Liberty Utilities (Rio Rico Water & Sewer) Corp.
Liberty Utilities (Bella Vista Water) Corp.

Exhibit
Schedule D-4.8
Witness: Bourassa

Forecasts of Long-Term Interest Rates

Line No.		2016	2017	2018	Average
1	Long-term Treasury Rates				
2	Blue Chip Consensus Forecasts[1]	3.70%	4.30%	4.70%	
3	Value Line[2]	3.50%	3.90%	4.20%	
4	Average				4.1%
5	Aaa Corporate Bonds				
6	Blue Chip Consensus Forecasts[1]	4.70%	5.40%	5.80%	
7	Value Line[2]	4.70%	5.40%	5.80%	
8	Average				5.3%
9	Baa Corporate Bonds				
10	Blue Chip Consensus Forecasts[1]	5.60%	6.10%	6.60%	
11	Value Line[2]				
12	Average				6.1%

Notes:
[1] Blue Chip consensus forecasts (June 2015).
[2] Value Line Quarterly forecasts dated September 4, 2015.

Liberty Utilities (Rio Rico Water & Sewer) Corp.
Liberty Utilities (Bella Vista Water) Corp.

Exhibit
Schedule D-4.9
Witness: Bourassa

Risk Premium Analysis Based on Total Returns

Line No.		Annual Total Return[1]	Treasury Bond Yields[2]	Annual Risk Premiums
1	1999	26.28%	5.87%	20.41%
2	2000	2.70%	5.94%	-3.24%
3	2001	16.00%	5.49%	10.51%
4	2002	-4.16%	5.42%	-9.58%
5	2003	23.72%	5.05%	18.67%
6	2004	13.78%	5.12%	8.66%
7	2005	19.02%	4.56%	14.46%
8	2006	15.86%	4.91%	10.95%
9	2007	-2.71%	4.84%	-7.55%
10	2008	-1.87%	4.28%	-6.15%
11	2009	-0.20%	4.08%	-4.28%
12	2010	15.26%	4.25%	11.01%
13	2011	1.52%	3.91%	-2.39%
14	2012	15.08%	2.92%	12.16%
15	2013	20.34%	3.45%	16.89%
16	2014	14.98%	3.34%	11.64%
17		16-Year Average	4.6%	6.4%
18		Expected Long-term Treasury Bond Rate[3]		4.1%
19		Projected Returns on Equity for Sample		10.5%

Notes:
[1] Composite of average total returns for water utilities. Data from Value Line Analyzer software.
[2] Average annual 30 Yr. U.S. Treasury Bond yields as reported by the Federal Reserve.
[3] Source is Schedule D-4.8.

Liberty Utilities (Rio Rico Water & Sewer) Corp.
Liberty Utilities (Bella Vista Water) Corp.

Exhibit
Schedule D-4.10
Witness: Bourassa

Estimation of Current Market Risk Premium
Using DCF Analysis

Line No.	Month	Dividend Yield (D_0/P_0)[1]	Expected Dividend Yield (D_1/P_0)[2]	+	Expected Growth (g)[3]	=	Expected Market Return (k)	-	Monthly Average 30 Year Treasury Rate[4]	=	Expected Market Risk Premium (MRP)
1	May 2014	2.01%	2.20%	+	9.42%	=	11.62%	-	3.39%	=	8.23%
2	June	2.34%	2.56%	+	9.33%	=	11.89%	-	3.42%	=	8.47%
3	July	2.42%	2.65%	+	9.50%	=	12.15%	-	3.33%	=	8.82%
4	Aug	2.38%	2.61%	+	9.50%	=	12.11%	-	3.20%	=	8.91%
5	Sept	2.82%	3.10%	+	9.83%	=	12.93%	-	3.26%	=	9.67%
6	Oct	2.45%	2.68%	+	9.50%	=	12.18%	-	3.04%	=	9.14%
7	Nov	2.38%	2.61%	+	9.67%	=	12.27%	-	3.04%	=	9.23%
8	Dec	2.44%	2.67%	+	9.67%	=	12.34%	-	2.83%	=	9.51%
9	Jan 2015	2.45%	2.68%	+	9.50%	=	12.18%	-	2.46%	=	9.72%
10	Feb	2.38%	2.61%	+	9.50%	=	12.11%	-	2.57%	=	9.54%
11	Mar	2.42%	2.64%	+	9.17%	=	11.81%	-	2.63%	=	9.18%
12	Apr	2.40%	2.61%	+	9.00%	=	11.61%	-	2.59%	=	9.02%
13	May	2.41%	2.63%	+	9.00%	=	11.63%	-	2.96%	=	8.67%
14	June	2.50%	2.72%	+	8.83%	=	11.56%	-	3.11%	=	8.45%
15	July	2.56%	2.78%	+	8.83%	=	11.62%	-	3.07%	=	8.55%
16	Aug	2.70%	2.95%	+	9.00%	=	11.95%	-	2.86%	=	9.09%
17	Sept	2.84%	3.10%	+	9.00%	=	12.10%	-	2.95%	=	9.15%
18	Recommended	2.70%	2.94%	+	8.94%	=	11.89%	-	2.96%	=	8.93%
19	Short-term Trends										
20	Recent Twelve Months Avg	2.49%	2.72%	+	9.22%	=	11.95%	-	2.84%	=	9.10%
21	Recent Nine Months Avg	2.52%	2.75%	+	9.09%	=	11.84%	-	2.80%	=	9.04%
22	Recent Six Months Avg	2.57%	2.80%	+	8.94%	=	11.74%	-	2.92%	=	8.82%
23	Recent Three Months Avg	2.70%	2.94%	+	8.94%	=	11.89%	-	2.96%	=	8.93%

Notes:

[1] Average Dividend Yield (D_0/P_0) of dividend paying stocks. Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks

[2] Expected Dividend Yield (D_1/P_0) equals current average dividend yield (D_0/P_0) times one plus growth rate(g).

[3] Median of Projected EPS, Projected DPS Growth and Projected BV Growth for VL 1700 stocks. Data from Value Line Investment Analyzer Software.

[4] Monthly average 30 year U.S. Treasury. Federal Reserve.

Liberty Utilities (Rio Rico Water & Sewer) Corp.
Liberty Utilities (Bella Vista Water) Corp.

Traditional Capital Asset Pricing Model (CAPM)

Exhibit
Schedule D-4.11
Witness: Bourassa

Line No.		Rf[1]	+	beta[2]	x	RP_M		=	k
1	Historical Market Risk Premium CAPM	4.1%	+	0.73	x	7.00%	[3]	=	9.2%
2	Currrent Market Risk Premium CAPM	4.1%	+	0.73	x	8.93%	[4]	=	10.6%
3	Average								9.9%

Notes:
[1] Forecasts of long-term treasury yields. See Schedule D-4.8.
[2] Value Line Investment Analyzer data. See Schedule D-4.3.
[3] Historical Market Risk Premium from (Rp) Duff & Phelps 2015 Valuation Handbook Appendix3 Long-Horizon ERP 1926-2014.
[4] See Schedule D-4.10.

Liberty Utilities (Rio Rico Water & Sewer) Corp.
Liberty Utilities (Bella Vista Water) Corp.

Exhibit
Schedule D-4.12
Witness: Bourassa

Financial Risk Computation
Unlevered Beta

Line No.		Company	VL Beta β_L[1]	Raw Beta Raw β_L[2]	Tax Rate t[3]	MV Debt D[4]	MV Equity E[4]		Unlevered Raw Beta β_U[5]
1									
2									
3									
4									
5	1.	American Water Worl	0.70	0.55	38.4%	17.5%	82.5%		0.49
6	2.	Aqua America	0.75	0.63	10.5%	25.0%	75.0%		0.49
7	3.	California Water	0.75	0.63	33.0%	28.3%	71.7%		0.50
8	4.	Connecticut Water	0.65	0.48	14.4%	30.3%	69.7%		0.35
9	5.	Middlesex	0.75	0.63	35.0%	26.2%	73.8%		0.51
10	6.	SJW Corp.	0.75	0.63	32.5%	37.7%	62.3%		0.45
11	7.	York Water	0.75	0.63	29.8%	23.6%	76.4%		0.52
12									
13		Sample Water Utilitie:	0.73	0.60	27.7%	26.9%	73.1%	#	0.47
14									
15									
16									
17									
18									
19									

20 [1] Value Line Investment Analyzer data. See Schedule D-4.1.
21 Value Line uses the historical data of the stock, but assumes that a security's beta moves toward the market average over time. The formula is as follows:
22 Adjusted beta = .33 + (.67) * Raw beta
23 [2] Raw Beta = (VL beta - .33)/(.67)
24 [3] Effective tax rates for year ended December 31, 2013.
25 [4] See Schedule D-4.2.
26 [5] Raw B_u = Raw B_L/ (1+ (1-t)*D/E)
27
28
29
30

Liberty Utilities (Rio Rico Water & Sewer) Corp.
Financial Risk Computation
Relevered Beta

Exhibit
Schedule D-4.13
Page 1
Witness: Bourassa

Line No.		Unlevered Raw Beta β_U[1]	MV Book Debt BD[2]	MV Equity Capital EC[2]	Tax Rate t[3]	Relevered Raw Beta $\beta_{RL}=\beta_U(1+(1-t)BD/EC)$ β_{RL}	VL Adjusted Relevered Beta .33 + .67(Raw Beta) β_{RL}
5	Liberty Utilities (Rio Rico Water & Sewer) Corp.	0.47	15.7%	84.3%	37.23%	0.53	0.69

[1] Unlevered Beta fron Unlevered Beta tab in WP.
[2] Proforma Capital Structure of Company per D-1

	Rio Rico Water & Sewer (in Thousands)		MV (in Thousands)	MV %
Long-term Debt	$ 4,917	1.00	$ 4,917	15.70%
Preferred Stock	$ -	1.00	-	0.0%
Common Stock	$ 11,473	2.29	(a) 26,307	84.3%
Total Capital	$ 16,389		$ 31,223	100.0%

(a) Current market-to-book ratio of sample water utilities. See work papers.

[3] Current Tax rate based on test year ending 12/31/2014. See Schedule C-5.

Liberty Utilities (Bella Vista Water) Corp.
Financial Risk Computation
Relevered Beta

Exhibit
Schedule D-4.13
Page 2
Witness: Bourassa

Line No.		Unlevered Raw Beta β_U[1]	MV Book Debt BD[2]	MV Equity Capital EC[2]	Tax Rate t[3]	Relevered Raw Beta $\beta_{RL}=\beta_U(1+(1-t)BD/EC)$ β_{RL}	VL Adjusted Relevered Beta .33 + .67(Raw Beta) β_{RL}
1							
2							
3							
4							
5	Liberty Utilities (Bella Vista Water) Corp.	0.47	15.7%	84.3%	37.90%	0.53	0.69
6							
7							
8							
9							
10							
11							
12							

13 [1] Unlevered Beta fron Unlevered Beta tab in WP.
14 [2] Proforma Capital Structure of Company per D-1

	Bella Vista Water (in Thousands)		MV (in Thousands)	MV %
15				
16				
17 Long-term Debt	$ 2,630	1.00	$ 2,630	15.70%
18 Preferred Stock	$ -	1.00	-	0.0%
19 Common Stock	$ 6,136	2.29	(a) 14,070	84.3%
20 Total Capital	$ 8,766		$ 16,700	100.0%

21
22 (a) Current market-to-book ratio of sample water utilities. See work papers.
23
24 [3] Current Tax rate based on test year ending 12/31/2014. See Schedule C-5.
25
26

Liberty Utilities (Rio Rico Water & Sewer) Corp.
Financial Risk Computation

Exhibit
Schedule D-4.14
Page 1
Witness: Bourassa

Line No.											
1	**CAPM**										
2		**Rf**		+	**β**		x	**(Rp)**			**k**
3	Historical Market Risk Premium	4.1%	1	+	0.73	2	x	7.00%	3	=	9.2%
4	Current Market Risk Premium	4.1%	1	+	0.73	2	x	8.93%	4	=	10.6%
5											
6	Average										9.9%
7											
8											
9	**CAPM Relevered Beta**										
10		**Rf**		+	**β**		x	**(Rp)**			**k**
11	Historical Market Risk Premium	4.1%	1	+	0.69	5	x	7.00%	3	=	8.9%
12	Current Market Risk Premium	4.1%	1	+	0.69	5	x	8.93%	4	=	10.3%
13											
14	Average										9.6%
15											
16	Indicated Financial Risk Adjustment										**-0.3%**
17											
18											
19	[1] Forecast of long-term treasury yields. See Schedule D-4.8.										
20	[2] Value Line Investment Analyzer data. See Schedule D-4.1.										
21	[3] Historical Market Risk Premium from (Rp) Duff & Phelps 2015 Valuation Handbook Appendix3 Long-Horizon ERP 1926-2014.										
22	[4] Computed using DCF constant growth method to determine current market return on Value Line 1700 stocks										
23	and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Schedule D-4.10.										
24	[5] Relevered beta found on Relevered Beta. See Schedule D-4.13.										
25											

Liberty Utilities (Bella Vista Water) Corp.
Financial Risk Computation

Exhibit
Schedule D-4.14
Page 2
Witness: Bourassa

Line No.											
1	**CAPM**										
2		**Rf**		+	**β**		x	**(Rp)**			**k**
3	Historical Market Risk Premium	4.1%	1	+	0.73	2	x	7.00%	3	=	9.2%
4	Current Market Risk Premium	4.1%	1	+	0.73	2	x	8.93%	4	=	10.6%
5											
6	Average										9.9%
7											
8											
9	**CAPM Relevered Beta**										
10		**Rf**		+	**β**		x	**(Rp)**			**k**
11	Historical Market Risk Premium	4.1%	1	+	0.69	5	x	7.00%	3	=	8.9%
12	Current Market Risk Premium	4.1%	1	+	0.69	5	x	8.93%	4	=	10.3%
13											
14	Average										9.6%
15											
16	Indicated Financial Risk Adjustment										**-0.3%**
17											

18
19 [1] Forecast of long-term treasury yields. See Schedule D-4.8.
20 [2] Value Line Investment Analyzer data. See Schedule D-4.1.
21 [3] Historical Market Risk Premium from (Rp) Duff & Phelps 2015 Valuation Handbook Appendix3 Long-Horizon ERP 1926-2014.
22 [4] Computed using DCF constant growth method to determine current market return on Value Line 1700 stocks
23 and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Schedule D-4.10.
24 [5] Relevered beta found on Relevered Beta. See Schedule D-4.13.
25

Liberty Utilities (Rio Rico Water & Sewer) Corp.
Liberty Utilities (Bella Vista Water) Corp.

Exhibit
Schedule D-4.15
Witness: Bourassa

Risk Premium[1]

Line No.		Beta(β)	Size Premium	Risk Premium for Small Water Utilities[7]
1	Mid-Cap Companies[2]	1.12	1.07%	
2	Low-Cap Companies[3]	1.22	1.80%	
3	Micro-Cap Companies[4]	1.35	3.74%	
4	Decile 10[5]	1.40	5.78%	3.25%

		Risk Premium for Small Water Utilities		
5	Estimated Risk Premium for small utilities[6]	0.99%		
6	Estimated Risk Premium for Rio Rico Water & Sewer[8]	1.10%	to	1.40%
7	Estimated Risk Premium for Bella Vista Water[8]	1.60%	to	2.10%

[1] Data from Table 4-7 of Duff & Phelps, 2015 Valuation Handbook Guide to Cost of Capital.
[2] Mid-Cap companies includes companies with market capitalization between $2,552 million and $10,106 million.
[3] Low-Cap companies includes companies with market capitalization between $549 million and $2,552 million.
[4] Micro-Cap companies includes companies with market capitalization less than $549 million.
[5] Decile 10 includes companies with market capitalization less than $301 million.
[6] From Table 2, Thomas M. Zepp, "Utility Stocks and the Size Effect Revisited," *The Quarterly Review of Economics and Finance*, 43 (2003), 578-582.
[7] Computed as the weighted differences between the Micro-Cap risk premium and the inidicated risk premiums for the sample water utlities as shown below. Excludes risk due to differences in beta.

	Market Cap. (Millions)	Class	Size Premium	Difference to Decile 10	Weight	Weighted Size Premium
1. American States	$ 1,537	Low-Cap	1.80%	3.98%	0.14285714	0.57%
2. Aqua America	$ 4,688	Mid-Cap	1.07%	4.71%	0.14285714	0.67%
3. California Water	$ 1,061	Low-Cap	1.80%	3.98%	0.14285714	0.57%
4. Connecticut Water	$ 407	Micro-Cap	3.74%	2.04%	0.14285714	0.29%
5. Middlesex	$ 384	Micro-Cap	3.74%	2.04%	0.14285714	0.29%
6. SJW Corp.	$ 637	Micro-Cap	1.80%	3.98%	0.14285714	0.57%
7. York Water Company	$ 274	Micro-Cap	3.74%	2.04%	0.14285714	0.29%
		Average	2.53%	Wghtd Size Prem. for Small Utilities		3.25%

[8] Results of Comparative Risk Study. See work papers.